

Hilbert Group AB (publ)

Interim Report Q1 2022



Interim Report Q1 2022 In Brief

Financial events

First quarter

- Revenues amounted to kSEK 3,766 (2,273)
- Operating profit/loss (EBIT) totaled kSEK -6,175 (1,802)
- Result for the period was kSEK -4,622 (1,802)
- Cash flow from operating activities amounted to kSEK -6,376 (-1,386)
- Earnings per share before and after dilution amounted to SEK -0,11 (1,80)
- Cash and cash equivalents at the end of the period was kSEK 23,562 (1,028)

Significant events

During the first quarter

- Hilbert Group acquired a 5.7% stake in Capchap AB. The transaction amount for Hilbert Group is SEK 2.5 million, and the deal was cash settled.

After the first quarter

- Mark Adams joins the executive team as Chief Legal Officer (“CLO”)

Financial overview

kSEK	Q122	Q121	Full year 2021
Revenue	3,765.9	2,273.5	9,185.9
EBIT	-6,175.3	1,802.5	-4,227.3
Profit/loss for the period	-4,622.1	1,802.5	-2,460.4
Earnings per share	-0.11	1.80	-0.20
Equity	82,186.5	2,206.1	86,709.6
Total assets	88,363.5	3,953.3	97,295.4
Equity/assets ratio	93 %	56 %	89 %

The information in this report is presented as combined financial statements for the comparison periods. The legal formation of Hilbert Group occurred during the third quarter of 2021, when Hilbert Group AB (publ) acquired all outstanding shares in HC Holding Limited, incorporated in Malta. Financial information for the parent company and the operating entities have been combined for the year 2021, in order to provide meaningful and relevant information for all periods covered by the report. Refer to Note 1 for further information about accounting principles applied.

CEO's address

Dear Shareholders,

So far this year, the environment has been very challenging for traditional- and digital assets. Bitcoin is down close to 60% from the all-time high in late 2021 and many leading Altcoins are down 80% – 90% over the same period. It is important to understand that, throughout the history of digital assets, we have seen swings like this many times before and the markets will recover. The time to build is during bear-cycles; we cannot control digital asset prices or the sentiment in equity markets, but we can control what we work on during challenging times.

When investing in digital assets it is important to have a multi-year perspective. Something to keep in mind is that, despite the current severe sell-off, Bitcoin is trading almost 10x higher than the low in March 2020 and many Altcoins are trading at even higher multiples.

We have been fully focused on building a franchise that will be in an excellent position to grow aggressively once the current market mess is over. In what follows below, I hope that it is easy to understand what we are trying to build and the value therein.

Asset Management

We have hired a CEO of asset management (starting in July 2022) and a team of senior business developers in the US, Europe and APAC (Asia Pacific) on an employee and placement basis (started in April). The CEO and the business developers will have one focus only and that is to raise as much AUM (assets under management) as possible for our fund products. The business development team all worked together at Brevan Howard (one of the world's largest hedge funds) and built its asset base during its high-growth period. Each person in the team has more than 20 years' experience in fund management and capital raising, including meaningful digital asset experience. In the past month, we have had meetings with

Goldman Sachs, Blackrock, Blackstone, Investcorp and Galaxy Digital, to mention a few. The institutional engagement is larger than ever before, and we are building towards attracting that kind of capital.

Based on the feedback we have received from numerous institutions/allocators in digital asset space there is a big demand for an algo-traded product with a low market beta – this essentially means a product with significantly lower volatility and drawdowns compared to, say, a fully invested market index. Therefore, Hilbert will launch a new algo-traded fund called Hilbert V1 during Q3 which will be structured more towards the market-neutral spectrum, having only 30% directionality in the market and which, to a higher degree, is isolating the pure volatility trading/harvesting that we also run in Hilbert Digital Asset Fund.

The marketing campaign for the Hilbert V1 fund has started and we are targeting \$20 million at launch and \$100 million in AUM before the end of this year. We believe Hilbert V1 will strike a good balance between relatively low volatility/drawdown and realized return over time. In addition, we will continue to grow our existing two funds, Hilbert Digital Asset Fund and Hilbert Sirius Bit+ Fund.

The hiring of a Chief Risk Officer (CRO) earlier this year, and more recently, a Chief Legal Officer (CLO) is all part of putting the “institutional team” together in order to satisfy the operational requirements from the largest allocators globally – leading investment firms, banks and pension funds.

The high volatility that can be seen in the quarterly earnings from fund management is a result of the fact that we are running so called long-biased funds. In essence, this means that significant performance fees will only be generated when digital asset markets have gone up enough to recoup the losses from a recent drawdown. No performance fee will be charged

CEO's address (cont.)

to any investor until the investor's shares in the fund is worth more than last time the performance fees were charged (high watermark clause).

Coin360.com

Since we acquired a majority stake in Coin360, 10 months ago, the business has grown from 2 employees to 25 – this includes sales, product owners and developers. So far, Coin360 has been profitable since day one. The work of rewriting the backend for higher speed and scalability was essential and is now largely completed. We will now start rolling out new features in Q3 and a subscription service in Q4. The new features include on-chain data, NFT visualisations, portfolio tools etc. Earlier this year, analytics sites Dune Analytics and Nansen obtained valuations of \$1 billion and \$750 million, respectively. Both Dune and Nansen are in Coin360's peer group and have significantly lower traffic numbers. By adding new features and a new subscription revenue stream, the objective is to surpass the \$1 billion valuation mark over the next 12 months.

Venture

In terms of Hilbert Group's investment in HAYVN crypto investment bank, they are now profitable and had a record number of onboardings in April, including 13 new institutions. Their total number of onboarded clients now amount to more than 700 – a very good development in the 6 months that has passed since their series A round. HAYVN's revenue originates from their OTC trading- and custody services in digital assets. The firm has now been granted the most comprehensive regulatory licenses in both Switzerland and Abu Dhabi. HAYVN is currently doing a series B round with a target valuation of \$400 million. Hilbert Group participated in the series A round end of last year and acquired a 2.7% stake at a \$30 million valuation.

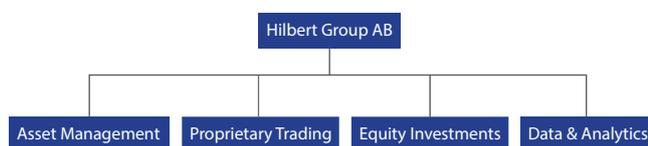
Recently, Hilbert acquired a 5.7% stake in Capchap AB, which offers equity management on the block-

chain. Capchap's solution enables users to manage their share ledger, issuance of new shares, buying and selling of shares in private companies and other corporate actions. We consider this an excellent use-case for a non-financial application of the blockchain technology which has a large potential. Capchap is joint venture between the blockchain pioneer Chromaway AB and law firm LegalWorks and we see many synergies between those companies and Hilbert, especially due Chromaway's token issuance expertise which is relevant to Coin360 and our asset management platform in terms of product development.

Niclas Sandström,
CEO Hilbert Group

Hilbert Group's Business Verticals

Hilbert Group has opted for a diversified yet focused business model with four verticals. The model is diversified because it sits across various aspects and asset classes within the digital assets/blockchain segment and focused because the Company only deals with the Company's core competency, which is investment activity and the underlying data and analysis driving that activity.



Asset Management

The Asset Management vertical is operated as a traditional regulated fund business. Each fund employs a mix of systematic and discretionary trading. The funds involve active management and aim to outperform some of the applicable digital asset benchmarks over the longer term on an absolute return basis.

The typical clients are institutional investors (banks, fund of funds, investment companies), family offices and high net worth individuals – retail customers are not allowed to invest in any of Hilbert Group's funds. The 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 standard hedge fund model which is 2 percent per annum in management fees and a 20 percent performance fee.

Hilbert Group currently offers two funds- Hilbert Digital Asset Fund and Hilbert Sirius Bit+ Fund. Hilbert Group has resolved to cancel the launch of Hilbert Crypto Opportunities Fund. Instead, Hilbert Group will launch a new algo-traded fund called Hilbert V1 during the third quarter (refer to CEO's address for more information).

■ **Hilbert Digital Asset Fund (HDAF).** HDAF is an actively managed Altcoin focused fund which is predominantly algorithmically traded. It has been in operation since January 2019. The fund generates excess return over and beyond the underlying portfolio by means of volatility harvesting/mean-reversion. The fund is long-biased and offers broad exposure to the Altcoin sector. So far, the fund has never utilised any leverage in its trading. The fund has two share classes which the investors can choose from, 2 percent/20 percent and 1 percent/30 percent, where the first number indicates the management fee charged per annum and the second number indicates the performance fee. The fund is an absolute return fund which means it does not have a benchmark, and the performance fee is paid out vs a high watermark. Assets under management (AUM) for the HDAF as of 31 March 2022 was SEK 106 million.

■ **Hilbert-Syrius Bit+ Fund (HSBF).** HSBF is powered by AI-based algorithms that systematically trades the most liquid and deepest cryptocurrency markets - predominantly Bitcoin and Ethereum. HSBF is an institutional grade fund with the objective of outperforming Bitcoin on a long term risk-adjusted basis. The primary strategy is long-only, adjusting the risk-exposure according to inherent cycles within cryptocurrencies. Risk-off is achieved by rotating part or all of the exposure into stable-coins. The fund is conservative and trades primarily in spot markets and from time to time will take small positions in futures to achieve a maximum leverage ratio of only 1.2. Part of the fund's purpose is to offer investors a more defensive product with substantial upside potential across the business cycle. The fund has one share class, 2 percent/20 percent and is an absolute return fund. The target return is around 30 percent per annum. HSBF was launched at the end of December in 2021. Assets under management (AUM) for the HSBF as of 31 March 2022 was SEK 22 million.

Hilbert Group's Business Verticals (cont.)

Proprietary Trading

Proprietary trading means trading part of Hilbert Group's own capital. The objectives are: To capture a large part of the projected growth in the digital asset sector over the next decade. To opportunistically position the underlying portfolio to take advantage of certain market environments. To offer holders of Hilbert Group equity a vertical with "pure" exposure to the asset class. The proprietary trading strategy is a mix of algorithmic/technical- and discretionary/fundamental trading, focusing on the digital assets with the largest market capitalization and/or the highest liquidity. Importantly, the strategy will never utilise any leverage. The revenue will be generated solely through capital appreciation in the underlying portfolio.

Having proprietary trading and asset management under the same roof implies challenges from a conflict of interest point of view. Hilbert Group will adhere to best practice in this respect and also fully disclose this fact. This vertical made its first investment during the fourth quarter 2021. The market value of the investments as of 31 March 2022 was approximately SEK 10 million.

Equity Investments

This vertical focuses on taking majority and minority stakes in blockchain-related companies, using Hilbert Group's own capital. The objective is to generate strong capital appreciation and to provide asset class diversification. The investment process relies mostly on fundamental analysis of the underlying projects, technologies and a thorough assessment of the quality of management of those projects.

Hilbert Group has made three equity investments:

- 60 per cent majority stake in Pioneer Creator Ltd, a company that owns and operates COIN360.com and associated domains (see further below)
- 2.7 percent stake in HAYVN, a global investment bank based in Abu Dhabi specializing in digital assets. HAYVN is providing a regulated institutional grade digital currency platform that offers OTC trading and custody of digital assets. Hilbert Group and

HAYVN will be strategic partners in terms of product development and distribution of fund products.

- 5.7 per cent stake in Capchap AB. Capchap offers equity management on the blockchain. Capchap's 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 corporate secretary services currently provided by legal advisers are to a large degree eliminated.

Data & Analytics

This business vertical was launched in July 2021 through the acquisition of 60 per cent of Pioneer Creator Ltd which owns and operates Coin 360.com and associated domains. COIN360.com is a live aggregator website for cryptocurrency exchange data such as prices, returns and trading volumes. COIN360.com 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 and has more than three million unique visits per month.

The business model for COIN360.com is partly SaaS (software as a service) and partly advertising/affiliates based. A tiered subscription service is offered, which covers the range from retail to institutional customers. Revenue is generated by the sales of advertising space on the website and by entering into affiliate agreements with suitable partners.

COIN360.com operates independently from Hilbert Group under the company name COIN360 Global Limited that owns all the IP of the website and associated domains and which was specifically set up for the purpose of the acquisition.

Financial overview

JANUARY – MARCH 2022

Revenue and results

Revenue increased to kSEK 3,766 (2,2735), of which 346.1 (2,273.5) from Fund management and 3,419.8 (–) from Coin360. The high volatility in earnings from fund management is a result of fund managed being long-biased. This means that significant performance fees are only generated when digital asset markets go up enough to recoup the losses from a recent drawdown.

Operating result amounted to kSEK -6,175 (1,802), including fair value adjustments of cryptocurrencies by kSEK -2,029. In addition, operating expenses for the quarter reflect the investments being made in brand awareness and in forming the right team of skilled personnel for both Coin360 and the Asset Management vertical. The goal for Asset Management is to significantly increase AUM (assets under management) for all funds managed by Hilbert Group. Investments made are not converted into the full potential of revenue during the build-up phase but will bear fruit on a longer term. The increase in expenses in the first quarter compared to Q121, as well as Q421, include creating a fund management team satisfying the operational requirements of leading investment firms, banks and pension funds.

Financial net was kSEK 1,642

(–), pertaining to currency translation effects on receivables denominated in USD.

Result for the period was kSEK -4,622 (1,802).

Cash flow and financial position

Cash flow from operating activities was kSEK -6,376 (-1,386). Investments amounted to kSEK -5,776 (-2), mainly related to the equity investments HAYVN closed in Q4 2021 and Capchap closed during Q1 2022.

Financing activities was kSEK – (–) and at the end of the period Hilbert Group held kSEK 23,562 (1,028) in cash and cash equivalents.

Launch of Hilbert Sirius Bit+ Fund

On 3 January 2022, Hilbert Group announced the launch of Hilbert Sirius Bit+ Fund (HSBF), a systematic quant-driven crypto fund. HSBF is launched as a joint venture with strategic advisory firm Oracle Strategies Limited under a newly formed Cayman-based investment manager named Hilbert Sirius Asset Management Ltd. Both the fund and the investment manager will be regulated by CIMA.

Launch of Global Security Feeder

On 22 January 2022, Hilbert Group announced that it has

launched a global security as a feeder to the Hilbert Digital Asset Fund (HDAF). Hereby institutional and professional investors can participate in the HDAF simply by purchasing a tradable security in the form of a bond from their existing brokerage account. The fund investment process is thereby simplified to a direct trade through Euroclear without the need to process a subscription and onboarding the corresponding investor. This setup is much easier for the investor and Hilbert Group as fund manager.

Acquisition of stake in blockchain company Capchap

During Q1 2022, Hilbert Group acquired a 5.7% stake in Capchap AB, a joint venture between the blockchain pioneer Chromaway AB and law firm LegalWorks / LWA. The transaction amount for Hilbert Group is SEK 2.5 million, and the deal was cash settled.

Capchap offers equity management on the blockchain. Capchap's 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 corporate secretary services currently provided by legal advisors, are to a large degree eliminated. The solution meets the legal requirements of Swedish law and GDPR.

Financial overview (cont.)

Capchap's blockchain-powered solution addresses a very important non-financial use case for blockchain technology and, as such, diversifies Hilbert Group's VC portfolio.

OTHER INFORMATION

Events after the reporting period

Appointment of Mark Adams as Chief Legal Officer

On 10 May 2022 Hilbert Group announced the appointment of Mark Adams as Chief Legal Officer. Mark has over a decade of legal experience and has been a lawyer, director, legal representative and company secretary at various market leading firms. He also has a genuine passion in relation to crypto and blockchain technology and has been active in the industry on a personal level for a number of years. Mark has extensive legal experience in the digital arena in regulated and unregulated markets across multiple jurisdictions. Most recently, Mark served as the Head of Legal for William Hill International for over 3 years. William Hill Limited is a global online gambling company based in London, England. It was previously listed on the London Stock Exchange until it was acquired by Caesars Entertainment in April 2021. Mark Adam's appointment will take effect on 8 July 2022.

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 21 October 2021, available on www.hilbert.group.

COIN360

On 20 July 2021, Hilbert Group acquired 60 percent of the outstanding share capital of COIN360 Global Limited, an entity incorporated in the British Virgin Islands, for a total consideration of USD 3.0 million. COIN360 is consolidated by Hilbert Group from the date of acquisition. The consideration paid, net of cash acquired, is presented as goodwill, amounting to SEK 27.8 million as of 31 March 2022. Analyses are ongoing to establish the identifiable assets, such as domain name, source code, trademark or other intellectual property rights, that have been acquired, and to assess fair value of each separate asset. No significant assets, other than intangible assets, nor any significant liabilities were

included in the acquisition

Transactions with related parties

On 1 January 2019, Hilbert Capital Ltd and the Hilbert Digital Asset Fund entered into a management agreement. Either party may terminate the agreement at any time by giving 60 days written notice Hilbert Capital Ltd receives payment for its services rendered under the management agreement. The Company's CEO and shareholder Niclas Sandström is currently Board member of Hilbert Digital Asset Fund and also of Hilbert Sirius Asset Management Ltd which is manager for the new fund Hilbert Sirius Bit+ Fund. Except as described above, there are no transactions between the Hilbert Group and any related parties. All transactions with related parties have been carried out at arm's length.

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 (incorporated in Malta) including its wholly owned subsidiaries and carried 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

Financial overview (cont.)

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 entitles the holder to subscribe for one new B-share in the Company. The exercise price is SEK 15 during the period 1 October 2021 – 31 October 2022. The exercise price is SEK 20 during the period 1 November 2022 – 31 October 2024. A total of 10,700,000 warrants are outstanding.

Hilbert Group's share capital at the end of the period and as of the day of this report is kSEK 2,440 divided into 48,800,000 shares: 8,500,000 A-shares and 40,300,000 B-shares. Assuming full exercise of the warrants, the dilution effect of the TO1B warrants corresponds to approximately 18.0 % in relation to the number of outstanding shares.

Warrants to employees – Incentive scheme

Prior to the listing on Nasdaq First North Growth Market Hilbert Group issued 1,000,000 warrants to a subsidiary for transfer to Hilbert Group's employees as a part of an incentive scheme. Each warrant entitles the holder to

subscribe for one new B-share in the parent company Hilbert Group AB (publ) at an exercise price of SEK 15.

The warrants can be exercised during the period 1 October 2024 – 1 October 2025.

No warrants have yet been granted, neither at period-end 31 December 2021, nor after the end of the reporting period.

If all the warrants were granted and exercised, the share capital increases by SEK 50,000 through the issuance of 1,000,000 new B-shares. Given the current number of issued and outstanding shares (48,800,000), that would mean a dilution of 2.0 percent.

Financial overview (cont.)

Earnings per share

	Q1 22	Q1 21	Full year 2021
<i>Before dilution</i>			
Number or shares at period-end	48,800,000	1,000,000	48,800,000
Weighted average number of shares	48,800,000	1,000,000	17,400,000
Profit/loss for the period attributable to parent company shareholders	-5,415,1	1,802.5	-3,534.1
Earnings per share	-0.11	1.80	-0.20
<i>After dilution</i>			
Number or shares at period-end	48,800,000	1,000,000	48,800,000
Weighted average number of shares	48,800,000	1,000,000	17,400,000
Profit/loss for the period	-5,415.1	1,802.5	-3,534.1
Earnings per share	-0.11	1.80	-0.20

On 31 March 2022, a total of 10,700,000 warrants of series 2021/24 "TO 1B" were outstanding. The warrants entitle to subscription of new shares of series B in Hilbert Group AB (publ) during the period 1 October, 2021 – 31 October, 2024. The exercise price is SEK 15.00 during 1 October, 2021–31 October, 2022, and SEK 20.00 during 1 November 2022 – 31 October, 2024. Assuming full subscription, the dilution effect of the TO 1B warrants corresponds to approximately 18.0% in relation to the number of outstanding shares on 31 March 2022.

Condensed consolidated statement of comprehensive income

kSEK	Q1 22	Q1 21	Full year 2021
Revenue	3,765.9	2,273.5	9,185.9
Other external expenses	-3,636.8	-460.7	-11,591.8
Personnel expenses	-4,257.9	–	-1,371.5
Depreciation, amortisation and fair value adjustments/write-downs*	-2,046.5	-5.3	-380.1
Other operating expenses	–	-5.1	-69.8
Operating profit/loss	-6,175.3	1,802.5	-4,227.3
Financial items, net	1,642.3	–	1,801.8
Profit before income tax	-4,532.9	1,802.5	-2,425.5
Income tax expense	-89.2	–	-34.9
Profit/loss for the period	-4,622.1	1,802.5	-2,460.4
Profit/loss is attributable to:			
Parent company shareholders	-5,415.1	1,802.5	-3,534.1
Non-controlling interests	793.0	–	1,073.8
	-4,622.1	1,802.5	-2,460.4
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences	99.0	87.4	179.4
Other comprehensive income, net of tax	99.0	87.4	179.4
Total comprehensive income for the period	-4,523.1	1,889.8	-2,281.0
Total comprehensive income is attributable to:			
Parent company shareholders	-5,341.2	1,889.8	-3,419.5
Non-controlling interests	818.1	–	1,138.5
	-4,523.1	1,889.8	-2,281.0

* Refer to Note 3 for further information.

Condensed consolidated balance sheet

kSEK	31 March 2022	31 March 2021	31 December 2021
ASSETS			
Non-current assets			
Equipment	315.0	69.4	163.9
Intangible assets	50,446.2	5.1	48,617.1
Other non-current assets	11,674.4	–	9,043.7
Total non-current assets	62,435.6	74.5	57,824.7
Current assets			
Other receivables	1,526.0	–	2,915.6
Receivables from related parties	839.0	2,850.4	842.7
Receivables from shareholders	0.9	–	11.5
Cash and cash equivalents	23,562.0	1,028.4	35,700.8
Total current assets	25,928.0	3,878.8	39,470.7
Total assets	88,363.5	3,953.3	97,295.4
EQUITY AND LIABILITIES			
Equity			
Equity, parent company shareholders	80,055.9	2,206.1	85,397.2
Non-controlling interests	2,130.5	–	1,312.5
Total equity	82,186.5	2,206.1	86,709.6
Current liabilities			
Other payables	1,157.5	223.5	7,338.9
Payables to shareholders	1,061.9	1,078.1	11.5
Current tax liabilities	124.1	41.2	34.9
Accrued expenses and deferred revenue	3,833.6	404.3	3,200.4
Total liabilities	6,177.0	1,747.1	10,585.7
Total equity and liabilities	88,363.5	3,953.3	97,295.4

Condensed consolidated statement of changes in equity

kSEK	Attributable to parent company shareholders					Total	Non-controlling interest	Total equity
	Share capital	Other paid-in capital	Reserves	Retained earnings				
Balance at 31 December 2020	50	-	-46	312	317	-	317	
Comprehensive income			87	1,802	1,890	-	1,890	
Balance at 31 March 2021	50	-	42	2,115	2,206	-	2,206	
Balance at 31 December 2021	2,440	89,010	69	-6,122	85,397	1,312	86,710	
Comprehensive income	-	-	74	-5,415	-5,341	818	-4,523	
Balance at 31 March 2022	2,440	89,010	143	-11,537	80,056	2,131	82,186	

Condensed consolidated statement of cash flows

kSEK	Q1 22	Q1 21	Full year 2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/loss before tax	-4,533	1,802	-2,426
Adjustments for items not affecting cash:	404	50	-1,496
Cash flow from operating activities before changes in working capital	-4,129	1,852	-3,922
CHANGES IN WORKING CAPITAL			
Receivables	1,470	-2,369	-3,134
Payables	-3,717	-869	3,326
Cash flow from changes in working capital	-2,248	-3,238	192
Net cash flow from operating activities	-6,376	-1,386	-3,730
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of equipment	-166	-	-129
Purchase of intangible assets	-2,679	-2	-20,717
Purchase of financial instruments	-2,931	-	-4,291
Business combinations, net of cash acquired	-	-	-26,095
Net cash used in investing activities	-5,776	-2	-51,232
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	-	-	79,040
Proceeds from borrowings	-	-	9,460
Net cash generated from financing activities	-	-	88,500
Cash flow for the period	-12,153	-1,387	33,538
Foreign currency translation, cash and cash equivalents	14	95	-158
Cash and cash equivalents at beginning of the period	35,701	2,321	2,321
Cash and cash equivalents at end of the period	23,562	1,028	35,701

Condensed Parent company income statement

kSEK	Q1 22	Q1 21	Full Year 2021
Revenue	–	–	–
Other external expenses	-1,825.3	–	-6,947.8
Personnel expenses	-2,101.9	–	–
Other operating expenses	–	–	-69.8
Operating profit/loss	-3,927.3	–	-7,017.6
Financial items, net	1,642.3	–	1,950.0
Profit before income tax	-2,284.9	–	-5,067.6
Income tax expense	-89.2	–	-34.9
Profit/loss after tax	-2,374.1	–	-5,102.5

During the first quarter 2022 and going forward Hilbert Group AB's activities focus on group management services, group accounting and investor relation activities. At period-end 31 March 2022 the company employs three people. Personnel costs incurred in the quarter include non-recurring items for formation of the team.

Cash and cash equivalents at the end of the period amounted to kSEK 10,397.

During 2021 the activities of the parent company Hilbert Group AB mainly included the legal formation of Hilbert Group through the acquisition of HC Capital Limited, fund raising of in total kSEK 91,400 and preparations for the listing of the company's B-shares and warrants on Nasdaq First North Growth Market which took place on 27 October 2021.

Condensed Parent company balance sheet

kSEK	31 March 2022	31 March 2021	31 December 2021
ASSETS			
Non-current assets			
Shares in subsidiaries	2,900.0	–	2 900.0
Total non-current assets	2,900.0	–	2,900.0
Current assets			
Receivables from group companies	75,039.2	–	55,166.6
Cash and cash equivalents	10,396.8	50.0	31,838.2
Total current assets	85,436.0	50.0	87,004.7
Total assets	88,336.0	50.0	89,904.7
EQUITY AND LIABILITIES			
Shareholders' equity	83,973.4	50.0	86,347.4
Current liabilities			
Other payables	918.1	–	1,686.9
Payables to group companies	1,010.5	–	1,010.5
Current taxes	124.1	–	34.9
Accrued expenses	2,310.0	–	825.1
Total liabilities	4,362.6	–	3,557.3
TOTAL EQUITY AND LIABILITIES	88,336.0	50.0	89,904.7

Notes

NOTE 1 ACCOUNTING PRINCIPLES

This Interim 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 2021, unless otherwise stated below.

As described in the 2021 Annual report, Hilbert Group's information for year 2021 is presented as combined financial statements. The legal formation of Hilbert Group during the third quarter of 2021 comprised transactions between entities that were under common control via ultimate owners of HC Holding Limited, (registration No.C89451), incorporated in Malta. As these transactions are not covered by any IFRS standard, a suitable accounting principle for the historical information was applied in accordance with IAS 8.

Intangible assets – change of principles applied for Cryptocurrencies

Cryptocurrencies held are reported as intangible assets with indefinite useful life and are thus not amortised. Starting the financial year 2022, cryptocurrencies are initially measured at cost and subsequently at fair value based on quoted market prices. A net increase in fair value over the initial cost of is recorded in the revaluation reserve via other comprehensive income. A net decrease below cost is recorded in profit or loss.

For the financial year 2021 cryptocurrencies held were reported as intangible assets applying a cost model and tested for impairment regularly.

The change of accounting policy has no effect on opening equity, as the carrying amount reported on 31 December 2021 according to the cost model equals the value when applying the fair value model. There has been no increase in fair value over the initial cost, thus a decrease has been recorded in profit or loss both for the period

ended 31 March 2022 and the period ended 31 December 2021.

Reserves in equity

Reserves comprise translation reserves that include all exchange rate differences that arise on translation to Swedish kronor (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.

There has been no net increase in fair value over the initial cost for cryptocurrencies measured at fair value, thus no amounts have been recorded in the revaluation reserve as of 31 March 2022.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue by major revenue stream	Q1 22	Q1 21	2021
Fund management fees	346,1	2,273.5	4,758.8
Advertising income	3,419.8	–	4 170.6
Other	–	–	256.5
Total	3,765.9	2,273.5	9,185.9

Timing of revenue recognition	Q1 22	Q1 21	2021
At a point in time	389.3	2,273.5	5,015.3
Over time	3,376.6	–	4,170.6
Total	3,765.9	2,273.5	9,185.9

Revenue by country of group company incorporation	Q1 22	Q1 21	2021
Cayman Islands	346.1	2,273.5	4,247.1
British Virgin Islands	3,419.8	–	4,938.8
Total	3,765.9	2,273.5	9,185.9

NOTE 3 FAIR VALUE MEASUREMENT

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

Notes (cont.)

31 March 2022		Level 1	Level 2	Level 3	Total
Investments	Equity securities	–	–	11,674.4	11,674.4
Intangible assets	Cryptocurrencies	21,008.6	–	–	21,008.6

31 March 2021		Level 1	Level 2	Level 3	Total
Investments	Equity securities	–	–	–	–
Intangible assets	Cryptocurrencies	–	–	–	–

31 December 2021		Level 1	Level 2	Level 3	Total
Investments	Equity securities	–	–	9,043.7	9,043.7
Intangible assets	Cryptocurrencies	20,363.4	–	–	20,363.4

For Equity investments held on 31 March 2022, no reassessment of fair value has been made due to the recent acquisitions in November 2021 (HAYVN) and March 2022 (Capchap).

Fair value of cryptocurrencies for the comparison periods is disclosed for information purpose. A cost model has been applied for periods prior to financial year 2022. The carrying amount has equalled quoted prices, thus equalling fair value.

For information about the fair value hierarchy levels and inputs used, refer to the 2021 Annual report.

NOTE 4 PLEGGED ASSETS AND CONTINGENT LIABILITIES

The parent company Hilbert Group AB (publ) has pledged kSEK 50.0 of its cash and cash equivalents as collateral for external obligations.

Neither the parent company nor any other Hilbert Group company has pledged any other assets and there are no contingent liabilities.

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, May 27, 2022

Board of Directors

Erik Nerpin
Chairman

Frode Foss-Skiftesvik
Board member

David Butler
Board member

Niclas Sandström
CEO

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

Other information

Financial calendar

Interim Report Q2	31 August, 2022
Interim Report Q3	30 November, 2022
Year End Report Q4	28 February, 2023
Annual Report 2022	5 May, 2023

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This information is information that Hilbert Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at **23:30 CET** on May 27, 2022.