

Hilbert Group AB (publ)

Year-end Report Q4 2021



Year-end Report Q4 2021 In Brief

Financial events

Fourth quarter

- Revenues amounted to kSEK 5,687 (148)
- Operating profit/loss (EBIT) totaled kSEK -3,316 (-328)
- EBIT was affected by non-recurring expenses related to preparations for the IPO on Nasdaq First North Growth Market in October 2021 amounting to approximately kSEK 900.
- Cash flow from operating activities amounted to kSEK 212 (1,908)
- Earnings per share before and after dilution amounted to SEK -0.04 (-0.33)

Full year January – December

- Revenues amounted to kSEK 9,180 (148)
- Operating profit/loss (EBIT) totaled kSEK -4,229 (-788)
- EBIT was affected by non-recurring expenses related to preparations for the IPO on Nasdaq First North Growth Market in October 2021 amounting to approximately kSEK 2 600.
- Cash flow from operating activities amounted to kSEK -2,006 (1,358)
- Earnings per share before and after dilution amounted to SEK -0.14 (-0.79)

The information in this report is presented as combined financial statements. 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, in order to provide meaningful and relevant information for all periods covered by the report. Refer to Basis of preparation on page 17 for further information about accounting principles applied.

Financial overview

kSEK	Q421	Q420	Full year 2021	Full year 2020
Revenue	5,687.4	148.5	9,179.6	148.5
EBIT	-3,316.4	-327.6	-4,229.2	-788.2
Profit/loss for the period	-1,862.3	-327.6	-2,461.7	-788.2
Earnings per share	-0.04	-0.33	-0.14	-0.79
Equity	90,333.0	316.6	90,333.0	316.6
Total assets	100,660.4	2,760.9	100,660.4	2,760.9
Equity/assets ratio, %	0.90	0.11	0.90	0.11

CEO's address

During Q4, Hilbert Group continued building the foundation needed to become a world-class digital asset investment firm.

Our focus has been on expanding the Asset Management vertical and the Data & Analysis vertical. As you will see, this work is already showing results.

Listing on Nasdaq First North

The most crucial action taken during 2021 was the listing of Hilbert Group on Nasdaq First North on October 27.

Becoming a publicly listed company increases transparency, which appeals to institutional and private investors alike. This also gives access to permanent capital enabling a more efficient implementation of the business model and hence a more rapid growth of the Company.

Solely based on the increased number of inbound requests and questions about our offerings/products, we can already see that the listing has given the Company significantly higher visibility and exposure to a broader base of shareholders and fund investors. This facilitates the marketing of the Company as well as its products and services.

Strengthening of Hilbert fund offering

We will look back at 2021 as the year when the institutional train was really starting to move, irreversibly, in this space. Performance-wise, last year was a bumpy ride in Cryptoland but with overall satisfactory performance. Most cryptocurrencies made substantial gains on the year and altcoins outperformed Bitcoin.

At the end of December 2021, we launched the Hilbert Sirius Bit+ Fund (HSBF) as a joint venture with the strategic advisory firm Oracle Strategies Limited under the newly formed Cayman-based investment manager named Hilbert Sirius Asset Management Ltd. The objective of HSBF is to outperform Bitcoin on a long-term, risk-adjusted basis while at the same time providing downside protection. Thus, HSBF offers lower risk (maximum drawdown) than

Hilbert Digital Asset Fund (HDAF), expands our footprint in Asia and enforces our strategic partnership with Oracle Strategies Limited.

In January, Hilbert Group also launched a global security as a feeder to the Hilbert Digital Asset Fund (HDAF). This means that institutional and professional investors can participate in the HDAF simply by purchasing a tradable security in form of a bond from their existing brokerage account. This will widen the market and make HDAF more interesting to private and institutional investors.

COIN360

In July 2021 Hilbert Group became the majority owner of COIN360, with 60 % of the shares, thereby becoming responsible for its operation.

Our main objectives for COIN360 are to develop COIN360 into becoming the "Bloomberg of Digital Assets" – the world's leading website for investors and people interested in the market aspects of cryptocurrencies. This has already generated positive results with a growing number of visitors and increased revenue from advertisements and subscription services.

For Q4 2021, COIN360 reported an increase in monthly visits by almost 35 % to 5.1 million. The average monthly visit acquisition in Q4 was 300,000. The visit growth has been particularly strong in the US and Germany which are key markets for us. The near-term emphasis is on developing/scaling the website for higher traffic and more content rather than revenue, but it is still satisfactory to note that COIN360 has been profitable from day one. One of the main objectives for 2022 is to roll out the subscription layer and add yet another important revenue stream.

HAYVN investment

In November, Hilbert Group acquired a 2.7% stake in HAYVN, a global investment bank specializing in digital assets. Hilbert Group sees strong growth in the interest in digital assets in the Middle East, and

CEO's address (cont.)

HAYVN offers a platform in a region where we were previously not established.

Hilbert Group will assist HAYVN in expanding their asset management branch and cooperate on product development. This will enable us to market our fund products via their platform, either directly or indirectly – thus strengthening our ability to increase our assets under management.

In December, HAYVN was granted a full regulatory license from the Abu Dhabi Global Markets (ADGM). This means that HAYVN is now authorized to arrange investment deals, provide regulated OTC-trading and custody for digital assets. The regulatory approval will further strengthen HAYVN's position as an institutional digital asset leader within the ADGM and beyond.

During the first quarter of 2022, HAYVN aims to anchor a series B funding round that would value the company at \$400 million – a 13-fold increase in valuation compared to when Hilbert Group acquired its stake in HAYVN.

Recruiting of key personell

Skilled and talented staff is vital for achieving our short- and long-term goals. Therefore, we are very pleased to add two key players to our management team.

Gijs Burgers joined our team as COO in December 2021. Gijs has a long history as a board-room consultant and entrepreneur in the fintech and blockchain spaces, most recently as a Director at AFI (Amsterdam Fintech Institute) and corporate strategist for several prominent companies like the Dutch pension investment company APG Group.

Hans-Peter Bermin was appointed Chief Risk Officer in January 2022. Hans-Peter has 20+ years of experience in investment banking, notably in product development and risk management. He has held several high-profile positions at tier-1 investment banks in London, such as JPMorgan and Morgan Stanley. Most recently, he was a senior consultant at the hedge fund Capula Global, focusing on their equity volatility business. Hans-Peters expertise within

risk management and securities adds a strong competitive edge to Hilbert Group.

Outlook

At the end of 2021 and so far in 2022 downside volatility has reared its head, not only for digital assets but also in traditional markets. Leaving the Ukraine war aside, we now have situation where many equity markets are still near record high levels, sovereign-, corporate- and retail debt levels are very high, and there is a high uncertainty around the action and effectiveness of the central bank fight vs. inflation.

In addition, no one knows exactly where the Ukraine war will lead us and its near and longer-term impact on markets.

We are however optimists at heart and these crises too, shall pass. Against this chaotic and gloomy backdrop, we believe that digital assets will be the best performing asset class for years to come – partly because of the sector's high degree of innovation and natural place in the continued digitization of the world, and partly because of its global and non-political, decentralised nature.

In terms of fund launches, timing is crucial. Crypto markets have dropped 40% since mid-November 2021 and the current environment contains large amounts of uncertainty. Although we launched Hilbert Sirius Bit+ Fund in December 2021, we will adapt the launch date of Hilbert Crypto Opportunities fund depending on how the Ukraine crisis plays out.

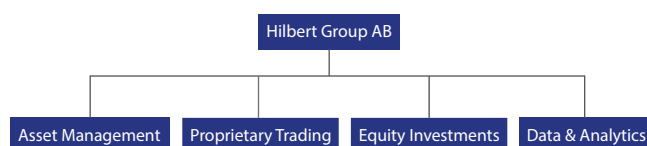
I would like to take this opportunity to thank our investors, our partners and my colleagues for their trust and dedication to Hilbert Group and its vision. Our thoughts and support goes out to our Ukrainian colleagues in COIN360, and we are all hoping for a swift resolution of the current crisis.

Stockholm, February 28, 2022

Niclas Sandström
CEO, Hilbert Group AB (publ)

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 and is preparing to launch a third and fourth fund in the first 6 months of 2022. The timing of the launch will be somewhat dependent on how exactly the Ukraine crisis plays out.

■ **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 December 2021 was SEK 120 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.

■ **Hilbert Crypto Opportunities Fund (HCOF).** HCOF will be an actively managed VC flavoured fund with a broad mandate. The main focus of the

Hilbert Group's Business Verticals (cont.)

fund will be to invest in early-stage digital assets with smaller market capitalizations. In particular, the fund will engage in identifying opportunities during the pre-listing stage – mainly digital assets but also blockchain-related equity. The fund may also opportunistically take positions across the market capitalization hierarchy, including big cappers. The fund may, from time to time, de-risk and have a sizable allocation to cash or cash proxies such as stable-coins. The investment style will be a mix of traditional fundamental analysis and social media sentiment analysis. The fund will have two share classes which the investors can choose from, 2 percent/20 percent and 1 percent/30 percent. The annualised return for the strategy in HCOF is expected to be of the same order of magnitude as that of Hilbert Digital Asset Fund. HCOF will be an absolute return fund. HCOF is scheduled to launch during the first six months of 2022.

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.

Equity Investment

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 two equity investments: a 60 per cent majority stake purchase in Pioneer Creator Ltd, a company that owns and operates COIN360.com and associated domains (see further below) and a 2.7 percent stake in HAYVN, a global investment bank based in Abu Dhabi specializing in digital assets.

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

October–December 2021

Revenue and results

Revenue increased to kSEK 5,687 (148). Revenue for the period mainly relates to Fund Management operations and COIN360. Operating result amounted to kSEK -3,316 (-328). Non-recurring expenses related to preparations for the listing on Nasdaq First North Growth Market in October 2021 affected operating expenses by approximately kSEK 900.

Financial net was kSEK 1,489 (330), pertaining to currency translation effects on receivables denominated in USD.

Loss for the period was kSEK -1,862 (-328)

Cash flow and financial position

Cash flow from operating activities was kSEK 212 (1,908). Investments amounted to kSEK -24,459 (-), mainly related to the investments in cryptocurrencies and HAYVN.

Financing activities contributed net kSEK 28,329 (-) of which kSEK 38,000, relating to issuing of 3,800,00 new shares, with quotient value of SEK 0.05. This new issue was a part of the private placement ahead of the listing of in total kSEK 88,000 for an issue of 8,800,000 new shares.

At the end of the period, Hilbert Group had kSEK 35,701 (2,321) in cash and cash equivalents.

COIN360

On 20 July 2021, Hilbert Group acquired 60 percent of the outstanding share capital of COIN360 Global Limited (previously named Pioneer Creator Ltd). COIN360 is consolidated by Hilbert Group from the date of acquisition. During the third quarter the operations were in an early phase. During the period from the start of the operations until the year-end the revenue was kSEK 4,244 and the result kSEK 2,711, significantly above Hilbert Group's expectations. Hilbert Group's share of the result is 60 percent.

Investment in crypto investment bank HAYVN

On 17 November 2021, Hilbert Group announced the acquisition of a 2.7% stake in HAYVN, a global investment bank specializing in digital assets. The transaction amount for Hilbert Group was USD 1 million. Half of the amount was paid in cash during the period and half of the amount has been paid in 2022. HAYVN is providing a regulated institutional grade digital currency platform that offers OTC trading and custody of digital assets. HAYVN is based in Abu Dhabi and has a strong presence in the MENA region.

In December 2021 HAYVN secured the extensive ADGM regulatory license in UAE. As part of the investment, Hilbert Group will aid HAYVN in expanding their offerings on the asset manage-

ment side and the two companies will be strategic partners in terms of product development and distribution of fund products.

It was recently [reported](#)* that during the first quarter of 2022, HAYVN aims to anchor a series B funding round that would value the company at USD 400 million – an 11-fold increase in valuation compared to when Hilbert Group acquired its stake in HAYVN.

Appointment of Gijs Burgers as Chief Operating Officer

On 23 December, 2021 Hilbert Group announced the appointment of Gijs Burgers as Chief Operating Officer (COO). Gijs Burgers has a long history as a board-room consultant and entrepreneur in the fintech and blockchain spaces, most recently as a Director at AFI (Amsterdam Fintech Institute) and corporate strategist for several prominent companies like the Dutch pension investment company APG Group.

January–December 2021

Revenue and results

Revenue increased to kSEK 9,180 (148). Revenue for the period mainly relates to Fund Management operations and COIN360. Operating result amounted to kSEK -4,229 (-788). Non-recurring expenses related to preparations for the listing on Nasdaq First North Growth Market in October

Financial overview (cont.)

2021 affected operating expenses by approximately kSEK 2,600.

Financial net was kSEK 1,802 (–), pertaining to currency translation effects on receivables denominated in USD.

Loss for the period was kSEK -2,462 (-788)

Cash flow and financial position

Cash flow from operating activities was kSEK -2,006 (1,358). Investments amounted to kSEK -49,715 (-52), mainly related to the investments in COIN360 and HAYVN.

Financing activities contributed kSEK 88,500 (–), relating to issuing of a total of 47,800,000 new shares, with quotient value of SEK 0,05.

At the end of the period, Hilbert

Group had SEK 35,701 (2,321) in cash and cash equivalents.

Other information

Events after the reporting period

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.

Appointment of Hans-Peter Bermin as Chief Risk Officer

On 25 January 2022 Hilbert Group

Share capital development, SEK

Year	Date	Event	Subscription of which:			Share capital; total	No of shares change	No of shares: total
			Share premium	Share capital				
2017	–	Formation and incorporation	–	–	50 000	50 000	50 000	50 000
2017	–	Split 1:20	–	–	0	50 000	950 000	1 000 000
2021	2021-07-01	New share issue	500 000	–	500 000	550 000	10 000 000	11 000 000
2021	2021-07-01	New share issue ¹	30 000 000	29 850 000	150 000	700 000	3 000 000	14 000 000
2021	2021-09-08	New share issue ¹	20 000 000	19 900 000	100 000	800 000	2 000 000	16 000 000
2021	2021-09-17	New share issue ²	2 900 000	1 450 000	1 450 000	2 250 000	29 000 000	45 000 000 ³
2021	2021-10-21	New share issue ¹	38 000 000	37 810 000	190 000	2 440 000	3 800 000	48 800 000⁴
On 31 Dec 2021			91 400 000	89 010 000	2 440 000		48 800 000	

¹ Pre-IPO private placement totaling SEK 88,0 million; subscribed as Units of 1 share series B + 1 warrant entitling to subscription of 1 share series B. Warrants issued at 0 (nil) consideration. Refer to Warrants to investors section in this report for further details.

² Of which 8 500 000 series A shares and 20 500 000 series B shares. Voting rights: series A shares 10 votes per share, series B shares 1 vote per share.

³ Of which 8 500 000 series A and 36 500 000 series B; quotient value 0.05 SEK

⁴ Of which 8 500 000 series A and 40 300 000 series B; quotient value 0.05 SEK

Financial overview (cont.)

announced the appointment of Hans-Peter Bermin as Chief Risk Officer at Hilbert Group. Hans-Peter has 20 years of experience in investment banking, notably in product development and risk management. He has held several high-profile positions at tier-1 investment banks in London, such as JPMorgan and Morgan Stanley, leading global teams within the fixed income structured product space. Most recently, he was a senior consultant at the hedge fund Capula Global, focusing on their equity volatility business.

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 Pioneer Creator Ltd, an entity incorporated in the British Virgin Islands, for a total consideration of USD 3 million. In addition, Hilbert Group has provided a monetary contribution of USD 200,000 to Pioneer Creator Ltd. On 26 August 2021 it was resolved to change the name of Pioneer Creator Ltd to COIN360 Global Limited. COIN360 is consolidated by Hilbert Group from the date of acquisition. The legal entity Pioneer Creator Ltd had no significant operations prior to the acquisition, thus the consolidated revenue and operating result substantially equals the effect on Hilbert Group, would the entire 2021 result be consolidated.

The consideration paid, net of cash acquired, is presented as goodwill, amounting to SEK 26 million as of 31 December, 2021. Hilbert Group is currently performing analyses in order to accurately 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 cash and 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

Earnings per share

	Q421	Q420	Full year 2021	Full year 2020
<i>Before dilution</i>				
Number of shares at period-end	48 800 000	1 000 000	48 800 000	1 000 000
Weighted average number of shares	47 973 913	1 000 000	17 400 000	1 000 000
Profit/loss for the period	-1 862,3	-327,6	-2 461,7	-788,2
Earnings per share	-0,04	-0,33	-0,14	-0,79
<i>After dilution</i>				
Number of shares at period-end	48 800 000	1 000 000	48 800 000	1 000 000
Weighted average number of shares	47 973 913	1 000 000	17 400 000	1 000 000
Profit/loss for the period	-1 862,3	-327,6	-2 461,7	-788,2
Earnings per share	-0,04	-0,33	-0,14	-0,79

Financial overview (cont.)

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.

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 acquisition of HC Holding Limited.

Prior to the acquisition of HC Holding Limited and the private placement, Hilbert Group had 11,000,000 outstanding B-shares. Hilbert Group acquired all shares in HC Holding Limited with payment of in total 29,000,000 shares (8,500,000 A-shares and 20,500,000 B-shares). The new issue was made with payment by set-off.

In addition, Hilbert Group carried out a private placement of kSEK 88,000. The private place-

ment 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.

Share Capital

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).

Listing on Nasdaq First North

Hilbert Group has 10,700,000 issued and outstanding warrants 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.

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 (48,800,000).

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.

Condensed consolidated statement of comprehensive income

kSEK	Q421	Q420	Full year 2021	Full year 2020
Revenue	5,687.4	148.5	9,179.6	148.5
Other external expenses	-8,096.4	-694.1	-11,588.6	-868.8
Personnel expenses	-773.9	–	-1,370.5	–
Depreciation, amortization and write-downs	-340.5	-23.1	-379.9	-23.1
Other operating expenses	206.9	241.2	-69.8	-44.7
Operating profit/loss	-3,316.4	-327.6	-4,229.2	-788.2
Financial items, net	1,489.1	–	1,802.4	–
Profit before income tax	-1,827.4	-327.6	-2,426.8	-788.2
Income tax expense	-34.9	–	-34.9	–
Profit/loss for the period	-1,862.3	-327.6	-2,461.7	-788.2
Profit/loss is attributable to:				
Parent company shareholders	-2,827.8	-327.6	-3,534.7	-788.2
Non-controlling interests	965.6	–	1,073.0	–
	-1,862.3	-327.6	-2,461.7	-788.2
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Exchange differences	842.7	-27.5	897.2	-45.8
Other comprehensive income, net of tax	842.7	-27.5	897.2	-45.8
Total comprehensive income for the period	-1 019,6	-355,1	-1 564,5	-834,0
Total comprehensive income is attributable to:				
Parent company shareholders	-2 026,3	-355,1	-2 695,6	-834,0
Non-controlling interests	1 006,7	–	1 131,0	–
	-1 019,6	-355,1	-1 564,5	-834,0

Condensed combined balance sheet

kSEK	31 December 2021	31 December 2020
ASSETS		
Non-current assets		
Equipment	163.9	70.3
Intangible assets	52,022.1	3.2
Other non-current assets	9,043.7	-
Total non-current assets	61,229.7	73.5
Current assets		
Other receivables	2,880.1	127.3
Receivables from related parties	849.7	138.4
Receivables from shareholders	-	101.1
Cash and cash equivalents	35,700.8	2,320.6
Total current assets	39,430.7	2,687.4
Total assets	100,660.4	2,760.9
EQUITY AND LIABILITIES		
Equity		
Equity, parent company shareholders	89,079.1	316.6
Non-controlling interests	1,253.9	-
Total equity	90,333.0	316.6
Current liabilities		
Other payables	7,092.1	43.2
Payables to shareholders	-	1,872.0
Current tax liabilities	34.9	38.7
Accruals	3,200.4	490.4
Total liabilities	10,327.4	2,444.3
Total equity and liabilities	100,660.4	2,760.9

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 2019	50	-	-	1,101	1,151	-	1 151	
Comprehensive income			-46	-788	-834	-	-834	
Balance at 31 December 2020	50	-	-46	312	317	-	317	
Comprehensive income			897	-3,535	-2,638	1,132	-1,506	
New share issues	2,390	89,010	-	-	91,400	-	91,400	
Non-controlling interest on subsidiary acquisition						122	122	
Balance at 31 December 2021	2,440	89,010	851	-3,222	89,079	1,254	90,333	

Condensed consolidated statement of cash flows

kSEK	Q421	Q420	Full year 2021	Full year 2020
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/loss before tax	-1,830	-327	-2 427	-788
Adjustments for items not affecting cash:	-1,296	11	-1 570	68
Cash flow from operating activities before changes in working capital	-3,125	-316	-3 997	-720
CHANGES IN WORKING CAPITAL				
Receivables	-739	1,257	-3,098	-163
Payables	4,077	967	5,089	2,241
Cash flow from changes in working capital	3,337	2,224	1,991	2,078
Net cash flow from operating activities	212	1,908	-2,006	1,358
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of equipment	-69	-	-129	-49
Purchase of intangible assets	-20,102	-	-20,384	-4
Purchase of financial instruments	-4,288	-	-4,288	-
Business combinations, net of cash acquired	-	-	-24,913	-
Net cash used in investing activities	-24,459	-	-49,715	-52
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	38,000	-	88,502	-
Repayment of borrowings	-9,670	-	-	-
Net cash generated from financing activities	28,329	-	88,502	-
Cash flow for the period	4,082	1,909	36,782	1,305
Foreign currency translation, cash and cash equivalents	-2,557	-281	-2,795	-298
Cash and cash equivalents at beginning of the period	34,176	693	1,714	1,313
Cash and cash equivalents at end of the period	35,701	2,321	35,701	2,321

Condensed Parent company income statement

kSEK	Q421	Q420	Full Year 2021	Full year 2020
Revenue	–	–	–	–
Other external expenses	–4,990.6	–	–6,947.8	–
Other operating expenses	–69.1	–	–69.8	–
Operating profit/loss	–5,059.7	–	–7,017.6	–
Financial items, net	1,550.4	–	1,950.0	–
Profit before income tax	–3,509.3	–	–5,067.7	–
Income tax expense	–34.9	–	–34.9	–
Profit/loss after tax	–3,544.2	–	–5,102.6	–

For the year 2021, the activities of Hilbert Group AB (publ) have mainly entailed preparations for the listing of the company's shares on Nasdaq First North Growth Market, Stockholm. Non-recurring expenses related to these activities amount to approximately kSEK 2,600, out of which about kSEK 900 during the 4th quarter. Other external expenses during the 4th quarter relate mainly to the establishment of group wide tools for external communication and informa-

tion. Prior to the third quarter of 2021, the company had no activity. Financial items relate to foreign exchange effects from revaluation of USD receivables on group companies.

The activities during the year include the legal formation of Hilbert Group through the acquisition of all outstanding shares in HC Capital Limited, incorporated on Malta for a purchase price of kSEK 2,900, in September 2021. As part of the preparations for the acquisition and

subsequent IPO, the Company has raised kSEK 91,400 in capital, out of which kSEK 2,390 as share capital and ksek 89,010 allocated to the share premium fund. The share issues have been a combination of cash issues and off-set issues.

Parent company cash and cash equivalent amount to kSEK 31,838 at year-end 2021.

The first day of trading of the Hilbert Group AB (publ) (ticker HILB B) on Nasdaq First North was 27 October.

Condensed Parent company balance sheet

kSEK	31 December 2021	31 December 2020
ASSETS		
Non-current assets		
Shares in subsidiaries	2,900.0	–
Total non-current assets	2,900.0	–
Current assets		
Receivables from group companies	54,156.1	–
Cash and cash equivalents	31,838.2	50.0
Total current assets	85,994.3	50.0
Total assets	88,894.3	50.0
EQUITY AND LIABILITIES		
Shareholders' equity		
Current liabilities		
Other payables	1,686.9	–
Current taxes	34.9	–
Accrued expenses	825.1	–
Total liabilities	2,546.9	–
TOTAL EQUITY AND LIABILITIES	88,894.3	50.0

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.

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 and 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.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the

European Union (EU). The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments at fair value. As required by IAS 1, Hilbert Group companies apply uniform accounting rules, irrespective of national legislation. The policies set out below have been consistently applied to year 2021. The Parent Company applies the same accounting principles as the Group, except in the cases specified in the section entitled 'Parent Company accounting principles'.

Hilbert Group's information for year 2021, as well as historical information for year 2020, 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 has been applied in accordance with IAS 8.

An established method, assessed as suitable for Hilbert Group, is to use the previous carrying amount (predecessor basis of accounting), which is the principle applied in preparation of these statements. In short, this entails that the assets and liabilities of the units forming part of the Group have been aggregated and recognized based on the carrying amounts they represent in HC Holding Limited's consolidated financial statements as

from the date they became part of the HC Holding Limited Group.

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.

Notes (cont.)

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 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.

Foreign currency translation

The Group's consolidated financial statements are presented in Swedish kronor (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

(a) 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.

(b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Swedish kronor 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

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.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes 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.

Notes (cont.)

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 recognized 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 is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized 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 recognized in profit or loss.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position 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.

Revenue from contracts with customers

Asset management fees and performance fees income are 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.

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 proba-

Notes (cont.)

ble 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.

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.

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
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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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination 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 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 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. These costs are amortised over their estimated useful lives of four years. Costs associated with maintaining intangible assets are recognised as an expense as incurred.

Cryptocurrencies

Cryptocurrencies held are reported as intangible assets applying a cost model. Cryptocurrencies have indefinite useful life, and are thus not amortised, but tested for impairment annually.

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

Notes (cont.)

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.

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.

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.

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 net of impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Liabilities

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

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position 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.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value, less expected credit losses. In the statement of cash flows, cash and cash equivalents include deposits held with banks.

Assets held on behalf of third parties

Assets held on behalf of third parties pertain to client assets which are held with the Group in a fiduciary capacity and are segregated from the assets of the Group. Client assets are held with reputable financial institutions.

The Group is not liable for any act, omission of and/or other circumstance affecting the financial institutions entrusted by the Group to hold client assets. Accordingly, client assets are not presented within the Group's statements of financial position.

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.

Reserves in equity

Reserves comprise translation reserves that include all exchange rate differences that arise on translation

Notes (cont.)

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.

Parent company accounting principles

The parent company Hilbert Group AB prepares financial statements in accordance with the Swedish Annual Accounts Act recommendation RFR2, Accounting for legal entities of the Swedish Financial Reporting Board. RFR2 prescribes the amendments and exceptions from IFRS applicable to the parent company. This means that all IFRS standards and statements shall be applied when possible within the frame of the Annual Accounts Act with consideration taken to Swedish legislation in accounting and taxation.

Shares in subsidiaries

Holdings in subsidiaries are recognized according to the cost method of accounting. If there is an indication that the recognized value of shares has declined, they are tested for impairment according to IAS36. According to RFR2 transaction costs are recognized as part of the acquisition value in the parent company, unlike the group where they are considered as costs.

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, February 28, 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

Annual Report 2021

29 April, 2022

Address

Hilbert Group AB (publ)
(Birger Jarlsgatan 2)
Mailbox 545
114 11 Stockholm
Sweden
www.hilbert.group

For further info please contact:

Niclas Sandström
CEO Hilbert Group AB
+46 (0)8 502 353 00
ir@hilbert.group

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