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# Hilbert Group AB (publ)

Interim Report Q2 2024



# Interim Report Q2 2024 In Brief

## FINANCIAL EVENTS

### Second quarter

- Revenues amounted to KSEK 27,304.1 (KSEK 4,687.1)
- Operating loss (EBIT) totaled KSEK -13,736.7 (KSEK -12,920.7)
- Result for the period was KSEK -14,996.8 (KSEK -10,178.7)
- Cash flow from operating activities amounted to KSEK -5,191.0 (KSEK -13,883.9)
- Earnings per share before and after dilution amounted to SEK -0.23 (SEK -0.18)

### Year to date January – June

- Revenues amounted to KSEK 39,234.8 (KSEK 10,666.4)
- Operating profit/loss (EBIT) totaled KSEK -21,734.5 (KSEK -20,959.5)
- Results for the period was KSEK -18,517.1 (KSEK -19,010.4)
- Cash flow from operating activities amounted to KSEK -14,067.8 (KSEK -18,829.1)
- Earnings per share before and after dilution amounted to SEK -0.29 (SEK -0.34)

## SIGNIFICANT EVENTS

### During the second quarter and after the reporting period

- Hilbert Capital approved for investment by 3iQ as one of a handful hedge funds, out of 100 crypto hedge fund managers evaluated.
- Alex Ahari joins Hilbert Capital as it's Chief Operating Officer starting May 2024; Alex has over 25 years experience in operational risk evaluation and management of digital asset hedge funds and traditional market hedge funds.
- On 24 May 2024, it was resolved to amend the terms and conditions for vesting of the options under the Employee Stock Option Plan; the amendment means that one third of the number of allotted options are vested each year during the term of the options and that the options can be exercised for subscription of new shares after vesting.
- Coin360 announces major overhaul and strategic partnership with 4+ventures; noting that it is set to undergo a transformative revamp, enhancing both its functionality and architecture with the project being spearheaded by the Stockholm based firm, 4+ Ventures; an expert team who has a stellar track record in digital asset product development. The project is slated to be completed by October 2024.
- Coin360 enters strategic partnership and appoints Zingy Labs – a Web3 Marketing agency; the collaboration aims to evaluate Coin360's user experience and expand its global reach by leveraging Zingy Lab's expertise in marketing and scaling services to enhance Coin360's market presence and a full buildout of its subscription services.

■ Hilbert Group announces a directed share issue of 113,880 B-shares to ACAP Ltd, based on an authorization at the AGM. Following registration of the new share issue the number of the shares in Hilbert Group will amount to 61,009,875 divided into 8,500,000 A-shares and 52,509,875 B-shares.

■ Hilbert Capital enters into a strategic partnership with XAPO Bank, a leading global institution, to manage a newly established Bitcoin denominated hedge Fund. The launch of the Fund is expected to be in September and it is anticipated that the initial investment capital in excess of \$200 million be received from XAPO Bank and other investors in 2024.

The Partnership represents a major milestone in Hilbert's Group journey and reinforces its position as a leader in digital asset management. Hilbert is two years into its 5-year plan of being a global leading asset management firm.

## Financial overview

KSEK	Q224	Q223	Six months 2024	Six months 2023	Full year 2023
Revenue	27,304.1	4,687.1	39,234.8	10,666.4	24,106.4
EBIT	-13,736.7	-12,920.7	-21,734.5	-20,959.5	-42,963.1
Profit/loss for the period	-14,996.8	-10,178.7	-18,517.0	-19,010.4	-48,870.4
Earnings per share	-0.23	-0.18	-0.29	-0.34	-0.83
Equity	30,624.1	55,357.7	30,624.1	55,357.7	33,472.7
Total assets	71,366.2	91,451.3	71,366.2	91,451.3	67,580.8
Equity/assets ratio, %	0.43	0.61	0.43	0.61	0.50

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# CEO's address

## Dear Shareholders,

Some key highlights of developments and outlook ahead:

- Hilbert Capital receives one of largest ever crypto hedge fund initial fundings ever in excess of USD 200m, to be deployed in September 2024.
- Earlier AUM target of 300m USD will be surpassed in 2024. 2025 AUM target of more than 1bn USD.
- Coinbase plan to launch SMA in Q4 after significant regulatory delay.
- COIN360: Revamp of platform finalised. Launch in October. Promising KPIs. We see USD 10m in ARR in 2025 as a reasonable target.

## **XAPO PARTNERSHIP & ASSET MANAGEMENT**

The launch of the Bitcoin-denominated hedge fund in September 2024 that Hilbert is doing in close partnership with Xapo Bank is one of the largest crypto hedge-fund launches in history – it will be in excess of \$200 million. Xapo Bank is a leading global operator in the digital asset space with a huge balance sheet. Earlier this month UK regulators awarded Xapo a banking license in the UK. This is a very big deal and a testament to Xapo's high standards of trust and security. We are very much looking forward to working with Xapo on product development and other synergies in the years to come.

Hilbert is on track to surpass the earlier target of \$300 million of assets under management by the end of 2024 organically.

Since 2017 Hilbert has invested \$15 million in the business by building up a strong platform with robust legal and regulatory structure and a number of high-quality service providers necessary for a blue-chip asset manager. Hilbert today has a very experienced team and board, in terms of investment expertise, business development, legal, operations and finance. It is necessary to have all these functions in place to attract big investment tickets. I want to emphasise that it does not work the other way around – i.e. you cannot attract big investment tickets by somehow convincing the investor that you will build a high-quality organisation/setup once you have received the ticket. Our “big-bench” strategy and considerable investment in our people and infrastructure is now starting to pay off big time. We are ready to scale from here to a multi-billion platform with the staff already in place.

## **OTHER PARTNERSHIPS / COINBASE**

Coinbase is finalising the regulatory/legal setup with anticipation of making Coinbase SMA fully available to in global client base in Q4 2024 (i.e. also offshore). We invested up-front knowing that the process might be long with an institution of Coinbase's size,

also knowing that there might be delays - but ultimately, when it happens, the scale of this partnership is going to be very large. Hilbert is in a very good position for big inflows, as we are one of a small selected set of managers on the Coinbase SMA platform.

## **M&A**

As has been mentioned before, we are constantly vetting potential acquisitions, and we have a number of mature and vetted cases on the table. We are fortunate to be in a position where peers see the benefit of our established platform and thus wants to become a part of the Hilbert family. The main criteria are that our targets should have at least around \$100 million in assets under management and possess scalable strategies that are also complementary to ours. We will only consider M&A that is accretive to our shareholders and where there are significant synergies to be harvested. We deem it highly likely there will be at least one M&A deal done this side of year.

## **COIN360**

COIN360.com is a crypto analytics site catering to retail as well as professional investors. The COIN360 team has been working hard all year on developing a major upgrade and we are on track of releasing this in October 2024. It will contain a range of customisable tools that we have ported from our asset management business, and we believe that they will be best in class compared to our peer group – such as Coingecko.com, Messari.io, Dune.com and so on. As has been announced earlier, we are in close partnership with the Stockholm-based firm 4+Ventures who is helping us completely revamp Coin360.com.

I have mentioned this example in the previous quarterly report, and I think it is worth repeating: Messari.io, they raised money during the bear-market in the autumn of 2022 at a valuation of \$300 million. Now, Messari.io has around 600k visits per month versus COIN360's 1.6 million. However, COIN360 is currently weaker on content – and the major upgrade will not only close but surpass that gap. With the Coin360 upgrade, we will introduce a subscription service and the plan for this is very simple:

- We have a full marketing plan in place, heavy on social media and SEO which is currently being run by two service providers, 4+Ventures and Zingy Labs.
- Today we have 1.5 million unique users. With the marketing we will aim to get to 6 million users by year end 2025. We have been close to that number of users before during the peak of the bull market, but then with an undeveloped site.
- We count on a 1% conversion rate of users to subscribers with an average subscription price of \$15 per month, that would mean an annual recurring revenue of about \$900k per month from subscriptions alone. We say average because

we will introduce a 3-tiered subscription offering – basic, pro and enterprise, and these will be priced very differently and offer different types of functionalities.

Key YTD KPI's for Coin360:

- 40 million page views (28% up this year).
- 1.5 million unique users (30% up this year)
- 16k registered users.
- 21.5k newsletter subscribers.

## **INCOME**

Q2 2024 was a very tough quarter in crypto – the very opposite of Q1 2024. Mid- and small market cappers with high volatility and low correlations got absolutely hammered. They are the so-called Ripe Coins that our funds trade a lot. Many of these Ripe Coins were down an average 50% during the quarter. As a comparison, Bitcoin was down 12% on the quarter. As a result of this, our funds did not generate any performance fees in Q2. We have been through these troughs several times before; the Ripe Coins reacting more violently but then also come back more strongly, it is in their elastic nature, and we trade them for volatility and correlation reasons, and we believe in their performance across the cycle. Note – our algorithms do not encode a view on the market, in contrast, our asset selection algorithm takes a view on volatility and correlation. In a sense, our trading is agnostic of the underlying assets being traded.

- Fund management generated 27% of 2023 full year income in Q2 2024 alone.
- Advertising income in COIN360.com came in at 20% of 2023 full year income in Q2 2024 alone.
- Total revenue in Q2 2024 was 152% of full year revenue in 2023. This substantial increase in revenue is due to moving to higher frequency trading in our proprietary portfolio.

In terms of Q2 gross returns for our fund products, we have (ordered by risk profile, low to high):

Hilbert V1 -6.1%

Hilbert V30 -15.9%

Hilbert V100 -37.5%

## **Closing remarks**

We are executing on our strategy and are going for growth. With Xapo and other imminent developments to come, we feel very confident about being on the right

track in terms of the overall direction of the firm. Our ambition is to become a multi-billion dollar manager by 2026. We expect COIN360.com to constitute a substantial source of revenue in 2025. There will be several announcements around these developments soon.

**Niclas Sandström**  
**CEO Hilbert Group**

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# Chief Executive Team



**Dr. Niclas Sandström**  
Chief Executive Officer &  
Co-Founder, Hilbert Group

Niclas has 20 years of experience in hedge funds and investment banks. Before co-founding Hilbert, he held senior roles in risk management and quantitative analysis. Niclas has been trading in cryptocurrency markets for more than six years. Previous employers include Finisterre Capital, Barclays Capital, and Credit Suisse First Boston. Niclas holds a Ph.D. in theoretical physics from Chalmers University of Technology.



**Dr. Magnus Holm**  
Chief Investment Officer &  
Co-Founder, Hilbert Group

Magnus has over 20 years of experience developing trading strategies and statistical- and risk models for betting systems. Magnus has been trading cryptocurrencies for the past seven years and leads the algorithmic trading program in Hilbert. He has co-authored several research papers with Dr. Hans-Peter Bermin, outlining the fundamental mechanisms behind the trading strategies that the firm deploys. Magnus holds a Ph.D. in theoretical physics from Chalmers University of Technology.



**Richard Murray**  
Chief Executive Officer,  
Hilbert Capital  
(Asset Management)

Richard has 20 years of experience developing business and investment solutions at some of the world's leading hedge funds, including Cevian Capital and Brevan Howard. Richard previously worked closely with Hilbert co-founder Dr. Sandström at Finisterre Capital, where he was Head of Business Development. Richard holds a Bachelor's in English Literature and Language from Oxford University.



**Sylvana Sciberras**  
Chief Financial Officer,  
Hilbert Group

Sylvana has 20 years of experience in hedge funds and financial services. She previously held roles as Head of Finance, General Manager, and Compliance Officer for the Finisterre Group. Sylvana is an accredited Auditor and has spent over a decade with Deloitte in senior roles; whereby she was also entrusted with the operations of the Audit Department. Sylvana holds a Bachelor of Accountancy (Hons) and a Bachelor of Commerce from the University of Malta.





**Dr. Hans-Peter Bermin**  
Chief Risk Officer,  
Hilbert Group

Hans-Peter brings 20 years of experience from investment banks and hedge funds. Before Hilbert, he held senior roles at JPMorgan, Morgan Stanley, and Capula, leading risk management and product development teams within the fixed-income and equity space. Hans-Peter has been in the cryptocurrency markets for the last four years. Hans-Peter holds a Ph.D. in financial mathematics from Lund University and has recently co-authored several research papers with Dr. Magnus Holm.



**Mark Adams**  
Chief Legal and Compliance Officer, Hilbert Group

Mark has over 15 years of legal experience and has been a lawyer, director, legal representative and company secretary at various market leading firms. Previous roles include: Head of Legal for William Hill International for over 3 years and General Counsel and Head of Compliance for The Multi Group Ltd where he was responsible for all legal, regulatory, data protection and corporate matters for the group's B2B and B2C businesses. Mark has a Masters in law, CIPP/E as well as numerous compliance qualifications.



**Gijs Burgers**  
Chief Operating Officer,  
Hilbert Group

Gijs Burgers has over ten years of boardroom consulting experience in the financial sector. He has been involved with cryptocurrencies since early 2013 and has worked non-stop for over ten years with blockchain technology. Before joining Hilbert, Gijs was a senior consultant and manager at strategy consulting company Innopay, a corporate strategist at APG, and he co-founded several companies in the fintech space, of which EQT-backed "Onramper" is the most prominent. Gijs holds two Master's degrees from Erasmus University Rotterdam and Tilburg University.



**Barnali Biswal**  
Chief Investment Officer,  
Hilbert Capital

Barnali has over two decades of experience in successfully trading risk-managed sizable portfolios for institutional investors globally. Barnali previously worked as Managing Director of Goldman Sachs running its high-yield credit trading business (\$1bn+ portfolio). The past three years she worked as Chief Investment Officer for quantitative multi-strategy crypto hedge fund Atitlan in London.

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# Chief Executive Team (cont.)



**Alex Ahari**

Chief Operations Officer,  
Hilbert Capital

Alex has significant experience in operational risk evaluation and management of digital asset hedge funds and traditional market hedge funds acquired over the last 25 years. He founded Resilient Partners in 2017 and was Group Head of Operational Due Diligence for the institutional UK consultancy, Redington which provided investment advice on more than £450bn of pension scheme assets. Prior to that, Alex was a portfolio manager at Eddington Capital and Attica Asset Management.

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# Hilbert Group Investment Activities

**Hilbert Group is a quantitative investment firm connecting institutions with the digital asset markets. Hilbert's primary focus is asset management. The firm manages a range of quantitative investment solutions on behalf of institutional investors. Hilbert investment team consists of experienced professionals with significant algo-trading-investment and risk management experience across digital and advanced markets.**

Hilbert Group's main activity, asset management, is supplemented by proprietary trading and strategic balance sheet investments in block-chain related equity. These supplemental activities have been chosen because they all deal with the Company's core competencies, which are investment activity and the underlying data processing and analysis driving that activity. They also have strong synergies with asset management.

## **ASSET MANAGEMENT**

Hilbert Capital is the firm's asset management business. It is operated as a traditional regulated fund business. More specifically, Hilbert Capital specializes in the investment management and risk management of quantitative investment solutions which generate attractive returns by taking advantage of both alpha and beta trading opportunities in digital asset markets. Investors in Hilbert Capital's investment solutions are predominantly institutions.

Hilbert Capital's revenue is generated by charging a fixed management fee as well as a performance-related fee relative to a high watermark on assets under management. With respect to the specific level of fees charged, Hilbert Group currently adheres to the "hedge fund model" which is typically 2 percent per annum in management fees and a 20 percent performance fee. For each Hilbert fund there are several investable share classes whose fee structures vary around the standard model, depending on the circumstances under which an investor enters.

Hilbert Group currently offers three investible funds:

### **Hilbert V100 Fund**

- **Inception:** the strategy has been running with capital since April 2017. In January 2019, the fund employing this strategy was established and opened to external investors.
- **Description:** Hilbert V100 is a fully risk-on, long-only strategy. Its objective is to maximize returns with a drawdown tolerance in line with the broad crypto-currency market. Hilbert V100 employs a combination of quantitative trading techniques, such as volatility trading, long-short trading and market-making.

For internal fund naming consistency, Hilbert Digital Asset Fund changed its name to Hilbert V100.

### **Hilbert V1 Fund**

- **Inception:** the strategy has been running with capital since May 2022. In August 2022, the fund employing this strategy was established and opened to external investors in October 2022.
- **Description:** Hilbert V1 is a high alpha, low beta strategy. Its objective is to maximize returns within a drawdown tolerance of 10-12%. Hilbert V1 employs quantitative trading techniques, such as volatility trading, long-short trading, and market-making.

### **Hilbert V30 Fund**

- **Inception:** the strategy has been running capital since May 2022. In May 2023, the fund employing this strategy was established and opened to external investors.
- **Description:** Hilbert V30 is a convex upside strategy. Its objective is to maximize returns within a drawdown tolerance of 10–20%. Hilbert V30 employs quantitative trading techniques, such as volatility trading, long-short trading and market-making.

## **PROPRIETARY TRADING**

Proprietary trading means trading part of Hilbert Group's own capital. Thus, this vertical is responsible for a portion of Hilbert Group's revenues not directly related client work. The objective of conducting proprietary trading is two-fold:

- To opportunistically deploy some of Hilbert's treasury to take advantage of favorable market environments. This type of deployment will only be done in highly liquid positions and will never utilize any net leverage.
- To test-drive the various strategies under development on real money before they get deployed into any of the investment funds.

The proprietary trading strategy is a mix of algorithmic/technical and discretionary/fundamental trading. The revenue will be generated solely through capital appreciation in the underlying portfolio.

Having proprietary trading and asset management under the same roof might imply potential challenges from a conflict-of-interest point of view. Hilbert Group assess this risk on a regular basis and will continue to adhere to best practices in this respect, with full disclosure to investors if it is deemed that this risk is materially present. The Group has made its first proprietary trade during the fourth quarter of 2021, with high-frequency trading following in the 2nd quarter 2022 and continuing thereafter. Refer to accounting principles Note 1, XVI. Cryptocurrencies

## **EQUITY INVESTMENTS**

Since inception, Hilbert Group has invested in three private companies within the blockchain ecosystem which the Group evaluates to offer attractive long-term growth potential and strategic synergies with the asset management activities. These investments are long-term, passive investments on Hilbert Group's balance sheet and are not related to the core asset management business. The investment process relies mostly on fundamental analysis of the underlying projects, technologies, and a thorough assessment of the quality and economic outlook of those projects.

As of 30 June 2024, Hilbert Group has the following investments on its balance sheet:

- (I) 60% majority stake in COIN360 Global Ltd. COIN360 Global Ltd, was acquired in July 2021. COIN360 Global Ltd, owns and operates COIN360.com and associated domains. COIN360.com is a live aggregator website for cryptocurrency exchange data such as prices, returns and trading volumes. It also offers users many types of lists and diagrams to track different metrics for currencies and exchanges. COIN360.com ranks globally among the largest websites for this type of crypto data. The business model for COIN360.com is currently advertising/affiliates based but will soon be extended by a SaaS/subscription revenue stream. COIN360.com operates independently from Hilbert Group.
  
- (II) 2.7% stake in HAYVN, a global investment bank based in Abu Dhabi specializing in digital assets. HAYVN provides a regulated institutional grade digital currency platform that offers OTC trading, a digital asset payment solution and custody of digital assets. Hilbert Group and HAYVN will be strategic partners in terms of product development and distribution of fund products. In January 2023, HAYVN also launched its HAVYN 20 Digital Asset Index Fund and is further expanding it's offering to Asset Management clients. In May 2023, HAYVN also obtained Virtual Asset Service Provider (VASP) license from the Lithuanian Financial Crime Investigation Service (FNIT), further strengthening global regulatory footprint. HAYVN has recently shifted its ADGM licence status from active to inactive, confining its operations to its base in the Cayman Islands. In December 2023 HAYVN's co-founder and CEO, Chris Flinos, stepped down and has since been replaced by the new CEO, Richard Crook. In the Annual Report 2023, Hilbert Group communicated that it is closely following the developments of HAYVN, and that we are positive that the value of our investment is close to its original book value of a \$1,000,000 (SEK10,041,600); this based on the PWER valuations we have been applying. Nonetheless in order to remove any judgement, bias and estimates in the valuation, we have decided to write down this investment until further information emerges about the acquisition by DEUS X, and further potential litigation claims. The value is still held at nil as of 30 June 2024. Hilbert Group has a liquidation preference as a holder of this investment and in the most negative of scenarios it shall be entitled to receive an equal amount to our subscription proceeds in respect of these shares.
  
- (III) A stake in Kvanta AB (formerly known as Capchap). Current shareholding stands at 4.35% following a share issue registered in April 2024. Kvanta AB offers equity management and corporate secretarial services on the blockchain. Kvanta's AB solution enables users to manage their share ledger, issuance of new shares, buying and selling of shares in private companies and other corporate actions on the blockchain. This means that the costly services currently provided by legal advisers can to a large degree be eliminated.

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# Financial overview

## APRIL – JUNE 2024

### Revenue and results

Revenue amounted to KSEK 27,304.1 (KSEK 4,687.1), of which KSEK 25,917.9 (KSEK 3,388.0) from Proprietary trading in cryptocurrencies, KSEK 604.3 (KSEK 549.7) from Fund management and KSEK 781.9 (KSEK 749.4) from Coin360, mainly related to Advertising income.

Operating profit/loss amounted to KSEK -13,736.7 (KSEK -12,920.7), this following the deduction of total operating expenses and income of KSEK -41,040.7 (KSEK -17,607.8); mainly relating to cost of cryptocurrencies sold KSEK -25,917.9 (KSEK -3,388) and KSEK -15,122.8 (KSEK -14,219.8) relating to other expenses of which KSEK -4,530.7 (KSEK -3,968.2) are related to personnel expenses.

Other external expenses have increased as a result of an increase in consultancy and other marketing related expenses. Personnel expenses remained more or less in line with the comparative period; movement mainly relates to the ESOP 2023 incentive scheme. Similarly, depreciation, amortization and write-downs are in line with April– June 2023. Operating income and expenses KSEK -1,378.6 (KSEK -2,842.8) mainly reflects fair value adjustments of the crypto trading portfolio and the short term investment in the Hilbert Group Funds. Net Financial items of KSEK -1,260.1 (KSEK 2,742.0) is mainly related to foreign exchange on Euro denominated bonds, Euro bond interest, other interest charges, gain or loss on group companies foreign exchange translations and foreign exchange on other account balances.

Result for the period amounted to KSEK -14,996.8 (KSEK -10,178.7) of which KSEK -14,090.6 (KSEK -9,333.3) is attributable to parent company shareholders and KSEK -906.2 (KSEK -845.4) to non-controlling interest.

### Balance sheet and cashflow

Total assets of the Group amount to KSEK 71,366.2 (KSEK 91,451.3) of which KSEK 45,304.9 (KSEK 53,578.3) relate to intangible assets and the right of use of assets; latter relating to a leased office premises which Hilbert entered into for a 7-year period in the amount of KSEK 5,461.7 (KSEK 6,701.5).

Total equity amount to KSEK 30,624.1 (KSEK 55,357.7) of which KSEK 19,722.6 (KSEK 38,673.8) are attributable to parent company shareholders and KSEK 10,901.5 (KSEK 16,683.9) are attributable to non-controlling interest.

Net cash flow from operating activities amounted to KSEK -5,191.0 (KSEK -13,883.9), net cash used in investing activities amounted to KSEK -14,372.2 (KSEK -1,674.2). Net cash generated from financing activities amounted to KSEK -223.8 (KSEK 22,461.1).

At the end of the period Hilbert Group held KSEK 3,212.2 (KSEK 7,375.4) in cash and cash equivalents.

## **SIGNIFICANT EVENTS DURING THE SECOND QUARTER**

### **Hilbert Capital approved for investment by 3iQ as one of a handful hedge funds, out of over 100 crypto hedge fund managers evaluated.**

On May 2, 2024 Hilbert announced that 3iQ Digital Assets ('3iQ') a global digital asset manager with approximately \$1billion in assets under management (AUM), has announced the launch of the 3iQ Managed Account Platform (QMAP). Hilbert Capital has been approved for investment by 3iQ and will receive its initial tranche of capital to manage a bespoke digital assets strategy for 3iQ investors. Hilbert Capital was selected as one of a handful hedge funds, for the mandate out of over 100 crypto hedge fund managers evaluated.

### **Alex Ahari joins Hilbert Capital as its Chief Operating Officer**

Starting May 2024, the asset management subsidiary of the Hilbert Group AB recruited Alex Ahari as its Chief Operating Officer. Alex has over 25 years experience in operational risk evaluation and management of digital asset hedge funds and traditional market hedge funds. Alex was an independent consultant as Founder of Resilient Partners, evaluating digital asset hedge funds from operational strength and risk perspective. Before founding Resilient Partners he was a Group Head of Operational Due Diligence for Redington, and a portfolio manager at Eddington Capital and Attica Asset Management prior to that.

### **Amendment to the Employee Stock Option Plan**

On 24 May 24th, during the Annual General Meeting it was resolved to amend the terms and conditions for vesting of the options under the Employee Stock Option Plan that was implemented pursuant to a resolution by the Annual General Meeting 2023. The amendment means that one third of the number of allotted options are vested each year during the term of the options and that the options can be exercised for subscription of new shares after vesting.

The meeting also resolved to issue not more than 3,000,000 warrants (which include 500,000 warrants to potentially hedge social security costs) in order to ensure the delivery of shares under the Employee Stock Option Plan with the amended terms and conditions in accordance with the resolution above.

### **Coin360 announces major overhaul and strategic partnership with 4+ ventures**

On June 14, 2024 Hilbert Group announced that its subsidiary Coin360.com, the 60% majority owned subsidiary of Hilbert Group AB is set to undergo a transformative revamp, enhancing both its functionality and architecture. The project, slated for completion by October 2024, will be spearheaded by the Stockholm based firm, 4+ Ventures; an expert team who boasts a stellar track record in digital asset product development, with notable successes building multiple successful ventures and projects in digital assets and web3.

CEO Niclas Sandstrom shared that "COIN360 metrics are exceptional. In Q1 2024 alone, we garnered 28 million page views across 7.7 million individual sessions, and we've welcomed 15,000 new verified users in just the last two months. For perspective, many similar data analytic sites achieved \$100M+ valuations during the recent bear market, despite having significantly less traffic than COIN360.com. The key difference? Their superior content. Our strategy is clear: we're adding a wealth of function-

ality and relevant content, much of which we've already prototyped, all by October this year. From that point onwards, we anticipate, subscription revenue to be, by far, the main revenue stream of COIN360.com.

Ebba Thedding, CEO & Co-Founder of 4+ Ventures adds, "COIN360.com has enormous potential with its strong community and high traffic. Investing in and building on this solid foundation, we are thrilled to lead this significant product upgrade.

### **Coin360 enters strategic partnership and appoints Zingy Labs to lead global marketing efforts**

Coin360 has formed a strategic partnership with Hong Kong based Zingy Labs - a Web3 marketing agency. The collaboration aims to evaluate Coin360's user experience and expand its global reach by leveraging Zingy Labs' expertise in marketing and scaling services to enhance COIN360's market presence and a full buildout of its subscription services.

The collaboration will focus on driving ad revenue through targeted campaigns and the promoting of COIN360 subscription services through the expert leadership spearheaded by Troy Cooper, the co-founder of Zingy Labs and former senior leader at Expedia Asia. Zingy Labs will deploy dynamic marketing tactics to deepen connections within COIN360's vibrant community and expand on the existing community. By leveraging content strategy, SEO, loyalty programs and key opinion leaders, the partnership aims to amplify COIN360's visibility and user interaction. Zingy Labs will lead the design and optimization of COIN360's user acquisition funnel ensuring a seamless and intuitive user journey from initial discovery to conversion. This holistic approach will streamline user onboarding, enhance user retention, and drive higher conversion rates, solidifying COIN360's position as the go-to platform for crypto analysis.

## **JANUARY - JUNE 2024**

### **Revenue and results**

Revenue amounted to KSEK 39,234.8 (KSEK 10,666.4), of which KSEK 32,714.2 (KSEK 7,309.0) from Proprietary trading in cryptocurrencies, KSEK 4,143.8 (KSEK 1,101.6) from Fund management and KSEK 2,376.8 (KSEK 2,255.8) from Coin360, mainly related to Advertising income.

Operating profit/loss amounted to KSEK -21,734.5 (KSEK -20,959.5), this following the deduction of total operating expenses and income of KSEK -60,969.2 (KSEK -31,625.9); mainly relating to cost of cryptocurrencies sold KSEK -32,714.2 (KSEK -7,309) and KSEK -28,255 (KSEK -24,316.9) relating to other expenses of which KSEK -8,679.3 KSEK -7,785.5 are related to personnel expenses.

The increase in other operating expenses mainly relates to an increase in commission expenses as a direct result of the increase in income. Personnel expenses remained more or less in line with the comparative period; movement mainly relates to the ESOP 2023 incentive scheme. Similarly, depreciation, amortization and write-downs are in line with Jan-June 2023. Operating income and expenses KSEK -465.3 (KSEK -1,805.5) mainly reflects fair value adjustments of the crypto trading portfolio and the short term investment in the Hilbert Group Funds. Net financial items of KSEK 3,217.3 (KSEK 1,912.0) is mainly related to foreign exchange on Euro denominated bonds, Euro bond interest, other interest charges, gain or loss on group companies foreign exchange translations and foreign exchange on other account balances.



Result for the period amounted to KSEK -18,517.1 (KSEK -19,010.4) of which KSEK -16,977.8 (KSEK -17,355.0) is attributable to parent company shareholders and KSEK -1,539.4 (KSEK -1,655.4) to non-controlling interest.

### **Balance sheet and cashflow**

Total assets of the Group amount to KSEK 71,336.2 (KSEK 91,451.3) of which KSEK 45,304.9 (KSEK 53,578.3) relate to intangible assets and the right of use of assets; latter relating to a leased office premises which Hilbert entered into for a 7-year period in the amount of KSEK 5,461.7 (KSEK 6,701.5).

Total equity amount to KSEK 30,624.1 (KSEK 55,357.7) of which KSEK 19,722.6 (KSEK 38,673.8) are attributable to parent company shareholders and KSEK 10,901.5 (KSEK 16,683.9) are attributable to non-controlling interest.

Net cash flow from operating activities amounted to KSEK -14,067.8 (KSEK -18,829.1), net cash used in investing activities amounted to KSEK -14,582.2 (KSEK -1,790.5). Net cash generated from financing activities amounted to KSEK 20 771.4 (KSEK 27,592.2).

At the end of the period Hilbert Group held KSEK 3,212.2 (KSEK 7,375.4) in cash and cash equivalents.

## **SIGNIFICANT EVENTS AFTER THE SECOND QUARTER**

### **Hilbert Group and XAPO Bank agree strategic Investment Partnership and Launch of Bitcoin Hedge Fund in excess of \$200 Million.**

Hilbert Capital, the asset management division of Hilbert Group AB has entered into a strategic partnership with XAPO Bank, a leading global Institution, to manage a newly-established Bitcoin-denominated hedge fund.

Launch of the Fund is expected to be in September and it is anticipated that initial investment capital will be in excess of \$200 million be received from Xapo Bank and other investors in 2024. This partnership represents a major milestone in Hilbert's Group journey and reinforces its position as a leader in digital asset management.

The Fund will offer corporates, businesses and professional investors the opportunity to generate returns in BTC from institutional grade structured credit arrangements, which are not available to those participants directly in the market.

'We believe that offering the right products for participants in the space who are aiming not only for exposure for the Bitcoin price, but also structured ways to grow the Bitcoin value of those investments is a natural evolution of the asset class. Having the Fund operated with the right level of investment is a natural evolution of the asset class. Having the Fund operated with the right level of investment experience, security and operational integrity is fundamental and we see Hilbert as key partner in offering'; Joey Garcia Director of Xapo Bank said.

Over the last 12 months, we have developed a close and strategic partnership with Xapo Bank, a veteran in the Bitcoin space and tier-one financial institution in digital asset space, Niclas Sandstrom CEO of Hilbert Group said.

Hilbert is 2 year into its 5-year plan of being a global-leading asset management firm. We have invested heavily in our investment and operations expertise and infrastructure to enable us to manage attractive investment solutions and partner with the world's best financial institutions. Xapo is one of the very best.

### **Hilbert Group carries out a directed share issue for payment of advisory fees**

The Board of Directors of Hilbert Group AB, has resolved, based on the authorisation by the AGM, on a directed share issue of 113,880 B-shares to ACAP Ltd. Payment for

the shares is made by set-off of ACAP's Ltd's agreed fees for advice in the new share issue in March 2024.

Following registration of the new issue the number of shares in Hilbert Group will amount to 61,009, 875 divided into 8,500,000 A-shares and 52,509,875 B-shares.

## SHAREHOLDERS 2024-06-30

Owner	HILB A	HILB B	Capital	Votes	Verified
Magnus Holm & companies	1,684,300	8,125,220	16.11%	19.59%	31/12/2022
Niclas Sandström & companies*	1,180,250	7,267,337	13.87%	14.96%	01/12/2023
Frode Foss Skiftesvik & companies	3,264,800	1,757,299	8.25%	26.99%	31/12/2022
Derivat Invest AS	850,000	2,256,259	5.10%	8.44%	31/12/2022
Red Acre Holdings Ltd.	—	2,022,000	3.32%	1.59%	31/12/2022
Erik Nerpin	—	1,700,000	2.79%	1.33%	27/10/2021
Hans-Peter Bermin	419,050	1,421,681	3.02%	4.40%	26/06/2024
F2 Funds & Financial Funds	—	1,700,000	2.79%	1.33%	26/06/2024
Fender Eiendom AS	—	1,514,728	2.49%	1.19%	26/06/2024
Tigerstanden AS	—	1,000,000	1.64%	0.78%	26/06/2024
Others	1,101,600	23,631,471	40.62%	19.40%	26/03/2024
<b>Total</b>	<b>8,500,000</b>	<b>52,395,995</b>	<b>100%</b>	<b>100%</b>	

Source: Monitor Sweden adjusted for \*

## OTHER INFORMATION

### Risks and uncertainties

Hilbert Group faces a number of risks and uncertainties that may directly or indirectly impact operations. These uncertainties include risk factors particularly related to trading of digital assets as well as regulatory and legal risks, as the digital assets industry is largely unregulated or lightly regulated in most countries. For a more detailed description of risks and uncertainties, refer to the Hilbert Group Company Description dated October 21, 2021, available on [www.hilbert.group](http://www.hilbert.group).

### Share Capital and Formation of Hilbert Group

Hilbert Group was formed in 2021 when the current parent company, Hilbert Group AB, acquired HC Holding Limited (a Company incorporated & registered under the laws of Malta with Company Registration Number C89451) and its wholly owned subsidiaries, also carrying out a private placement of shares and warrants whereby Hilbert Group raised KSEK 88,000. Hilbert Group AB was a dormant company which had not conducted any business from its formation to its acquisition of HC Holding Limited.

Prior to the acquisition of HC Holding Limited, Hilbert Group carried out a private placement of KSEK 88,000. The private placement was made in the form of 8,800,000 units. The issue price for one unit was SEK 10. One unit included one B-share and one warrant of series 2021/24, "TO 1B". Each warrant entitled the holder to subscribe for one new B-share in the Company. The exercise price was SEK 15 during the period 1 October 2021 – 31 October 2022, and SEK 20 during the period 1 November 2022 – 31 October, 2024.

A total of 10,700,000 warrants are outstanding. Assuming full exercise of the warrants, the dilution effect of the TO1B warrants corresponds to approximately 14.9% of the share capital and 7.2% of the votes in Hilbert Group in relation to the number of outstanding shares after the Directed Share issue in March 2024.

Hilbert Group's share capital at the end of the reporting period was SEK 3,044,799.75 divided into 60,895,995 shares: 8,500,000 A-shares and 52,395,995 B-shares.

# Condensed consolidated statement of comprehensive income

KSEK	Q224	Q223	Six months 2024	Six months 2023	Full year 2023
Revenue	27,304.1	4,687.1	39,234.8	10,666.4	24,106.4
Cost of cryptocurrency sold	-25,917.9	-3,388.0	-32,714.2	-7,309.0	-17,910.7
Other external expenses	-7,284.2	-5,460.1	-15,347.9	-10,932.3	-22,329.0
Personnel expenses	-4,530.7	-3,968.2	-8,679.3	-7,785.5	-14,823.0
Depreciation, amortization and write-downs	-1,929.3	-1,948.7	-3,762.5	-3,793.6	-13,769.1
Other operating income and expenses	-1,378.6	-2,842.8	-465.3	-1,805.5	1,762.2
<b>Operating profit/loss</b>	<b>-13,736.7</b>	<b>-12,920.7</b>	<b>-21,734.5</b>	<b>-20,959.5</b>	<b>-42,963.1</b>
Financial items, net	-1,260.1	2,742.0	3,217.3	1,912.0	-5,944.4
<b>Profit before income tax</b>	<b>-14,996.8</b>	<b>-10,178.7</b>	<b>-18,517.1</b>	<b>-19,047.5</b>	<b>-48,907.4</b>
Income tax expense	—	—	—	37.1	37.0
<b>Profit/loss for the period</b>	<b>-14,996.8</b>	<b>-10,178.7</b>	<b>-18,517.1</b>	<b>-19,010.4</b>	<b>-48,870.4</b>
Profit/loss is attributable to:					
Parent company shareholders	-14,090.6	-9,333.3	-16,977.8	-17,355.0	-43,328.7
Non-controlling interests	-906.2	-845.4	-1,539.4	-1,655.4	-5,541.8
	<b>-14,996.8</b>	<b>-10,178.7</b>	<b>-18,517.1</b>	<b>-19,010.4</b>	<b>-48,870.4</b>
<b>Other comprehensive income</b>					
Items that may be reclassified to profit or loss (net of tax):					
Exchange differences on translation of foreign operations	317.2	-978.4	-2,808.2	-871.0	2,545.1
<b>Net other comprehensive income that may be reclassified to profit or loss</b>	<b>317.2</b>	<b>-978.4</b>	<b>-2,808.2</b>	<b>-871.0</b>	<b>2,545.1</b>
Items that will not be reclassified to profit or loss (net of tax):					
Net gain/loss on equity instruments designated at fair value through other comprehensive income	-48.3	—	-3,480.3	—	-10,897.2
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>	<b>-48.3</b>	<b>—</b>	<b>-3,480.3</b>	<b>—</b>	<b>-10,897.2</b>
<b>Other comprehensive income, net of tax</b>	<b>269.0</b>	<b>-978.4</b>	<b>-6,288.5</b>	<b>-871.0</b>	<b>-8,352.1</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-14,727.8</b>	<b>-11,157.1</b>	<b>-24,805.6</b>	<b>-19,881.4</b>	<b>-57,222.6</b>
Total comprehensive income is attributable to:					
Parent company shareholders	-13,769.5	-11,088.7	-23,923.7	-18,867.7	-51,308.5
Non-controlling interests	-958.3	-68.4	-882.0	-1,013.7	-5,914.1
	<b>-14,727.8</b>	<b>-11,157.1</b>	<b>-24,805.6</b>	<b>-19,881.4</b>	<b>-57,222.6</b>
<b>Earnings per share</b>					
Basic profit/loss for the period attributable to parent company shareholders	-0.23	-0.18	-0.29	-0.34	-0.83
Diluted profit/loss for the period attributable to parent company shareholders	-0.23	-0.18	-0.29	-0.34	-0.83
Number of shares at period-end	60,895,995	52,233,737	60,895,995	52,233,737	55,595,995
Weighted number of share before and after dilution	60,895,995	52,233,737	58,711,654	51,293,394	52,218,802

# Condensed consolidated balance sheet

KSEK	30 June 2024	30 June 2023	31 December 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment	1,663.9	2,018.8	1,721.3
Right-of-use assets	5,461.7	6,701.5	5,685.3
Intangible assets	39,843.2	46,876.8	35,754.9
Other non-current assets	986.0	15,734.7	4,250.4
<b>Total non-current assets</b>	<b>47,954.7</b>	<b>71,331.8</b>	<b>47,411.9</b>
<b>Current assets</b>			
Inventory of cryptocurrencies	5,803.3	3,099.2	5,221.9
Other receivables	3,169.9	2,812.3	2,566.2
Receivables from related parties	1,381.9	6,832.6	1,401.4
Short-term investments	9,844.2	—	—
Cash and cash equivalents	3,212.2	7,375.4	10,979.5
<b>Total current assets</b>	<b>23,411.5</b>	<b>20,119.5</b>	<b>20,168.9</b>
<b>TOTAL ASSETS</b>	<b>71,366.2</b>	<b>91,451.3</b>	<b>67,580.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity, parent company shareholders	19,722.6	38,673.8	21,689.2
Non-controlling interests	10,901.5	16,683.9	11,783.5
<b>Total equity</b>	<b>30,624.1</b>	<b>55,357.7</b>	<b>33,472.7</b>
<b>Non-current liabilities</b>			
Lease liability	5,289.3	5,546.3	5,422.3
<b>Total non-current liabilities</b>	<b>5,289.3</b>	<b>5,546.3</b>	<b>5,422.3</b>
<b>Current liabilities</b>			
Convertible bond	25,389.3	23,730.9	23,539.9
Lease liability	750.4	1,312.9	701.7
Other payables	5,757.0	3,788.7	1,785.2
Accrued expenses and deferred revenue	3,556.1	1,714.9	2,659.1
<b>Total current liabilities</b>	<b>35,452.7</b>	<b>30,547.3</b>	<b>28,686.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>71,366.2</b>	<b>91,451.3</b>	<b>67,580.8</b>

# Condensed consolidated statement of changes in equity

KSEK	Attributable to parent company shareholders					Total	Non-controlling interest	Total equity
	Share capital	Share issue in progress	Other paid-in capital	Other reserves	Retained earnings			
<b>Balance at 31 December 2022</b>	<b>2,440.0</b>	<b>—</b>	<b>86,110.0</b>	<b>1,251.8</b>	<b>-38,220.0</b>	<b>51,581.8</b>	<b>17,697.6</b>	<b>69,279.5</b>
Share issue	148.5	—	4,781.2	—	—	4,929.7	—	4,929.7
Share issue in progress	—	23.2	747.1	—	—	770.3	—	770.3
Value of conversion rights	—	—	259.7	—	—	259.7	—	259.7
Comprehensive income	—	—	—	-1,512.7	-17,355.0	-18,867.7	-1,013.7	-19,881.4
<b>Balance at 30 June 2023</b>	<b>2,588.5</b>	<b>23.2</b>	<b>91,898.0</b>	<b>-260.9</b>	<b>-55,575.0</b>	<b>38,673.9</b>	<b>16,683.9</b>	<b>55,357.8</b>
<b>Balance at 31 December 2023</b>	<b>2,779.8</b>	<b>—</b>	<b>107,186.0</b>	<b>-6,728.0</b>	<b>-81,548.7</b>	<b>21,689.2</b>	<b>11,783.5</b>	<b>33,472.8</b>
Share issue	265.0	—	20,935.0	—	—	21,200.0	—	21,200.0
Stock options IFRS 2	—	—	757.1	—	—	757.1	—	757.1
Comprehensive income	—	—	—	-6,945.9	-16,977.8	-23,923.7	-882.0	-24,805.7
<b>Balance at 30 June 2024</b>	<b>3,044.8</b>	<b>—</b>	<b>128,697.2</b>	<b>-13,673.9</b>	<b>-98,526.5</b>	<b>19,722.6</b>	<b>10,901.5</b>	<b>30,624.1</b>

Fair value on grant date 1 July 2023 of incentive scheme ESOP 2023 stock options vested during the period is presented as Other paid-in capital. Refer to Financial overview and note 3 for further information.

# Condensed consolidated statement of cash flows

KSEK	Q224	Q223	Six months 2024	Six months 2023	Full year 2023
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit/loss before tax	-14,996.8	-10,178.7	-18,517.2	-19,047.5	-48,907.4
Adjustments for items not affecting cash:	5,703.3	1,821.4	1,059.2	7,071.8	18,849.5
Taxes paid	—	—	—	-87.0	-87.1
<b>Cash flow from operating activities before changes in working capital</b>	<b>-9,293.5</b>	<b>-8,357.3</b>	<b>-17,458.0</b>	<b>-12,062.7</b>	<b>-30,145.0</b>
<b>Changes in working capital</b>					
Inventory	—	—	—	—	4,334.0
Receivables	1,645.5	-304.6	4,305.3	-789.1	-3,057.5
Payables	2,457.0	-5,222.1	-915.0	-5,977.2	204.5
<b>Cash flow from changes in working capital</b>	<b>4 102.5</b>	<b>-5,526.7</b>	<b>3,390.2</b>	<b>-6,766.3</b>	<b>1,481.0</b>
<b>Net cash flow from operating activities</b>	<b>-5,191.0</b>	<b>-13,883.9</b>	<b>-14,067.8</b>	<b>-18,829.1</b>	<b>-28,664.0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of equipment	-92.4	-25.9	-92.4	-485.8	-554.0
Net proceeds from/purchase of intangible assets	-3,745.1	-1,648.3	-3,901.2	-1,304.7	-2,279.1
Purchase of short-term investments	-10,534.7	—	-10,534.7	—	-281.9
<b>Net cash used in investing activities</b>	<b>-14,372.2</b>	<b>-1,674.2</b>	<b>-14,528.2</b>	<b>-1,790.5</b>	<b>-3,115.0</b>
<b>Cash flow from financing activities</b>					
Proceeds from issue of share capital	—	—	21,200.0	5,700.0	21,200.0
Principal elements of lease payments	-223.8	-241.9	-428.6	-811.3	-1,424.6
Proceeds from convertible loan	—	22,703.5	—	22,703.5	22,632.7
<b>Net cash generated from financing activities</b>	<b>-223.8</b>	<b>22,461.6</b>	<b>20,771.4</b>	<b>27,592.2</b>	<b>42,408.2</b>
<b>Cash flow for the period</b>	<b>-19,787.0</b>	<b>6,903.5</b>	<b>-7,824.7</b>	<b>6,972.6</b>	<b>10,629.2</b>
Foreign currency translation, cash and cash equivalents	22.4	14.9	57.4	14.6	-37.9
Cash and cash equivalents at beginning of the period	22,976.8	457.0	10,979.5	388.2	388.2
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>3,212.2</b>	<b>7,375.4</b>	<b>3,212.2</b>	<b>7,375.4</b>	<b>10,979.5</b>

# Condensed parent company income statement

KSEK	Q224	Q223	Six months 2024	Six months 2023	Full year 2023
Revenue	993.7	481.7	993.7	880.6	1,750.3
Other external expenses	-5,158.9	-3,702.1	-7,639.5	-6,357.5	-10,975.6
Personnel expenses	-1,638.1	-1,030.9	-2,992.3	-2,075.9	-4,773.1
Depreciation and amortisation	-1.4	-1.4	-2.9	-2.9	-5.7
Other operating income and expenses	-8.8	457.2	-14.0	446.4	340.0
<b>Operating profit/loss</b>	<b>-5,813.5</b>	<b>-3,795.5</b>	<b>-9,654.9</b>	<b>-7,109.3</b>	<b>-13,664.2</b>
Financial items, net	-1,082.5	2,283.9	2,801.7	1,601.0	-4,921.8
<b>Profit before income tax</b>	<b>-6,896.0</b>	<b>-1,511.6</b>	<b>-6,853.3</b>	<b>-5,508.3</b>	<b>-18,586.0</b>
Income tax expense	—	—	—	37.1	37.1
<b>PROFIT/LOSS AFTER TAX</b>	<b>-6,896.0</b>	<b>-1,511.6</b>	<b>-6,853.2</b>	<b>-5,471.2</b>	<b>-18,549.0</b>

Hilbert Group AB's activities are focused on group management services, group accounting and fund investor relations. The company employs 3 (4) people and revenue comprises recharge of certain personnel expenses to subsidiaries. In the second quarter 2024, expenses have been recharged for the entire six-month period ended 30 June 2024, as no recharges were made during the first quarter 2024. Other external expenses for the quarter and the six-month period, as well as for the comparison periods and full year, include recharges to Hilbert Group AB from other group entities.

The increase in personnel expenses for the quarter as well as for the six-month period 2024 is mainly related to the ESOP 2023 incentive scheme, for which vesting started on grant date 1 July 2023. Refer to note 1 of this report for further information.

The increase in other external expenses is mainly pertaining to recharges from group companies and tax services during the second quarter 2024.

On 28 April 2023 Hilbert Group AB concluded and signed the financing of a Euro denominated 10% fixed rate Convertible bond of EUR 2 million. Further information about the financing is presented in note 3. Financial net for the second quarter 2024 is pertaining to accrued interest, positive currency translation effects on the Euro denominated Convertible bond and negative currency translation effects on receivables on group companies denominated in USD. For the six-month period, financial net comprises the same items, though the positive effect from strengthening of USD to SEK outweighs the other components. Also for the comparison periods, financial net comprises the same components, with unrealized effects from USD being the only factor until 28 April 2023 when the Euro denominated Convertible bond was concluded and signed.

Cash and cash equivalents at the end of the period amounted to KSEK 350.8 (6,981.8).

The AGM on 24 May 2024 resolved to amend the terms and conditions for vesting of the options under ESOP 2023. The implication of the amendment is that one third of the number of allotted options vest each year during the term of the options and that the options can be exercised for subscription of new shares after vesting. Refer to the Financial Overview section and Note 1 of this report for further information about the amendment. The amendment of service conditions did not have any financial effect on this reporting period. An increase in ESOP expenses by kSEK 180.9 during the second quarter 2024 is pertaining to additional options within ESOP being allotted to participants.

In March 2024, thus during the first quarter 2024, Hilbert Group carried out a directed issue of B-shares of SEK 21.2 million. In July 2024, after the reporting period, Hilbert Group carried out a directed issue of B-shares of 113,880 B-shares for agreed fees in relation to the above-mentioned new share issue. Refer to the Financial Overview section for further details about these share issues.

# Condensed parent company balance sheet

<b>KSEK</b>	<b>30 June 2024</b>	<b>30 June 2023</b>	<b>31 December 2023</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment	5.7	11.5	8.6
Shares in subsidiaries	2,900.0	2,900.0	2,900.0
<b>Total non-current assets</b>	<b>2,905.7</b>	<b>2,911.5</b>	<b>2,908.6</b>
<b>Current assets</b>			
Receivables from group companies	114,007.1	87,241.5	87,022.0
Other receivables	124.0	305.5	162.5
Cash and cash equivalents	350.8	6,981.8	10,232.2
<b>Total current assets</b>	<b>114,481.9</b>	<b>94,528.8</b>	<b>97,416.7</b>
<b>TOTAL ASSETS</b>	<b>117,387.7</b>	<b>97,440.3</b>	<b>100,325.3</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	88,407.1	70,924.9	73,303.2
<b>Current liabilities</b>			
Convertible bond	25,389.3	23,730.9	23,539.9
Other payables	1,414.8	1,629.6	1,511.4
Accrued expenses	2,176.5	1,154.9	1,970.7
<b>Total current liabilities</b>	<b>28,980.5</b>	<b>26,515.4</b>	<b>27,022.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>117,387.7</b>	<b>97,440.3</b>	<b>100,325.3</b>



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# Notes

## NOTE 1

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### I. Accounting principles

This note describes the comprehensive basis of preparation which has been applied in preparing the consolidated financial statement, as well as the accounting policies for specific areas applied by Hilbert Group AB (publ) and the Group in which Hilbert Group AB (publ) is the Parent company.

Hilbert Group AB's city of residence is Stockholm, Sweden. The terms "Hilbert Group", the "Group" or the "Company" refers, depending on the context, to Hilbert Group AB (publ) (corporate ID No. 559105-2948) or the consolidated Group in which Hilbert Group AB (publ) is the Parent company and its subsidiaries. Enumerated amounts presented in tables and statements may not always agree with the calculated sum of the related line items due to rounding differences. The aim is for each line item to agree with its source and therefore there may be rounding differences affecting the total when adding up the presented line items.

#### II. Basis of preparation

This Q1 2024 report complies with the provisions of IAS 34, and the report for the Parent Company has been prepared pursuant to the provisions of the Swedish Annual Accounts Act and RFR 2. In addition to the financial statements, disclosures under IAS 34.16A also appear in other parts of the interim report. The application of the accounting policies is consistent with their application in the Annual report for the financial year 2023, unless otherwise stated below.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

#### III. Consolidation

Subsidiaries are fully consolidated from the date on which the Group achieves control and continues to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or

similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Upon consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### **IV. Segment reporting**

The chief operating decision maker (CODM) for Hilbert Group comprises Group management, as it is the Group management team who evaluates the Group's balance sheet and performance and make strategic decisions. The management bases its decisions on the Group in its entirety when allocating resources and assessing performance. Internal reporting is also based on the performance of the Group as a whole. Given the above, the assessment is that Hilbert Group has one operating segment, which comprises the Group as a whole.

For information about revenue per geographical area, refer to note 2. Funds managed by Hilbert Group; Hilbert V100 (HV100), Hilbert V1 Fund (HV1) and Hilbert V30 Fund (HV30), from which fund management fees are received, there are no major customers, individually or as a group. Proprietary trading with cryptocurrencies is executed on crypto exchanges where the buyer is not known to the seller.

#### **V. Business combinations and goodwill**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

It is determined that a business has been acquired when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process, or it significantly contributes to the ability to continue producing outputs. An acquisition that does not meet the criteria is identified as an acquisition of a group of assets that do not constitute a business.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred
  - amount of any non-controlling interest in the acquired entity, and
  - acquisition-date fair value of any previous equity interest in the acquired entity
- over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration that is classified a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

## **VI. Asset Acquisitions**

An asset acquisition is an acquisition of an asset or a group of assets that does not constitute a business. For such acquisitions, constituting net assets without significant processes, the acquisition cost is allocated to the identifiable assets and liabilities based on their relative fair values at the date of the acquisition. Transaction costs are added to the purchase price of the acquired net assets when assets are acquired.

For such asset acquisitions, holdings of non-controlling interest are measured according to the same principles as for business combinations, except the inclusion of goodwill.

## **VII. Foreign currency translation**

The Group's consolidated financial statements are presented in Swedish krona (SEK), which is also the Parent company's functional currency. For each entity, the Group

determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### **(i) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

#### **(ii) Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into Swedish krona at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

#### **Exchange rates applied for translation**

SEK	Q2 2024		Q2 2023		2023	
	Closing	Average	Closing	Average	Closing	Average
USD	10.6114	10.5347	10.8509	10.4718	10.0416	10.6128

#### **VIII. Asset and liabilities current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

## IX. Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## X. Fair value measurement

The Group measures financial instruments such as equity investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the end of the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter financial instruments) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

## XI. Equipment

Equipment is initially recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Computer equipment      5 years
- Furniture and Fittings      5 years
- Leasehold Improvements   7 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount

if the asset's carrying amount is greater than its estimated recoverable amount.

## **XII. Leases**

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group is only a party to contracts in which the Group is a lessee.

### **i) Right-of-use assets**

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Periods covered by an extension option a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

■ Office	7 years
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The right-of-use assets are also subject to impairment testing.

### **ii) Lease liabilities**

At the commencement date of the lease, lease liabilities measured at the present value of lease payments to be made over the lease term are recognised. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The incremental borrowing rate applied to measure lease liability is 3.67% for the offices premises for which the commencement date has occurred during 2022.

Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs.

## **XIII. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination or as a group of assets is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding but capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with indefinite useful lives, such as brand names and cryptocurrencies, are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed

annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An acquired asset is capitalised on the basis of the costs incurred to acquire and bring to use the specific asset.

Amortisation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

■ Technology acquired as an asset	5 years
■ Website development	3–5 years
■ Software licenses	3 years

Costs associated with maintaining intangible assets are recognised as an expense as incurred.

#### **XIV. Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use
- its intention to complete and its ability and intention to use the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

#### **XV. Impairment of non-financial assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### **XVI. Cryptocurrencies**

Cryptocurrencies not included in Hilbert Group's proprietary trading portfolio are reported as intangible assets with indefinite useful life and are thus not amortised. Cryptocurrencies in the proprietary trading portfolio are initially measured at cost and subsequently at fair value less costs to sell based on quoted market prices and classified as Inventory.

With effect from April 2022, Hilbert Group commenced trading of cryptocurrencies on its own account (proprietary trading) applying a mix of algorithmic/technical and discretionary/fundamental trading.

Cryptocurrency previously reported as intangible assets have been transferred to a trading portfolio.

Hilbert Group's assessment is that the establishment of an accounting policy for inventory of cryptocurrencies is not a change in accounting policy but the application

of a new accounting policy for transactions that did not occur prior to April 2022, or were immaterial before that point in time.

Inventory of cryptocurrency is recognised at fair value less costs to sell. Changes in fair value are recognised as other operating Income and expenses in the statement of comprehensive income.

## **XVII. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

## **XVIII. Equity instruments**

The Group's equity instruments are not held for trading. At initial recognition, the equity instruments are measured at fair value, and subsequently at fair value through other comprehensive income (FVOCI). Only dividend income is recognised in profit or loss, whereas all other gains and losses are recognised in OCI without reclassification to profit or loss on derecognition. Transaction costs of are expensed in profit or loss.

## **XIX. Receivables**

Receivables comprise amounts due from customers for services performed in the ordinary course of business. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles and historical credit losses of the Group.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

Impairment losses on receivables are presented within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

## **XX. Short Term investment**

Short Term investments represents investments made by the Group in the Hilbert



Fund's. These investments are expected to liquidate within one year and are valued at Fair Value.

#### **XXI. Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at face value. In the statement of cash flows, cash and cash equivalents include deposits held with banks.

#### **XXII. Liabilities**

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method.

#### **XXIII. Convertible Bond**

Convertible bond is initially recognised at fair value, net of transaction costs incurred. Convertible bond are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the Convertible bond using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Convertible bond are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

#### **XXIV. Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **XXV. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

## **XXVI. Reserves in equity (other reserves)**

Reserves comprise:

- fair value reserve of assets at fair value through other comprehensive income
- translation reserve including exchange rate differences arising on translation to Swedish krona (SEK) of foreign operations' financial statements prepared in the currency used in the economic environment where the respective company operates (functional currency). The Parent company and the Group prepare financial statements in SEK

## **XXVII. Employee benefits**

### **(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### **(ii) Pension plans**

Currently, there are no pension plans within the Group.

### **(iii) Compensation in case of dismissal**

A provision is recognised in connection with redundancies of staff only if the entity is formally obliged to terminate an employment relationship before the normal date or when benefits are made as an offer to initiate voluntary resignation.

### **(iv) Employee share-based payment/Employee Stock Option Plan**

In 2023 Hilbert Group AB (publ) resolved to implement an Employee Stock Option Plan ("ESOP 2023") for the employees and consultants in Hilbert Group AB (including its subsidiaries). ESOP 2023 is a program under which the Participants are granted, free of charge, stock options to acquire B-shares in Hilbert Group AB. As resolved by the Annual General Meeting in June 2023, the stock options are subject to vesting over a three-year period in accordance with the terms and conditions.

The Annual General Meeting held on 24 May 2024 resolved to amend the terms and conditions for vesting of the options. The options shall vest over a three-year period. One third of the Options vest one year after grant. A further one-third of the Options

vest two years from grant. The remaining third of the Options vest three years after grant. For vesting to take place at any given time, it is required that the participant, with certain exceptions, is still employed by Hilbert Group (or, in the case of consultants, still provides services to Hilbert Group). The amendment occurred during the second quarter 2024. The financial effect for the period was -180.9 KSEK, pertaining to additional options granted, whereas the beneficial amendment of the service condition did not affect accumulated expenses for ESOP 2023 at period-end 30 June 2024.

The first tranche of the Options was granted as of 1 July 2023, (the Grant Date). Each option entitles the holder to acquire one B-share in Hilbert Group AB at a price of 150 percent of the volume weighted average price of the Hilbert Group B-share on Nasdaq First North during the ten trading days preceding the grant date. Exercise price is 6.4 SEK per B share. When vested, the Options are exercisable. If the participant is no longer employed/ provides services to Hilbert Group at the expiry of a vesting period, the Options become null and void. The options may be exercised for the acquisition of shares after vesting, i.e. by one third each year during the term of the Options. The Options shall be exercised for subscription of new shares no later than three months after the expiration of the three-year total vesting period, i.e. no later than 30 September 2026.

Options are not transferable and may not be pledged. In the event of a public takeover, significant asset sale, liquidation, merger or any other such transaction affecting Hilbert Group, the Options will vest in their entirety following completion of change in control.

Hilbert Group has the right to change these terms and conditions to the extent required by law, court ruling, government decision or agreement of if otherwise, in Hilbert Group's reasonable judgement for practical reasons it is appropriate or necessary and the Participant's rights are not impaired in any material respect.

Set out below are the summaries of options granted under the plan.

	<b>2024</b>
	<b>No of options</b>
As at 1 January	2,160,750
Granted during the period	339,250
Exercised during the period	—
Forfeited during the period	—
<b>As at 30 June</b>	<b>2,500,000</b>

No options expired during the periods covered by the above tables.

The assessed fair value of the options at grant date 1 July 2023 was 1.6 SEK. The fair value at grant date is independently determined using the Black-Scholes model.

The model inputs for the options granted during the second quarter 2023 included:

- ((a) Exercise price: 6.41 SEK per B-share;
- (b) Grant date: 1 July 2023
- (c) Expiry date: 30 June 2026
- (d) Share price at grant date: 1.6 SEK
- (e) Expected volatility price of the shares: 75 %
- (f) Risk free interest rate: 3 %
- (g) Expected dividend yield: nil

The expected price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

Participants of the option program are responsible for any tax in connection with the allocation of the Options, vesting of options, exercise of options and sale of shares acquired by the Participants through the exercise of the Options. Hilbert Group is responsible for social security fees and similar taxes and charges that Hilbert Group (and its subsidiaries) shall bear as employer/client of the Participant.

## XXVIII. Revenue from contracts with customers

Revenue is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the services to be provided.

For fixed-price advertising contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. An output method, based on contract time elapsed, is used for measuring the services transferred.

Asset management and performance fee are recognised at a point in time; management fee and performance fee are accrued on a monthly basis, and crystallise on a monthly and quarterly basis, respectively.

## XXIX. Dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Sweden, a distribution is authorised when it is approved by a general meeting of shareholders. A corresponding amount is recognised directly in equity.

## NOTE 2

### REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue by major revenue stream	Q224	Q223	Six months 2024	Six months 2023	Full year 2023
Fund management fees	604.3	549.7	4,143.8	1,101.6	2,272.1
Advertising income	781.9	749.4	2,376.8	2,255.8	3,923.7
Sales of cryptocurrency	25,917.9	3,388.0	32,714.2	7,309.0	17,910.7
<b>Total</b>	<b>27,304.1</b>	<b>4,687.1</b>	<b>39,234.8</b>	<b>10,666.4</b>	<b>24,106.4</b>

### Timing of revenue recognition

Revenue by major revenue stream	Q224	Q223	Six months 2024	Six months 2023	Full year 2023
At a point in time	26,520.8	3,954.1	36,864.6	8,435.5	20,222.6
Over time	783.2	733.0	2,370.2	2,230.9	3,883.8
<b>Total</b>	<b>27,304.1</b>	<b>4,687.1</b>	<b>39,234.8</b>	<b>10,666.4</b>	<b>24,106.4</b>

### Revenue by country of group company incorporation

KSEK	Q224	Q223	Six months 2024	Six months 2023	Full year 2023
Cayman Islands	26,522.2	3,937.7	36,858.0	8,410.7	20,182.8
British Virgin Islands	781.9	749.4	2,376.8	2,255.7	3,923.7
<b>Total</b>	<b>27,304.1</b>	<b>4,687.1</b>	<b>39,234.8</b>	<b>10,666.4</b>	<b>24,106.4</b>

### **NOTE 3**

#### **CONVERTIBLE BOND**

28 April 2023 Hilbert Group AB concluded and signed the financing of a Euro denominated 10% fixed rate convertible bond of EUR 2 million, equivalent to SEK 22.2 million approximately. The bond is for a term of three years and is due to be repaid in 2026, or earlier in full redemption price upon the occurrence of certain events; namely Change of Control, Event of Default, Insolvency, Qualified Financing and Free cashflow generation as per the agreed terms of contract (as further detailed below). The bond is secured by a pledge over certain Hilbert Group assets and secures the cashflow and provides sufficient liquidity for at least the coming 12 months.

The interest is payable on maturity of the bond, i.e., after three years. On the maturity date Hilbert Group shall pay the nominal amount of the loan, accrued interest and a premium equal to 100 per cent of the nominal amount of the loan. The loan will become due and payable prematurely if Hilbert Group at any time during the three-year term of the loan raises six million Euro or more in a new issue of shares. In such case, the lenders under the loan facility may choose between repayment of the nominal amount plus accrued interest but without a premium on the nominal value or to convert the loan amount to B-shares. The subscription price shall be the lower of SEK 9 and the issue price in the new issue of shares of EUR6 million or more. Such conversion of the loan to shares will be carried out through a new issue with payment by set-off of the loan which requires approval by Hilbert Group's shareholders.

The convertible bond, as of 30 June 2024 amounting to kSEK 25,389.3 (23,730.9), is presented as current. Management has and will continue to focus its efforts to settle the convertible bond prematurely, assuming a 12-months period after the reporting date.

The face value of the bond issued amounted to SEK 21,937.5 and the value of conversion rights amounted to SEK 259,700 on initial recognition.

Interest expense for the second quarter amounted to SEK 652,071 (417,934) and to SEK 1,299,492 (417,934) for the six months period. The interest expense is calculated by applying the effective interest rate of 10.5% to the liability component.

The initial fair value of the liability portion of the bond was determined using a market interest rate of 11% for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

The fair values are not materially different from their carrying amounts, since the interest payable on those convertible bonds-liability portion is short-term with expected settlement date after within the 12-month period of the reporting date of this quarter.

## NOTE 4

### FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

<b>30 June 2024</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments - non-current	Equity securities	—	—	986.0	<b>986.0</b>
Intangible assets	Cryptocurrencies	3,154.8	—	—	<b>3,154.8</b>
Inventory	Cryptocurrencies	5,803.3	—	—	<b>5,803.3</b>
Investments - current	Hilbert V1 Fund	—	9,844.2	—	<b>9,844.2</b>
<b>30 June 2023</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments - non-current	Equity securities	—	—	15,734.7	<b>15,734.7</b>
Intangible assets	Cryptocurrencies	1,498.1	—	—	<b>1,498.1</b>
Inventory	Cryptocurrencies	3,099.2	—	—	<b>3,099.2</b>
Investments - current	Hilbert V1 Fund	—	—	—	<b>—</b>
<b>31 December 2023</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments - non-current	Equity securities	—	—	4250,4	<b>4250,4</b>
Intangible assets	Cryptocurrencies	1,523.1	—	—	<b>1,523.1</b>
Inventory	Cryptocurrencies	5,221.9	—	—	<b>5,221.9</b>
Investments - current	Hilbert V1 Fund	—	—	—	<b>—</b>

For Equity investments, an income approach is applied for assessing fair value. Future income and expenses for the entity are converted to a current discounted amount, reflecting current market expectations about those future amounts.

For information about fair value measurement of short-term investment in Hilbert V1 Fund, refer to Note 1.

There were no transfers between levels 1, 2 and 3 during the periods presented.

For information about the fair value hierarchy levels and inputs used, refer to the 2023 Annual report

## NOTE 5

### PLEGDED ASSETS AND CONTINGENT LIABILITIES

The parent company Hilbert Group AB (publ) has pledged all shares in the wholly owned subsidiary HC Holding Ltd as collateral against the EUR 2 million convertible bond agreement concluded during the second quarter 2023, refer to Note 3 above for information about the convertible bond. Assets pledged on 30 June 2024, 30 June 2023 as well as at year-end 2023 also comprised KSEK 50.0 of cash and cash equivalents held by Hilbert Group AB.

On 30 June 2024, neither the parent company nor any other Hilbert Group company has pledged any other assets and there are no contingent liabilities. The same applied for the comparison periods in this report.

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# Declaration by the Board of Directors and the CEO

The Board of Directors and CEO confirm that this Interim Report provides a true and fair view of the parent company and the Group's operations, financial position and results for the period concerned.

Stockholm, 30 August 2024  
Board of Directors

Erik Nerpin  
*Chairman*

Frode Foss-Skiftesvik  
*Board member*

David Butler  
*Board member*

Stuart Connolly  
*Board member*

Tim Grant  
*Board member*

Niclas Sandström  
*CEO*

The report has not been reviewed by the Company's auditors.

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# Other information

## **FINANCIAL CALENDAR**

Interim Report Q3, 2024	29 Nov, 2024
Interim Report Q4, 2024	28 Feb, 2025

## **ADDRESS**

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