

Hilbert Group AB (publ)

Company Description

Regarding application for admission to trading of shares
on Nasdaq First North Growth Market



Important information about Nasdaq First North Growth Market

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland, and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

Important information

This company description ("Company Description") has been prepared in connection with the application for admission to trading of shares in Hilbert Group AB (publ), Reg. No. 559105-2948 ("Hilbert Group" or the "Company") on Nasdaq First North Growth Market. See section "*Definitions*" for the definitions used in this Company Description

This Company Description does not fulfil the requirements of being a prospectus in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council and has not been reviewed or approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen). This Company Description does not constitute an offer to subscribe for, or otherwise acquire, shares or any other financial instrument in Hilbert Group in either Sweden or any other jurisdiction. Distribution of this Company Description is subject to restrictions in law and other regulations. The Company Description may not be distributed in or into United States, Australia, Singapore, New Zealand, Japan, South Korea, Canada, Switzerland, Hong Kong or any other jurisdiction where such distribution requires prospectus, registration, or any other actions to be taken in addition to the requirements under Swedish law. Persons who receive copies of this Company Description, or wish to invest in Hilbert Group, must inform themselves about and follow such restrictions. Swedish law is applicable in relation to this Company Description. Disputes regarding the Company Description and thereby applicable legal circumstances shall be handled under Swedish law exclusively.

Risks

An investment in shares is associated with certain risks (investors are therefore encouraged to particularly read the section "*Risk factors*"). When an investor makes an investment decision, he or she must rely on his or her own analysis of the Company, including present facts and risks. Prior to an investment, potential investors ought to consult their own professional advisors to diligently evaluate an investment consideration. No individual has been authorised to provide any information or make any other statements other than those included in the Company Description. If given or made, such information or representation may not be relied upon as having been authorised by the Company nor should the Company be held responsible for such information or statements.

Forward-looking statements

The Company Description contains certain forward-looking statements that reflect Hilbert Group's views with respect to future events and financial and operational performance. Such words as "intends," "assesses," "expects," "can," "plans," "estimates", and other expressions that relate to indications or predictions concerning future development or trends and that are not based on historical facts constitute forward-looking statements. Forward-looking statements are, by nature, associated with known as well as unknown risks and uncertainties, given their dependence on future events and circumstances. Forward-looking statements are no guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements. Factors that could result in Hilbert Group's actual earnings and performance deviating from the content of the forward-looking statements include, but are not limited to, the descriptions in the section "*Risk factors*". Forward-looking statements in the Company Description apply only as of the date of publication of the Company Description. Hilbert Group does not give any undertaking that the Company will disclose any updates or revisions of forward-looking statements due to new information, future events or other such matters above and beyond what is required according to applicable laws.

Information from third parties

The Company Description contains information that has been obtained from third parties. All such information has been reproduced correctly. Hilbert Group's board of directors is responsible for this Company Description and has taken all reasonable precautions to ensure that the information provided in the Company Description complies with the actual facts. Although the board of directors believes that these sources are reliable, no independent verification has been made, so the accuracy or completeness of the information cannot be guaranteed. As far as the board of directors knows and can assure by comparison with other information published by third parties from which the information was collected, no information has been omitted in such a way that could make the information incorrect or misleading. Some figures in this Company Description have been subject to rounding. This means that some tables do not seem to sum up correctly.

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Financial calendar

Report for the period 1 January – 30 September 2021	30 November 2021
Year-end report for the period 1 January – 31 December 2021	28 February 2022
Annual Report 2021	29 April 2022
Annual General Meeting	27 May 2022

Information about the share

Number of outstanding shares	8,500,000 A-shares 40,300,000 B-shares
ISIN code B-share	SE0016278154
Short name (ticker)	HILB B

Information about the warrants

Number of outstanding warrants	10,700,000
ISIN code	SE0016798300
Short name (ticker)	HILB TO1

Definitions

In this Company Description, the following definitions are, inter alia, used:

Altcoin	refers to any type of Cryptocurrency different from Bitcoin.	Listing	refers to the listing of Hilbert Group's shares of class B on Nasdaq First North Growth Market.
Bitcoin	refers to the first Cryptocurrency created.	Mining	refers to one way of validating transactions on the Blockchain as well as minting additional units of Cryptocurrency.
Blockchain	refers to the decentralized ledger technique that was introduced in the invention of Bitcoin.	Nasdaq First North	refers to Nasdaq First North Growth Market.
Company Description	refers to this company description.	Smart Contract	refers to a piece of code that operates on the Blockchain and is capable of governing transactions in an automatic
Crypto Asset	refers to blockchain-related assets and tokens for which there exist a marketplace.		
Cryptocurrency	refers to Crypto Asset, used interchangeably.		
Euroclear	refers to Euroclear Sweden AB.		
DEX	refers to Decentralised exchange.		
Digital Asset	refers to Cryptocurrency or Crypto Asset.		
Digital Currency	refers to Cryptocurrency or any other currency that only exists in digital format.		
EUR, KEUR and MEUR	refers to Euro, thousand Euro, million Euro.		
Fiat Currency	refers to a government-issued currency that is not backed by a commodity such as gold.		
Hilbert Group or the Company	refers to, depending on the context, Hilbert Group AB (publ), Reg. No. 559105-2948 or the group in which Hilbert Group AB (publ) is the parent company.		

Risk factors

An investment in the Company's shares is associated with certain risks. There are several risk factors that either can or could affect the Company's business, both directly and indirectly. Described below are the risk factors and other factors deemed to be material to the Company's operations, financial development, and future development. The risk factors described below are limited to such risks that are specific to the Company and/or its shares and that are deemed material in order to make a well-founded investment decision. The probability that the risks occur has been assessed on a qualitative scale with the designations low, medium-high and high. The risk factors that are considered to be most important as of the date of the Company Description are presented first in each category, with the rest of the risk factors presented without any ranking. The assessment of the probability and potential extent of negative impact is based on the Board's knowledge and perception as of the date of the Company Description. The probability and extent of risks that can be realized may deviate from the Board's assessment as of the date of the Company Description, partly because the risks are beyond the Company's control. If the risks were to be realized, the share price could fall and investors could lose part or all of their investment.

An investment in the Company's shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford to lose a portion or all of the investment. Information on risk factors is presented as of the date hereof and is subject to change, completion or amendment without notice.

Risks relating to the Company

Operating environment risks

The crypto market is still in its infancy and is prone to swift technology and regulations changes. These uncertainties make it hard to predict the development of the crypto markets and the Company's future success as a business. There are no agreements or any consensus on how to regulate cryptocurrencies on a European level. This lack of broader regulations creates a situation where the regulations can vary significantly between countries, but it also puts the legal status of cryptocurrencies in flux. Future political developments and regulations could negatively affect the crypto markets (i.e., adoption, development, and prices) and the Company's business. If a ban or regu-

lations that negatively restricts the use of cryptocurrencies is imposed on markets where the Company is active (e.g., primarily EU, North America, Asia), it could produce material challenges to the Company in the form of a reduced market for the Company's products and services, or create regulatory requirements that would require substantial resources from the Company to maintain its compliance. In such an event, there is a risk that the value of the Company's assets could be negatively affected.

The Company assesses a low probability for such events to occur and that the risk, if it occurs, could have a high adverse impact on the Company.

Risks related to future commercialisation

While the Company started as an asset manager, the intention is to grow the other business verticals (proprietary trading, equity investments and data & analytics) equally. The Company's success depends on its ability to develop and expand all four business verticals (refer to page 28). The key risks involve (but are not limited to): increased competition, unforeseen regulatory framework, weakened public demand and interest. Since the Company is focused solely on digital assets and blockchain technologies, the ability to expand the business is linked to the overall performance of these asset classes. If services and projects in which the Company has invested in cannot be commercialized to the extent that the Company has predicted, it will adversely impact the Company's financial balances and future earnings.

The Company assesses a medium high probability for at least one of the risks to occur and that the risk, if it occurs, could have a medium high adverse impact on the Company.

High volatility and vulnerability to price manipulation

Since the digital currency market is relatively new, there are risks involved not seen in ordinary financial markets. In particular, due to insufficient liquidity, the market is vulnerable to price manipulations by large players, which may lead to high volatility. Several reports from the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) highlights the volatility as a risk factor that makes digital currency investment unsuitable for most, if not all, consumers¹. The Com-

¹ <https://www.fi.se/contentassets/5c49c9e9660d44be860b5a9b70509c41/fi-tillsyn-21-finansiella-instrument-kryptotillgangar-ny.pdf>

pany assesses that it is better suited to manage such risks than most private investors. However, there is still a risk that the Company will be exposed to the adverse impacts significant price and volume fluctuations can generate. In the event of a significant and long-lasting decline in the overall price level of digital currencies, the Company would be adversely impacted both as an asset manager and as a service provider.

The Company assesses that there is a medium high probability that the risk occurs and that the risk, if it would occur, would have a medium high adverse impact on the Company's operations.

Dependency on key personnel

The Company relies on having motivated and skilled personnel for its operations on all levels. Some personnel – of which the Company believes that the CEO Niclas Sandström and the CIO Magnus Holm are the most important - are essential for the successful development and deployment of the Company's business and operations. It is therefore crucial for the Company to be able to attract and retain key personnel. For the Company to attract and retain personnel, the Company must be perceived as an attractive and stimulating employer. If the Company is not successful in retaining key personnel or attracting new talent, it could have an adverse impact on the Company's operations.

The risk of such events occurring has by the Company been assessed to be low. In the case such an event would occur, it would have a medium high negative effect on the Company's operations.

Risk Factors Particularly Relevant to Hilbert Group's Trading of Digital Assets

Cyber security risks

The Company and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber-attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the Company's service providers and their delegates have the ability to cause disruptions and impact business operations, potentially resulting in financial losses

in particular regarding the Company's business vertical asset management. This can include interference with a fund's ability to calculate its Net Asset Value; impediments to trading for a fund's investments; the inability of the fund's investors to transact business with the fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which the funds invest, counterparties with which the funds engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

The Company assesses that there is a low probability that the risk occurs and, if that risk occurred, it would have a high adverse impact on the Company's operations.

General risks

Cryptocurrencies represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, cryptocurrencies have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for cryptocurrencies is generated by speculators and investors seeking to profit from the short or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with cryptocurrencies. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in lower demand and thereby lower market value.

In addition, there is no assurance that cryptocurrencies will maintain their long-term value in terms of future purchasing power or that the acceptance of cryptocurrency payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of cryptocurrencies declines, the value of an investment in the Company's shares would probably decline proportionately.

While all investments risk the loss of capital, investments in crypto assets should be considered substantially more speculative and significantly more likely to result in a total loss of capital than most other investments. Consequently, an investment in the Company's shares could result in the total loss of an investor's capital.

The Company assesses that there is a low probability that the risk occurs, and if the risk occurred, it would have a medium high adverse impact on the Company's operations.

Data and model risks

All of the trading activities in the Company rely on having correct and timely data. The Company relies on data from the exchanges, which all provide the data "as is" without any warranty. Trading decisions made on erroneous data are most likely to have a negative return. Proprietary trading algorithms that automatically make trading decisions are especially vulnerable to inaccurate data since minor inaccuracies may compound into larger errors that will most likely negatively impact the returns of the strategies.

Furthermore, mathematical algorithms that will be used for investing are based on proprietary models and have parameterisations that at least partly are based on historical and current market data, statistics, data processing tools and other methods. There is a risk that the market environment will change and render the models/algorithms or the current parameterisations less efficient, and this will have a negative impact on returns.

The Company assesses that there is a low probability that the risk occurs and, if that risk occurred, it would have a medium high adverse impact on the Company's returns.

Smart Contract risks

Smart contracts are code that is deployed and run directly on a blockchain. Once a smart contract has been deployed on a blockchain, the code is immutable. The code's immutability makes smart contracts trustable, but it also means that any bugs or errors in the code cannot be fixed unless a new smart contract is deployed. Bugs and errors may, as with all software, be difficult to identify until a large number of transactions under various conditions using the smart contract have been performed. The value locked in various smart contracts in the crypto eco-system is rapidly increasing, and bugs in the smart contract code can lead to exploits by hackers/malicious actors, leading to loss of value.

The Company assesses that there is a low proba-

bility that the risk occurs and, if that risk occurred, it would have a medium high adverse impact on the Company's operation.

Counterparty Risk

The Company may have exposure to trading counterparties in addition to any prime broker that it may engage. Where there is collateral delivered to its trading counterparties under the terms of any trading agreements, either by posting initial margin or on a daily mark-to-market basis, circumstances may arise where a counterparty may be over-collateralized and/or the Company may from time to time have uncollateralized mark-to-market exposure to a counterparty in relation to its rights to receive securities and cash. In both circumstances, the Company will be exposed to the creditworthiness of any such counterparty. In the event of the insolvency of a trading counterparty, the Company will rank as an unsecured creditor in relation to amounts equivalent to any such over-collateralization and any uncollateralized exposure to such trading counterparty. In such circumstances, it is likely that the Company will not be able to recover any debt in full or at all.

Having cryptocurrencies on deposit or in a custodial relationship with any third party implies risks. These risks include security breaches, risk of contractual breach, and risk of loss. Investors in the Fund should be aware that the Fund allows third parties to hold its property, and this may result in the materialisation of any of the risks above-mentioned.

The Fund will be exposed to the credit risk of an exchange every time it transacts. Crypto asset exchanges may even shut down or go offline voluntarily, without any recourse to investors. Currently, no specific regulatory protections exist that would protect investors from financial losses if a platform that exchanges or holds crypto assets, such as a custodian, is hacked, fails or goes out of business.

The Fund will aim to trade on exchanges that offer good liquidity and a wide asset selection. This means that the Fund may at times trade on a single exchange or on a few exchanges and hence be exposed to concentrated counterparty risk.

The Company assesses that there is a low probability that the risk occurs and, if that risk occurred, it would have a medium high adverse impact on the Company's operations.

Proprietary trading risks²

Proprietary trading is when a financial firm or a com-

2 <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/report/proprietary-trading-review-2020.pdf>

mercial bank takes positions in financial instruments or commodities for direct market gain instead of trading on behalf of clients and earning a commission. By taking a position(s), the Company will almost always expose itself to market risks. The market risk is that the prices of the financial instruments or commodities that the Company has invested in may change in a way that creates a loss for the Company. Depending on the type of investment, a price gain does not necessarily result in a profit, and a price drop does not necessarily result in a loss. Some types of proprietary trading could expose the Company to counterparty credit risk, which is a risk that the counterparty fails to perform its obligations to the Company, which may result in a loss for the Company. The risks the Company exposes itself to typically also include operational risk. Operational risk may include to (but are not limited to) not correctly record the Company's position, either due to error or malicious intent, which may create unforeseen risks and liabilities. It also includes having an improperly defined risk appetite, which may expose the Company to larger risks than the Company intended to take. Furthermore, the Company's systems could be compromised by cyber-attacks or other incidents, leading to that assets could be stolen or lost.

Proprietary trading in combination with asset management in the same company is also associated with the potential for conflict of interest.

The Company assesses that there is a low probability that the risk occurs and, if that risk occurred, it would have a medium high adverse impact on the Company's operations.

Risks related to market manipulation

The Digital Asset markets are new and generally unregulated. In the past, such markets have been targets of market manipulation, which could adversely affect holders of the underlying assets, and thus the Company. Digital Asset transaction validators or other syndicates could collude to raise and lower prices artificially. Individuals, entities, or groups could conspire to manipulate prices through "pump and dump" strategies or other tactics. Other schemes, syndicates, groups, or individuals could play a part in manipulating markets to the detriment of the Company.

The Company assesses that there is a low probability that the risk occurs and, if that risk occurred, it would have a low adverse impact on the Company's operations.

Regulatory and legal risks

Risk of failure to adhere to regulatory requirements

The digital asset industry is largely unregulated or lightly regulated in most countries. However, one or more countries may take regulatory actions in the future that severely restrict the right to acquire, own, hold, sell or use cryptocurrencies or to exchange cryptocurrencies for fiat currency. Such action may restrict the Company's ability to hold or trade cryptocurrencies and may adversely affect an investment in the Company's shares.

The regulatory regime of crypto assets, blockchain technologies, initial coin offerings and cryptocurrency exchanges is undeveloped, varies significantly among jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies are currently, or may in the future, consider laws, regulations, guidance, or other actions, which may severely impact the Company's ability to invest or ability to gain market share. Failure by the Company to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in adverse consequences, including civil penalties and fines.

The Company may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the developing countries in which the Company has invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Company and its operations.

The Company assesses that there is a medium high probability that the risk occurs and, if that risk occurred, it would have a low adverse impact on the Company's operations.

Hilbert Group consists of companies within different legal systems

Hilbert Group consists of companies domiciled in different countries and different legal systems. The legislation in force in one country may differ in significant respects from the legislation in force in another country. This may cause difficulties regar-

ding the collection of information concerning the subsidiaries or the conduct of the Company's operations. In light of the fact that the Company's operations are regulated by various laws as well as both internal and external regulations, this means that the Company must have effective internal controls. Internal controls include managing and monitoring that the day-to-day operations are conducted in accordance with applicable laws and regulations, that the Company's financial reporting is in accordance with applicable law, that the Company has appropriate accounting systems for its administration and other activities and that the Company uses external expertise to support these activities. Disruptions or errors in, or lack of efficiency of, the Company's internal controls may lead to the Company's operations not being conducted in accordance with applicable laws and regulations, to the Company's accounting systems not functioning properly or to the operations not being able to be controlled satisfactorily.

The Company assesses that there is a low probability that the risk occurs and, if that risk occurred, it would have a low adverse impact on the Company's operations.

Financial risks

Insurance risks

The crypto market is relatively new and largely unregulated, which are factors that can make it difficult for an insurer to calculate risks and premiums. For that reason, no guarantees can be made that there will be insurance available that is suitable for the Company's crypto-based investments. Undesirable effects on the Company's financial position could be the result of a situation where the Company is not, or cannot, be fully insured.

The Company assesses that there is a low probability that the risk occurs and, if that risk occurred, it would have a medium high adverse impact on the Company's operations.

Risks related to "socialised costs"

The Company will have exposure to counterparties operating in the domain of cryptocurrencies. For example, a fund may deposit cryptocurrency with an exchange or access cryptocurrency wallets through a cryptocurrency wallet operator. To the extent that the counterparty suffers a loss due to unauthorized or erroneous use of its accounts, or due to losses on margin funding provided by other users due to heightened volatility and/or illiquidity, or for whatever other reason, this loss may be borne by all of the users having exposure to this counterparty, even

those not affected directly by the unauthorized or erroneous use or by the losses in margin funding. If the loss is large enough, the counterparty may be forced to "socialise" the loss by allocating the loss to its clients pro-rata or according to another methodology of calculation. The Company may therefore suffer a loss due to an unauthorized or erroneous use of its counter-party's accounts, even if the Company's account with the counterparty was not directly affected by the unauthorized or erroneous use.

The Company assesses that there is a medium high probability that the risk occurs and, if that risk occurred, it would have a low adverse impact on the Company's operations.

Risks Related to the Securities

Majority shareholders with significant influence

At the time of the Company Description, approximately 62 percent of the votes are controlled by the three largest shareholders, which gives them a significant influence over the Company. The major shareholders' interest may differ materially from, or compete with, the interests of the Company or other shareholders' interests and the major shareholders may exercise influence over the Company in a manner contrary to the interests of the other shareholders.

Marketplace

An investment in a company traded on Nasdaq First North is a riskier investment than an investment in a company on a regulated market. Nasdaq First North does not have the same legal status as a regulated market and does not impose equal demands on the Company regarding, for example, disclosure of information or corporate governance as for companies on a regulated market. Companies on Nasdaq First North are governed by a specific rule book and not by the legal requirements imposed on companies on a regulated market.

Restrictions on Sales of Shares

Shareholders representing approximately 65 percent of the shares in the Company has undertaken to not dispose of any shares or warrants owned at the time of this Company Description, for a period of six months after the Listing. Such restrictions on share transfers may have an adverse effect on the liquidity of the outstanding shares. Further, at the lapse of the restricted period, the shareholders are free to dispose of any shares. In the case of the shareholders selling significant amounts of shares, there is a risk of a decrease in the Company's share price.

New Issue of Shares May Affect the Price of Outstanding Shares and Lead to Dilution

Any future share issues may have a material adverse effect on the price of the shares. Although existing shareholders, according to Swedish law, have a certain preferential right in a share issue, issues may be resolved with a deviation from the existing shareholders' preferential rights, which may lead to a dilution of the existing shareholders' proportional ownership and voting rights.

Background and motive

The founding equity partners of Hilbert Group have a long history in traditional asset management, investing, and risk management - experience gained from some of the world's most well-known financial institutions. Hilbert Group started out as a fund manager under the name Hilbert Capital, and the name change signifies the transition into an investment company specializing in digital assets and blockchain technology. Hilbert Group is driven by a strong conviction that blockchain technology and digital assets are key drivers of a currently unfolding technological revolution that will fundamentally change how services, corporations and societies work.

One of the objectives of the Company is to provide a broad exposure to digital assets - another is to bring institutional rigour and process thinking to the emerging segment of digital asset investing. The overall infrastructural maturation of digital assets and the rapidly increasing institutional engagement in this space has created an environment that is deemed beneficial to Hilbert Group's choice of business model. The Company has reached a stage of development in conjunction with an overall market environment, where the scalable and focused business model will greatly benefit from a public listing:

- The transparency that follows with being a listed public company will be appealing to institutional and private investors alike.
- As a publicly listed company, the access to permanent capital will enable a more efficient implementation of the business model and hence a more rapid growth of the Company.
- Being a public company will increase visibility and facilitate the marketing of the Company's products and services.

Hilbert Group has been approved for listing on Nasdaq First North with trading commencing on 27 October, 2021. Hilbert Group has completed a private placement of SEK 88 million and is well capitalized for the time being and hence will not raise any further capital in connection with the Listing.

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of Board meetings, auditors' records and other internal documents is included in the Company Description.

Stockholm, 21 October, 2021

Hilbert Group AB (publ)
The Board of Directors

Message from the CEO

Hilbert Group's vision is "To be a world class digital asset investment firm" – what do we mean by that?

To us it means serving a large number of institutional clients on the asset management side. It also means frequently being able to participate in the largest seed-, series A- and series B funding rounds in terms of equity investments. Furthermore, it means being a premier source of high-quality data and analyses.

There is no secret sauce to achieve all that – it is about applying our institutional-grade knowledge of traditional markets to the nascent space of digital assets. It is about being meticulous about our research and our investment processes. It is about hiring the right people and it is about proper risk management and our ability to navigate a fast-changing regulatory environment.

We foresee a tremendous growth of the digital asset market over the next decade. It will be a volatile journey that we think will be beneficial to operators who adopt a patient, long-term, approach to digital asset investing. An approach we believe will also deliver the best "bang for the buck" for our shareholders.

Stockholm, 21 October, 2021

Niclas Sandström
CEO, Hilbert Group AB (publ)

Digital Assets – An Overview

What is Bitcoin³?

In August 2008, the domain name bitcoin.org was registered online. Two months later, a paper entitled “Bitcoin: A Peer-to-Peer Electronic Cash System” emerged from an author named Satoshi Nakamoto. For a document that launched a financial revolution, the Bitcoin white paper is surprisingly sparse. It is only nine pages long and focused primarily on the technical specifications of the proposed network: a distributed transaction record made immutable with cryptography, pseudonymous access enabled by cryptographic keys, and a transaction verification process known as proof of work. The words blockchain, cryptocurrency, and mining do not appear in it - although those constructs are integral to Bitcoin. To this date, no one knows the identity of the individual or group who wrote that paper and subsequently helped to design and establish the network, despite the fame and riches that could come from launching a trillion-dollar industry.

Regardless of intent, both Bitcoin and blockchain have spawned a financial revolution by being radically different from anything before them. The Bitcoin network is the first truly global payment system. It knows no borders, never closes, is not owned by

anyone, and is accessible to everyone. Unlike traditional payment systems that exist on private servers, the Bitcoin blockchain is distributed across thousands of machines all over the world. Anyone can maintain their own copy of the shared ledger. Currently, there are over 32 million Bitcoin addresses with at least a dollar worth of balance (see table below).

Part of Bitcoin's appeal is its censorship resistance: the idea that nobody can be denied access for any reason. This feature makes the Bitcoin payment network the most universally accessible one on earth – for better and for worse. Traditional payment systems such as e-money, credit card rails, or automated clearing houses (ACH) are built on the commercial banking system and are only available to people who can pass the financial industry's stringent Know Your Client (KYC) requirements. Such systems lock out significant portions of the global population, particularly in developing countries. This lack of financial inclusion is increasingly seen as a social problem, especially now that digitization is diminishing the role of cash everywhere.

What is blockchain⁴?

A blockchain is essentially a distributed database of

³ Citi GPS - “BITCOIN - At the Tipping Point”

⁴ Berkeley – Sutardja Center – “BlockChain Technology – Beyond Bitcoin”

Bitcoin distribution

Balance, BTC	Addresses	% Addresses (Total)	Coins	\$USD	% Coins (Total)
(0 – 0.001)	19,594,919	51.4 % (100 %)	3,996 BTC	144,402,844 USD	0.02 % (100%)
(0.001 – 0.01)	9,507,053	24.94% (48.6%)	36,361 BTC	1,313,936,935 USD	0.19% (99.98%)
(0.01 – 0.1)	5,800,336	15.22% (23.66%)	187,852 BTC	6,788,249,857 USD	1% (99.78%)
(0.1 – 1)	2,407,290	6.32% (8.44%)	754,386 BTC	27,260,597,070 USD	4.03% (989.78%)
(1 – 10)	663,833	1.74% (2.13%)	1,689,820 BTC	61,063,577,997 USD	9.03% (94.75%)
(10 – 100)	130,367	0.34% (0.38%)	4,239,952 BTC	153,215,467,542 USD	22.65% (85.72%)
(100 – 1,000)	13,862	0.04% (0.04%)	3,932,001 BTC	142,087,308,839 USD	21% (63.07%)
(1,000 – 10,000)	2,073	0.01% (0.01%)	5,119,150 BTC	184,986,292,964 USD	27.35% (42.07%)
(10,000 – 100,000)	84	0% (0%)	2,109,508 BTC	76,229,452,395 USD	11.27% (14.72%)
(100,000 – 1,000,000)	4	0% (0%)	646,394 BTC	23,358,192,118 USD	3.45% (3.45%)

Addresses richer than

1 USD	100 USD	1,000 USD	10,000 USD	100,000 USD	1,000,000 USD	10,000,000 USD
32,417,083	14,029,031	5,667,620	1,767,8185	341,817	78,652	6,774

records or public ledger of all transactions or digital events that have been executed and shared among participating parties. Each transaction in the public ledger is verified by a consensus of a majority of the participants in the system. And, once entered, information can never be erased. The blockchain contains a certain and verifiable record of every single transaction ever made. Bitcoin is the most popular example that is intrinsically tied to blockchain technology. Blockchain technology itself is non-controversial and has worked flawlessly over the years, and is being successfully applied to both financial and non-financial world applications. Last year, Marc Andreessen, the doyen of Silicon Valley's capitalists, listed the blockchain distributed consensus model as the most important invention since the Internet itself. Johann Palychata from BNP Paribas wrote in the Quintessence magazine that bitcoin's blockchain, the software that allows the digital currency to function, should be considered as an invention like the steam or combustion engine that has the potential to transform the world of finance and beyond.

What are smart contracts⁵?

Smart contract is a term used to describe computer code that automatically executes all or parts of an agreement and is stored on a blockchain-based platform. As discussed further below, the code can either be the sole manifestation of the agreement between the parties or might complement a traditional text-based contract and execute certain provisions, such as transferring funds from Party A to Party B. The code itself is replicated across multiple nodes of a blockchain and, therefore, benefits from the security, permanence, and immutability that a blockchain offers. That replication also means that as each new block is added to the blockchain, the code is, in effect, executed. If the parties have indicated, by initiating a transaction, that certain parameters have been met, the code will execute the step triggered by those parameters. If no such transaction has been initiated, the code will not take any steps. Most smart contracts are written in one of the programming languages, such as Solidity, directly suited for such computer programs.

What are Altcoins?

Altcoins is a collective label for all the other cryptocurrencies launched after the success of Bitcoin. Some Altcoins sell themselves as better alternatives

to Bitcoin, whereas others aim to solve a specific class of problems and many aim to be the next generation of infrastructure assets - i.e. the building blocks on top of which other applications in crypto/blockchain space are built. As of June 2021, there were more than 10,000 different cryptocurrencies. According to CoinMarketCap, altcoins accounted for over 30 percent of the total cryptocurrency market in January 2021. The real power of most Altcoins lies in the fact that they marry the blockchain technology with that of smart contracts - something which Bitcoin does not. This combination allows for large scale automation of services on a scale that has never been seen before. This disintermediation of "legacy services" is just in its infancy, and the expectation is that every transactional process in the future that can be automated will be automated and governed by a smart contract. Some examples of industries that are expected to be transformed by Altcoins are:

- Payment Rails
- Music/Artist/Writer rights – revenue share and IP
- Supply chain management
- Remittance Payments
- Non-Fungible Tokens (NFTs)
- Crowd-funding
- Exchanges/Brokerages
- Operations/Settlement of Securities
- Fund industry
- Insurance
- Personal ID and Notarization
- Land registry and real estate
- Healthcare
- Accounting
- Government and public records
- Wills and inheritances
- Credit records
- Online gaming/casinos
- Cloud services
- Video streaming
- Customer rewards management

⁵ Harvard Law School – "An Introduction to Smart Contracts and Their Potential and Inherent Limitations"

Market overview

In this section, an overview is presented of the markets that the Company is active in. The information in the Company Description regarding market growth, market size and the Company's market position is the Company's overall assessment based on internal and external sources. The third-party information has been accurately reproduced and – as far as the Company is aware and can ascertain from information made public by the third party – no facts have been omitted in a manner that would make the reproduced information inaccurate or misleading. Statements in the Company Description are based on the Board's and the management's assessment unless any other basis is stated.

The Crypto Sector

The crypto sector refers to all goods and services built upon blockchain technology. Blockchain is a technology for creating permanent, secure digital recordings which do not rely on any single person, company or group. While a blockchain can, in principle, hold any type of information, it was first used to record transactions on the Bitcoin ledger. When a blockchain is utilized to record transactions in a public open ledger, it is often referred to as a Distributed Ledger Technology (DLT).

Blockchain goods fall in one of the two categories: cryptocurrencies and utility tokens, with the latter having multiple subcategories. For instance, there are governance tokens holding voting power in Decentralized Autonomous Organizations (DAO's); there are Non-Fungible Tokens (NFT's), which are indivisible, single owner, tokens representing ownership of virtual goods or resources such as digital art or, say, land within a blockchain-connected computer game. For practical purposes, however, cryptocurrencies and utility tokens will henceforth be collectively referred to as crypto assets.

Typical examples of blockchain services include: applications utilizing smart contracts, centralized and decentralized exchanges, payment platforms, and services providing data and analytics.

Below, general details on the overall size and market value of the main components of the crypto market are provided.

The market for crypto assets

There are currently more than 5,000 different crypto assets in existence⁶. The combined market value

is of the order of approximately USD 2.1 trillion, as highlighted in Fig. 1, with Bitcoin itself accounting for approximately USD 700 billion. Ethereum is the largest second crypto asset with a market value of approximately USD 300 billion, but there are more than 50 crypto assets with a reported market value of more than USD 1 billion.

Crypto Total Market Cap

USD, 1D CRYPTOCAP



Fig. 1 Total market cap of crypto assets as of Sep 21, 2021. Source: tradingview.com(CRYPTOCAP).

Bitcoin five year price chart

Bitcoin/US Dollar, 1W, BITSTAMP



Fig. 2 Bitcoin 5 year price chart. Source: tradingview.com (BTCUSD).

While few people dare to predict the growth of the crypto asset market as a whole, there are plenty of reports estimating the potential growth of bitcoin. For instance, a number of major financial entities, such as Forbes⁸, Bloomberg⁹, and Citibank¹⁰, predict a value of bitcoin around USD 100k -300k within the next couple of years. These predictions forecast a price that is about 2–5 times higher than

⁶ Coingecko.com

⁷ Launched in 2015, Ethereum is an open-source, blockchain-based, decentralized software platform used for its own cryptocurrency, ether. It enables SmartContracts and Distributed Applications (DApps) to be built and run without any downtime, fraud, control, or interference from a third party.

⁸ After Recovery To \$10,000, Bitcoin 'Should Hit \$100,000 In 2021' (forbes.com)

⁹ Bitcoin on track for \$100,000 in 2025, historical growth guides | Bloomberg Professional Services

¹⁰ Citibank Analyst Says Bitcoin Could Pass \$300K by December 2021 | Nasdaq

the current Bitcoin price of 46k. It is important, however, to be aware of the limitations of these predictions as the corresponding variance of the estimates are undoubtedly very large. Fig. 3 below depicts the historical price of Bitcoin.

Historical closeprice, USD



Fig. 3 Bitcoin Historical Close Price.
Source: Coinmarketcap.com.

The market for crypto services

The most competitive blockchain service is that of centralized crypto exchanges. There are over 400 active exchanges worldwide with a total turnover surpassing USD 200 billion per day¹¹. Coinbase, one of the biggest centralized crypto exchanges, is currently trading at a valuation of USD 53 billion. While most of the exchanges deal with spot trading, some future contracts are also available. The Chicago Mercantile Exchange (CME) provides Bitcoin futures and are soon to launch futures on the second largest crypto currency Ethereum¹². Crypto only exchanges also provide futures, perpetuals, and derivatives with a daily turnover surpassing USD 200 billion. Also worth noticing is that S&P Dow Jones Indices and Chicago Board Options Exchange (CBOE) are set to launch crypto indices in 2021^{13,14}.

In addition, there are new technology-driven initiatives making big footprints recently. Most apparent are the Decentralized Exchanges (DEXs). These exchanges operate without traditional order books. Instead, they employ a concept of Automated Market Maker (AMM) and compensate liquidity providers with trading subsidies. Uniswap, one of the largest of these Decentralized Exchanges, has already passed the USD 100 billion total volume bar¹⁵ with

11 Coingecko.com

12 https://www.cmegroup.com/media-room/press-releases/2020/12/16/cme_group_to_launchetherfuture-sonfebruary82021.html

13 <https://www.reuters.com/article/us-cryptocurrencies-s-p-idUSKBN28D1YB>

14 <https://www.nasdaq.com/articles/cboe-plans-to-launch-cryptocurrency-indexes-in-q2-2021-2020-12-15>

15 <https://cointelegraph.com/news/uniswap-reaches-100b-in-cumulative-volume-amid-defi-explosion>

current daily volumes above USD 7 Billion.

Overall, the Decentralized Finance (DeFi) sector saw remarkable growth in 2020; going from close to zero to USD 85 billion in market capitalization and USD 60 billion in Total Value Locked (TVL), see Fig. 4. The concept of TVL represents the value of all tokens locked into smart contracts providing liquidity to DEXs, lending and yield farming platforms and other sources.

Total value looked, USD, in DeFi

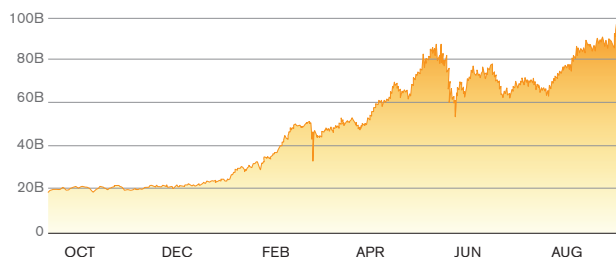


Fig. 4 Total Value Locked Sep. 2020 – Sep. 2021.
Source: Defipulse.com.

Currently, the growing usage of smart contracts in combination with crypto assets for various payment platforms is observed. Some banks, like JPMorgan, have already adopted utility tokens to facilitate traditional fiat-money transactions within the firm. Other banks, like Deutsche Bank and BNY Mellon, are reported to fully integrate crypto assets for their main clients. Additionally, there is a growing number of companies (PayPal¹⁹, Visa²⁰, Mastercard²¹) accepting payments in crypto currencies.

Hilbert Group crypto exposure

General information

This section outlines the specific crypto segments to which Hilbert Group is exposed. In particular, additional details on the asset management vertical are provided, both for algorithmic funds and discretionary funds. Further info on the current appetite to invest in blockchain-related companies is also provided. For data about Assets under Management (AUM), the Company rely on the services from VisionTrack, Crypto Fund Research and Eureka Hedge²².

16 J.P. Morgan Creates Digital Coin for Payments

17 <https://www.nasdaq.com/articles/deutsche-bank-quietly-plans-to-offer-crypto-custody-prime-brokerage-2021-02-12>

18 <https://www.wsj.com/articles/bitcoin-to-come-to-america-s-oldest-bank-bny-mellon-11613044810>

19 <https://www.businessinsider.com/paypal-to-allow-cryptocurrency-buying-selling-and-shopping-on-its-network-2020-10>

20 <https://www.forbes.com/sites/michaelcastillo/2020/12/02/visa-partners-with-ethereum-digital-dollar-startup-that-raised-271-million/?sh=1942807e4b1f>

21 <https://www.reuters.com/article/us-crypto-currency-mastercard-idUSKBN2AA2WF>

22 visiontrack.visionhill.com, cryptofundresearch.com, eurekaahedge.com

Asset management

PwC and Elwood's comprehensive 2020 Crypto Hedge Fund Report²³ estimates that the total AUM surpassed USD 2 billion already in 2019. As of the first half of 2020, the report further estimates the total number of active crypto hedge funds worldwide to be about 150, with roughly 60 percent of them launched in 2018 or 2019. Major investors are either family offices or high net worth individuals, and the total fee structure is on average based on 2 percent (management) and 20 percent (performance).

Out of the 150 worldwide crypto funds, almost half of them are based in the US (though many are domiciled in the Cayman Islands), followed by the UK, where approximately 15 percent are based. The report further states that the median AuM, as of late 2019, was USD 8.2 million and that the average at launch was about USD 2 million.

The most common crypto hedge fund strategy is quantitative (48 percent of funds), followed by discretionary long-only (19 percent), discretionary long/short (17 percent), and multi-strategy (17 percent).

The total AuM in the crypto assets sector has rapidly grown in 2020 due to both inflows and organic growth. Noticeable is that the top five Hedge Funds together hold more than USD 40 billion in AuM. Moreover, all the major hedge funds are domiciled in the United States, with Grayscale Investments being the by far the largest holding with well over USD 30 billion in AuM. 3iQ, which is second to Grayscale in size, also exceeds the USD 1 billion mark in AuM. These two hedge funds are followed by Pantera Capital, Polychain Capital, Galaxy Digital, Arca and Block Tower, which holds AuM from USD 100 million up to USD 1 billion.

In Europe, the leading bitcoin investment company is CoinShares, which is not a traditional hedge fund but rather a provider of Exchange Traded Notes (ETNs) for Bitcoin and Ethereum. Their total AuM is approximately USD 2 billion.

Equity Investments

For retail investors, investing in blockchain technology comes with technical hurdles in the form of buying, storing, and safekeeping. One of the first attempts to popularize such investments was the Grayscale Bitcoin Trust²⁴. Nowadays, there are a handful of different Bitcoin ETFs to choose between and, recently, a couple of ETFs tracking Ethereum. One of the few ETFs targeting the wider blockchain

technology segment is Elwood blockchain global blockchain index (see Fig. 5). Nevertheless, among professional investors, there is a huge interest in this market segment. Statista²⁵ estimates that USD 14 billion of equity funding has found its way into blockchain companies during the last four years, with approximately USD 5.5 billion made in 2020 alone.

Performance chart (Since inception)

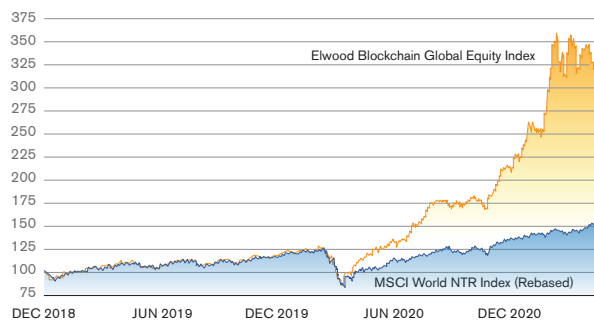


Fig. 5 Elwood blockchain global equity index.
Source: elwoodam.com.

The largest venture capital firms investing in blockchain technology are also found in North America. Well known VC firms are General Catalyst, Accel Partners, Matrix Partners, SparkChain Capital and Ribbit Capital, all exceeding USD 4 billion in AuM.

From the European side, there are only two venture capital funds investing in blockchain technology and exceeding USD 1 billion in AuM; HV Holtzbrinck Ventures and Earlybird Venture Capital. Both of these VC funds are domiciled in Germany.

Data and analytics

The data and analytics segment can be divided into two sets of competitors: the crypto-only competitors and the traditional finance data and analytics firms that have crypto assets departments in place. The latter group is dominated by Bloomberg, finance.yahoo.com and lately accompanied by S&P Global Inc.

The crypto-only group contains web-based data explorers such as coinmarketcap.com, coingecko.com, cryptocompare.com, worldcoinindex.com, and livecoinwatch.com. In addition, there are other analytics-focused companies like skew.com, glassnode.com, messari.io, and also some crypto media companies with well-established research departments such as cointelegraph.com and coindesk.com. Furthermore, many major crypto exchanges such as binance.com, kraken.com and okex.com have formed their own research departments.

²³ pwc-elwood-annual-crypto-hedge-fund-report-may-2020.pdf

²⁴ GBTC | Grayscale® Bitcoin Trust | Bitcoin Investment Trust

²⁵ • Global blockchain startup financing history 2012-2019 | Statista

The development in institutional-grade cryptocurrency research has been substantial since 2018²⁶. Third-party research was utilized by about 7 percent of crypto hedge funds in 2018, while that number increased to 38 percent in 2019 and to 47 percent in 2020. The transformation that has happened is that many new research companies have formed and that older companies have strengthened their product portfolios to cater to new markets and needs. The third-party research that is offered today spans simple listings of basic data to data-heavy research and advanced on-chain analysis.

The Data & Analytics segment remains largely unconsolidated, and there is a big opportunity to offer institutional-grade quality data in a structured way, similar to what Bloomberg is doing in traditional markets. In April 2020, coinmarketcap.com, which is basically a simple listing of cryptocurrencies but with a large user base, was acquired by the biggest crypto exchange, binance.com for USD 400 million. The M&A transaction value in the crypto data/analytics/information vertical was USD 116 million across 13 deals²⁷. It is illustrative to compare these figures with the market cap of the top ten publicly traded companies in the classical financial data market. These companies account for more than USD 240 billion, without counting Bloomberg since it is a private entity. Hence, it is likely that the Data and Analytics sector has significant upside potential, in particular as more and more retail customers join the growing trend of investing in crypto assets. Data is, according to Goldman Sachs, critical for the mainstream adoption of crypto assets among traditional investors and financial players²⁸.

Regulatory environment of digital assets

Current and prospective regulatory landscape

New legislation or regulations, decisions by legislators and/or regulators or changes regarding the application or interpretation of existing legislation, regulations or decisions, may positively or adversely affect the market for digital assets. A number of upcoming regulatory developments in key jurisdictions relevant to the Company are set out below.

EU

As of the date of this Company Description, the EU Parliament has passed no specific separate legislation regarding digital assets. The regulation of

digital assets varies significantly among jurisdictions in the EU and is undertaken a jurisdiction-by-jurisdiction basis of classifying whether or not the digital asset qualifies as a “financial instrument”. There is one exception in the EU from the lack of specific legislation related to digital assets: the AMLD5, which requires all Member States within the EU to extend AML/CTF obligations to certain cryptocurrency businesses. However, because of its nature as a directive, EU Member States need to implement AMLD5 into their national legislation.

As a part of the EU Digital Finance Strategy, the EU Commission has in September 2020 released the Proposal for a Regulation on Markets in Crypto-assets (“MiCA”), which aims to create a comprehensive framework for digital assets not already subject to European financial services legislation. MiCA also concerns digital asset service providers. It is anticipated that MiCA may be adopted in up to two years. MiCA seeks to categorise different types of digital assets between primary categories (crypto assets, asset referenced tokens or e-money tokens) and a number of sub-categories of the primary categories (including but not limited to utility tokens, significant asset referenced tokens, significant e-money tokens and other e-money tokens). The type of regulation proposed depends upon the categorisation concerned. It is proposed that some digital assets continue to be regulated under existing arrangements, for example, to issue e-money tokens, authorization is required under the existing Electronic Money Directive.

The MiCA Regulation aims to create a clear and universal regulatory background within the EU by introducing passportable licences, and eliminating the differences between national legislations in this area. While the final wording and consequent ratification of MiCA Regulation is still likely a few years ahead, based on its current state, it does not propose significant changes that would have an impact on how Hilbert Group’s business is handled. Its entering into force will mainly have an impact from an administrative perspective as related to compliance.

Regarding the recent 5AMLD directive^{29 30}, it is not applicable to any of the current activities within Hilbert Group AB and/or its subsidiaries. Specifically, Hilbert Group and any of its subsidiaries do not currently engage or has ever engaged in:

- Exchange services, either between fiat and cryptocurrencies and/or cryptocurrencies and cryptocurrencies.

²⁶ Pwc-elwood-annual-crypto-hedge-fund-report-may-2020.pdf, Pwc-elwood-annual-crypto-hedge-fund-report-may-2021.pdf

²⁷ <https://www.theblockcrypto.com/linked/103886/goldman-sachs-coin-metrics-crypto-data-funding>

²⁸ <https://www.prnewswire.com/news-releases/coin-metrics-closes-15m-series-b-round-led-by-goldman-sachs-301284483.html>

²⁹ <https://www.sygnia.io/blog/what-is-aml5-anti-money-laundering-directive-five-a-guide/>

³⁰ <https://www.lavenpartners.com/thought-leadership/5-main-changes-made-5th-aml/>

- Supplying custodial wallets for cryptocurrencies.
- Auctions/Art-sales.

Malta

The Virtual Financial Assets Act, Chapter 590 of the Laws of Malta (the “VFA Act”), which came into force on the 1st November 2018, regulates the offering of any virtual financial asset to the public, in or from within Malta or the admission to trading on any Distributed Ledger Technology exchange. Issuers are required to draw up a whitepaper which is to be dated and shall contain easily analysable and comprehensible information which is necessary to enable investors to make an informed assessment of the prospects of the issuer, the proposed project and of the features of the virtual financial asset. This should also include a statement by the board of administration confirming that the whitepaper complies with the requirements of the VFA Act and it is to be registered with the Malta Financial Services Authority (the “MFSA”).

In addition, the VFA Act stipulates that no person shall provide, or hold itself out as providing, a VFA service in or from within Malta unless such person is in possession of a valid licence granted under the VFA Act by the MFSA. A VFA service is defined as any service falling within the scope of the Second Schedule of the VFA Act when provided in relation to a DLT asset which has been determined to be a virtual financial asset. These services include:

- reception and transmission of orders;
- execution of orders;
- dealing on own account;
- portfolio management;
- custodian or nominee services;
- investment advice;
- placing of virtual financial assets; and
- the operation of a VFA exchange.

The rulebook issued by the MFSA establishes four classes of licenses for VFA Service Providers. Each class authorizes the license holder to carry out specific VFA Services. The rulebook also establishes different working capital requirements for each respective class of license holders.

UK

In October 2018, the UK Treasury, Financial Conduct Authority (“FCA”) and Bank of England published a Cryptoassets Taskforce Report. This report contained the UK’s policy and regulatory approach to digital assets and distributed ledger technology in

financial services. The report contained various work streams which have led to guidance on when digital assets were regarded as within the FCA’s regulatory perimeter (PS 19/22 Guidance on Cryptoassets) and a ban on the sale and marketing of products referencing certain digital assets to UK retail investors (PS 20/10: Prohibiting the Sale to Retail Clients of Investment Products that Reference Cryptoassets).

The UK Treasury is considering the responses it has received to its Cryptoasset Promotion consultation. This consultation has proposed expanding the perimeter of the financial promotions regime to unregulated digital assets, to enhance customer protection. The current regulatory framework for digital assets in the UK is still in its infancy and can adequately be categorised as ‘work in progress’.

US

There is currently no consistent approach to the regulation of digital assets across the US, instead different states and different federal agencies take individual approaches. Broadly the sale of cryptocurrency within the US is generally only regulated if the sale either constitutes the sale of a security under state or Federal law or is considered money transmission under state law or conduct otherwise making the person a money services business under Federal law. The Securities and Exchange Commission (“SEC”) provided guidance on the interaction of US federal securities laws and digital assets in “Framework for ‘Investment Contract’ Analysis of Digital Assets”, (April 2019). The SEC has in the past couple of years undertaken a number of high-profile litigation cases concerning whether digital assets were unregistered securities offerings; Block.One, Telegram and Kik Interactive were all settled with the SEC and currently Ripple Labs, issuer of one of the largest cryptocurrencies by market cap, XRP, is currently subject to an SEC lawsuit for the sale of unregistered securities.

Cayman Islands

The Hilbert Group currently includes a Cayman Islands domiciled collective investment fund and a Cayman Islands domiciled investment manager. The collective investment fund is regulated by the Cayman Islands Monetary Authority (“CIMA”) under the Mutual Funds Act (Revised) and subject to the regulatory supervision of CIMA. The Hilbert Group Cayman Islands investment manager is in the process of applying for registration under the Securities Investment Business Act (Revised) of the Cayman Islands which regulates the management

of virtual assets that represent or can be converted into securities or represent a derivative of securities, once registered the investment manager will be regulated by CIMA under the Securities Investment Business Act (Revised) and subject to the regulatory supervision of CIMA. Virtual assets in this context are digital representations of value that can be digitally traded or transferred, used for payment or investment purposes, but does not include digital representations of fiat currencies. All Cayman entities within the Hilbert Group are compliant with the Cayman Islands Anti Money Laundering regime.

Whilst none of the Cayman Islands entities within the Hilbert Group currently issue virtual assets or provide virtual asset services these activities are regulated where they are conducted in or from within the Cayman Islands. Any person issuing newly created virtual assets to the public for consideration or providing services involving the exchange or transfer of virtual assets or financial services relating to the issue or sale of virtual assets in or from within the Cayman Islands are currently required to be registered under the Virtual Assets (Service Providers) Act (Revised). In addition, any person operating a virtual asset trading platform or providing custody of virtual assets in or from within the Cayman Islands will, once the relevant provisions of the Virtual Assets (Service Providers) Act (Revised) are brought into force, be required to be licensed by CIMA. Once registered or licensed, such issuers or services providers will be subject to the regulatory supervision of CIMA. The Virtual Assets (Service Providers) Act (Revised) also provides a framework for CIMA to develop a regulatory sandbox licensing regime in order to provide a controlled environment for service providers to progress innovative developments to their digital businesses under CIMA's supervision.

Nascent and rapidly developing regulatory regimes for digital assets

Since the very start of the Company's operations, Hilbert Group has focused on the compliance of applicable rules and regulations in relation to the Company's operations. Due to the nature of the industry, and the nature of the services provided by the Company, it is paramount that the Company has a robust environment for control and compliance. In order to be compliant with current rules and regulations, the Company has implemented careful processes with respect to due diligence, anti-money laundering and KYC within its operations.

It is important to note that all of Hilbert Group's fund products solely target accredited investors –

i.e. retail customers are not allowed to invest. Fund products for accredited investors are mildly regulated globally and the Company does not foresee any major changes in terms of regulations and licenses required, for accepting accredited investors in the crypto segment going forward. In any case, the management of the Company will closely monitor the regulatory landscape to make sure that all products offered comply with the regulations in the jurisdictions where they are offered. The Company's work regarding regulatory compliance is led by the CFO, Sylvana Sciberras.

Business description

History

What is currently Hilbert Group started out as a fund management company with a sole focus on Digital Assets/Blockchain/Crypto in late 2018 under the brand name Hilbert Capital, where the ownership of the various entities included under the brand Hilbert Capital, was centralised in the holding company HC Holding Limited. In 2021, in connection to the pre-IPO private placement, Hilbert Group AB was formed. The first product offered to external investors was Hilbert Digital Asset Fund (HDAF) which gives investors broad exposure to the crypto market across a large number of digital assets. In many ways, HDAF was a pilot fund/proof of concept, and it has now grown into a flagship product for the asset management part of the business. The story of digital assets in the past couple of years has been one of a rapid pace of infrastructure development and ever-increasing institutional engagement. Against that backdrop and the success of Hilbert Digital Asset Fund, it was imperative for the company to broaden the investment activities in order to fully capitalize on the projected growth of blockchain technologies over the next decade – hence the birth of Hilbert Group. For an overview of the group structure, please see the heading “Legal group structure” under the section “Legal considerations and supplementary information”.

Overview

In the near term, the expansion of the business means that the Company will launch two more funds on the asset management side and add another three verticals (see ‘Business Model’ section below for further details). An overview of the current status of the verticals, is given in the table below:

	Entity	Status
Asset Management	Hilbert Crypto Opportunities Fund	Launched Jan 2019
	Hilbert Crypto Opportunities Fund	Anticipated launch in Q4 2021
	Hilbert-Syrius Bitcoin+ Fund	Anticipated launch in Q4 2021
Additional Verticals	Equity Investments*	Launched in July 2021
	Proprietary Trading	Will be launched immediately after listing
	Data & Analytics*	Launched in July 2021

* Majority stake purchase of Coin360.com

Fig. 6 Hilbert Group – current status

The Company employs an institutional approach to investing with a strong emphasis on rigour and

process. The Company uses a mix of quantitative and discretionary methods. Beyond the digital asset expertise, there is more than 100 years of investment- and risk management experience combined within the Company gained from traditional financial markets and this knowledge is now being applied to digital assets/blockchain investing. The current number of employees is eight, including executives, portfolio managers and sales and marketing people.

Hilbert Group currently operates from Sweden (Stockholm), UK (London), Malta (Valletta) and the Cayman Islands (George Town). The Company is managed by the CEO Niclas Sandström, and the Company’s largest owners are Magnus Holm, Niclas Sandström and Frode Foss-Skiftesvik.

Business model

General Information

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.

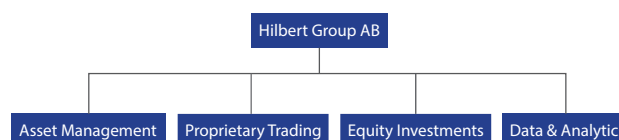


Fig. 7 Hilbert Group Verticals – Schematic Diagram

Digital assets/blockchain is a dynamic and nascent segment that is currently far from maturation, and the chosen verticals provide a broad exposure to different segments within digital assets/Blockchain. This setup enables flexibility in terms of navigating the uncertainty ahead – both in terms of the direction these technologies will take, but also the investment environment and the regulatory landscape. The Company possesses an international network that is already will facilitating forging business-enhancing partnerships, whether in terms of AUM-raising to any of the funds in the Asset Management vertical, deal flow generation in the Equity Investments vertical or strategic partnership in terms of Data & Analytics.

Asset Management

The headline objective of this vertical is to generate absolute- or relative returns by means of digital asset trading, including derivatives thereof. The Asset Management vertical offers a range of fund products and strive to deliver on the mandate set out in each fund's respective prospectus. Each fund employs a mix of systematic and discretionary trading. In particular, the funds that involve active management aim to outperform some of the applicable digital asset benchmarks over the longer term, be it on an absolute return basis or on a risk-adjusted basis.

The Asset Management vertical is operated as a traditional regulated fund business. 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. Central to the Asset Management business's success is distributions channels, and here the Company relies on:

- In-house sales/marketing capacity and the extensive internal international network of existing- and potential investors.
- A number of external and geographically diversified placement agents.
- Traditional distribution platforms.
- Note issuance.

30–50 percent of the net generated from Asset Management will be re-invested in the proprietary trading vertical.

Hedge fund products are lightly regulated as they only target accredited/sophisticated investors. Any accredited investor globally, except from sanctioned countries, can purchase a hedge fund product, provided they pass the conditions required by the fund administrator and the dedicated AML officers – see section 'Regulatory environment of digital assets' for more information on this.

Hilbert Group offers three funds that cater to a broad range of investor appetites.

- **Hilbert Digital Asset Fund (HDAF).** HDAF is an actively managed Altcoin focused fund which is predominantly algorithmically traded. It has been in operation for almost 3 years at the time of this writing.

The fund generates excess return over and beyond the underlying portfolio by means of volatility harvesting³¹/mean-reversion³². 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. As of the end of August 2021, the fund's strategy has returned a total net return of +616 percent since its inception in Jan 2019 (32 months) – amounting to a net of +106 percent on an annualised basis. 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. The fund is managed by the CIO, Magnus Holm. Below is shown the year-end evolution of assets under management for the Hilbert Digital Asset Fund.

Year	AUM (SEK million)
2019	9
2020	22
2021*	130

* As of 31st of Aug 2021

- **Hilbert Crypto Opportunities Fund (HCOF).** HCOF will be an actively managed VC flavoured fund with a broad mandate. The main focus of the 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 capital structure, 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-coins³³. The investment style will be a mix of traditional fundamental analysis and social media sentiment analysis³⁴. The fund will have two

³¹ In general, one can earn more than a buy-and-hold portfolio by volatility harvesting that same portfolio.

This is achieved by frequently rebalancing the underlying portfolio as the market evolves in a buy-low sell-high fashion -one can show that the extra return over the underlying portfolio is proportional to the square of the volatility of the underlying market and hence the more volatile the market the higher the gains due to the volatility harvesting.

³² Mean-reversion is the tendency of a market (or process) to move in the opposite direction when it has experienced a (large) move in either direction. For example, this means that the probability of a down-move is higher than 50 percent after an up-move over a given time period.

³³ A stable-coin is a special type of cryptocurrency that attempts to offer price stability either by being backed by a fiat reserve asset or subject to an algorithm that balances the circulating supply in order to achieve a stable price.

³⁴ Social media sentiment analysis (also called opinion mining) determines whether a user is talking about a company's product, service, or brand in a positive, negative, or neutral way. The process measures the general opinion expressed by the audience.

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 is scheduled to launch during the fourth quarter 2021. HCOF will be an absolute return fund and will be managed by Björn Isberg.

- **Hilbert Bitcoin+ Fund (HBF).** HBF will be an actively managed fund with the objective of providing more stable returns with less volatility than a pure Bitcoin investment. In particular, the HBF will outperform Bitcoin in bear markets. The ‘+’ in the name signifies that the fund is also allowed to trade a small basket of the largest and most liquid cryptocurrencies on top of Bitcoin. To achieve its investment objective, the fund will hold a cash component that will be volatility traded against the crypto assets in the basket. This fund will be a complement to the other two funds, and part of its purpose is to broaden Hilbert Group’s product range and offer investors a more defensive product with substantial upside potential across the business cycle. The fund will have one share class, 2 percent/20 percent and will be an absolute return fund. The target return will be around 30 percent per annum. HBF is scheduled to launch during the fourth quarter 2021. HBF will be managed by the CIO, Magnus Holm.

Proprietary Trading

By definition, proprietary trading means trading part of Hilbert Group’s own capital. Thus, this vertical will be responsible for a portion of Hilbert Group’s revenues unrelated to client work. 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. The proprietary trading vertical will receive inflows amounting

to 30-50 percent of net profits in the Asset Management vertical. Capital will only be added to the proprietary portfolio whenever a 2-year runway for the Company at the current burn rate is secured.

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. In general, the trading going on in the prop-book will be conducted on different venues compared to the client-driven asset management trading. Moreover, the holding period and frequency of trading will be different from that in the fund products. Material changes in the way the proprietary portfolio is managed will have to be signed off by the board of directors. This vertical will also use a small part of its capital to develop algorithms that may later be spun off as a fund product in their own right. The proprietary trading is managed by the CIO, Magnus Holm and the CEO, Niclas Sandström. This vertical will make its first investment shortly after listing on Nasdaq First North.

Equity Investment

The objective of the equity investment vertical is to generate strong capital appreciation and to provide asset class diversification. This vertical is also unrelated to client work. This vertical focuses on taking majority and minority stakes in blockchain-related companies, using Hilbert Group’s own capital. 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. This vertical employs a VC/private equity style of investing, and the holding periods will be longer than for the other investment-related verticals, typically 2 – 5 years. The revenue stream will mainly consist of capital appreciation of the underlying investment portfolio. In order to generate sufficient deal flow, the company uses a three-pronged approach:

- First of all, it will rely on its extensive international network. On many occasions, Hilbert Group will co-invest with partners in the network. The Company continuously pursues deals through all its channels.
- Second, opportunistically directly contacting companies with potential and offering to provide equity capital.
- Third, a critical component of the Company’s marketing strategy is to strengthen the Hilbert brand and increase the awareness of the Company as an

active equity investor in the blockchain space. The Company is already in a situation where projects reach out to Hilbert Group and ask for funding.

The first equity investment was a majority stake purchase in Pioneer Creator Ltd, a company that owns and operates Coin360.com and associated domains. The acquisition was completed in July 2021 and the purchase price amounted to USD 3 million. The acquisition was financed with the proceeds from the private placement by Hilbert Group of SEK 88 million (initially through a loan from Hilbert Group AB to HC Holding Limited). 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 acquisition of a majority stake in Coin360.com satisfied two important strategic objectives for Hilbert Group: a) it represents an equity investment that is expected to generate substantial revenue over time and b) it significantly strengthens the Data & Analytics vertical.

The business model for Coin360.com is partly SaaS (software as a service) and partly advertising/affiliates based. A tiered subscription service will be offered, which will cover the range from retail to institutional customers. Significant revenue is expected to be 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 (which is the company name after the change of name took effect on 1 September 2021) that owns all the IP of the website and associated domains and which was specifically set up for the purpose of the acquisition. The minority shareholder of the company is Rich Destiny International Ltd whose underlying owners Cointelegraph owns 20 percent and Chiron Partners owns 20 percent. Hilbert Group holds the remaining 60 percent of the shares. Hilbert Group has a majority of the votes on the board. Hilbert Group will receive revenue from Coin360.com in the form of dividend payments from Coin360.

In general, the annual budget for equity investments will be approved by the board and may vary from year to year, depending on the company's financial situation and the general market outlook.

Data & Analytics

Hilbert Group is a data and analysis driven company, and this vertical leverage off the data and analyses produced and consumed in the investment-related verticals of the Company. Essentially, the activity in this vertical is about re-packing proprietary information already present on the trading side of the Company and making it available to institutional and retail customers alike in a structured format. The planned products range includes providing analyses on: historical data, correlations, volatilities, returns, drawdowns, performance of bespoke portfolios etc.

The revenue streams come from a) tiered subscriptions, b) sale of research material, and c) adverts/affiliates. The primary objective is to attract as many subscribing users as possible to Hilbert Group's data/research portal by providing structured institutional-grade data, analytics and research. A large user base also helps strengthen the branding of Hilbert Group. Part of the strategy for this vertical is also to look to acquire websites with existing large user bases. The fact that Hilbert Group is an institution that actively trades digital asset markets on a daily basis differentiates the Company from most of the competition in this field and lend a higher degree of credibility.

Note on the Investment Process

Asset Management/Proprietary Trading

The investment processes adopted by Hilbert Group vary depending on the specific mandate and setup of each respective fund. In terms of the algorithmic trading components of Hilbert Group, those components are encoded in computer programs with direct market access. In general, regardless of the underlying strategy, mandate or method of trading (systematic/discretionary), the following steps are typically included:

- Research
- Determination of risk management strategy (active strategies)
- Investment Universe Determination
- Macro-Outlook Analysis
- Asset/Instrument Selection
- Execution

All trading is continuously supervised and assessed, and typically the investment universe is reviewed on a regular basis, at least monthly.

Equity Investment

Hilbert Group employs a traditional investment

process in equity investments - overlaid with the specialist knowledge that relates specifically to digital assets.

The headline steps of the investment process are listed below:

- Deal Origination
- Internal Review
- Due Diligence
- Deal Negotiation
- Deployment of Capital

As part of the above process, external resources will, from time to time, be consulted for formal or informal advice. Hilbert Group performs a risk assessment from both a financial, regulatory and reputational perspective. If the outcome of the analysis/due diligence is promising, a deal is structured together with the owner(s) of the target company, most likely involving financial and legal advisors. If the board approves, a formal offer is produced and executed upon.

Permits and authorizations

As described under the heading "*Regulatory environment of digital assets*" in section "*Market description*" above, the regulation of digital assets varies significantly among jurisdictions and is subject to rapid changes. As of the date of this Company Description, the Group is not subject to, and is not dependent on, any regulatory permits or similar pertinent to the Group's operations other than the registration of the collective investment fund referred to in the section hereof headed "*Regulatory environment of digital assets – Cayman Islands*".

Due to these rapid regulatory changes in the digital asset industry in which Hilbert Group and its subsidiaries are active, there could occur future requirements regarding registration, authorizations or permits for Hilbert Group or its subsidiaries.

Selected financial information

Hilbert Group in its current shape, as illustrated in the structure chart in the section Legal considerations and supplementary information below, was formed in 2021 when the current parent company, Hilbert Group AB, acquired HC Holding Limited (incorporated in Malta) with its wholly owned subsidiaries HC Advisors Limited (incorporated in Malta) and Hilbert Capital Limited (incorporated in the Cayman Islands).

The acquisition, whereby Hilbert Group AB became the parent company in the Hilbert Group, was made with payment in the form of newly issued shares which was finalized in September 2021. In conjunction with the acquisition, Hilbert Group AB raised MSEK 88 in a new issue of shares and warrants.

Hilbert Group AB was a dormant company which had not conducted any business from its formation to its acquisition of Hilbert Holding Limited including its subsidiaries.

This section presents selected financial information for Hilbert Group AB's subsidiary HC Holding Limited with its wholly owned subsidiaries HC

Advisors Limited and Hilbert Capital Limited from November 2018 when the operations started. The information has, unless otherwise stated, been taken from HC Holding Limited's audited Annual Report and Consolidated Financial Statements for the period from 19 November 2018 to 31 December 2019 and year ended 31 December 2020 and HC Holding Limited's unaudited interim report for the period 1 January – 30 June 2021.

The consolidated financial statements have been prepared in accordance with International Financial reporting Standards (IFRS) as adopted by the EU and in accordance with the requirements of the Maltese Companies Act.

Prior to the formation of Hilbert Group with Hilbert Group AB as the new parent company, HC Holding Limited and its wholly owned subsidiaries reported in USD and hence the financial information in this section is presented in USD. Following the completion of the new structure of the Hilbert Group with Hilbert Group AB as the parent company, Hilbert Group will report in SEK, starting with the interim report for the third quarter 2021.

Statement of comprehensive income

	Audited		Unaudited	
	01 January 2020 – 31 December 2020 US\$	19 November 2018 – 31 December 2019 US\$	01 January 2021 – 30 June 2021 US\$	01 January 2020 – 30 June 2020 US\$
Revenue	16,118	29,493	316,588	–
Administrative expenses	(96,829)	(168,433)	(75,705)	(30,984)
Exchange differences	(4,854)	(1,708)	(2,016)	(6,048)
Operating profit/loss for the year/period before tax	(85,565)	(140,648)	238,867	(37,036)
Other income	–	13,502	–	–
Profit/loss for the year/period before tax	(85,565)	(127,146)	238,867	(37,036)
Tax expense	–	(4,726)	–	–
Total comprehensive income for the year/period	(85,565)	(131,872)	238,867	(37,036)

Statement of financial position

	Audited		Unaudited	
	2020 US\$	2019 US\$	30 June 2020 US\$	30 June 2020 US\$
ASSETS				
Non-current assets				
Equipment	8,548	5,821	14,561	7,744
Intangible assets	369	–	805	156
Total non-current assets	8,980	5,821	15,366	7,900
Current assets				
Receivables	44,790	27,058	144,987	28,094
Cash and cash equivalents	277,291	135,574	419,656	204,438
Total current assets	322,081	162,632	564,643	232,532
Total assets	331,061	168,453	580,009	240,432
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	10,000	10,000	10,256	10,000
Capital contribution reserves	240,000	240,000	240,000	240,000
Accumulated profits/losses	(217,437)	(131,872)	62,218	(143,096)
Total equity	32,563	118,128	318,474	106,904
Current liabilities				
Other payables	293,772	45,599	256,809	128,802
Current tax liabilities	4,726	4,726	4,726	4,726
Total current liabilities	298,498	50,325	261,535	133,528
Total equity and liabilities	331,061	168,453	580,009	240,432

Comments on the financial development

This section presents comments on the financial development for Hilbert Group AB's subsidiary HC Holding Limited including its wholly owned subsidiaries HC Advisors Limited and Hilbert Capital Limited (referred to in this section as the "Group") for the following periods:

- the extended financial year 19 November 2018 (the date of the inception) – 31 December 2019 (referred to below as "2019");
- the six months period 1 January – 30 June 2020;
- the year ending 31 December 2020; and
- the six months period 1 January – 30 June 2021

Comparison between the financial years 2020 and 2019

Profit and Loss

The Group registered a cumulative loss of USD 217,437 over a two-year period since its inception in November 2018; a loss of USD 85,565 in 2020 and a loss of USD 131,872 in 2019, on a turnover of USD 16,118 (2019 – USD 29,493). This mainly due to administrative expenses arising over the course of the years incurred in the setting up of the Group; amounting to USD 96,829 in 2020 (2019 – USD 168,433); of which USD 37,153 (2019 – USD 71,039) represent professional fees and audit fees, amounting to 37 percent and 41 percent of total operating expenses respectively.

The Group's operating expenses decreased by USD 68,458 in 2020, an approximate 40 percent, of which USD 31,097 is due to a decrease in advisory fees of USD 15,410 and a decrease in travel expenses of USD 15,687, latter as a result of contained travel in 2020 due to Covid 19 restrictions, netted off by an increase in digital marketing of USD 13,364 as a result of the Group's investment in marketing efforts.

The Group reported revenue in 2020 of USD 16,118, a drop of USD 13,375 when compared to the USD 29,493 registered in 2019. The revenue and other income generated during the years was not sufficient to cover the operating expenses of the Group resulting in a loss for both years as indicated above. This was in line with management's expectations during the start-up phase of the Group.

Balance sheet

As of 31 December 2020, the total assets of the Group amounted to USD 331,061 (2019 – USD 168,453), whilst the total liabilities of the Group amounted to USD 298,498 (2019 -USD 50,325). The Group's working capital remained adequate, with the Group's current assets being sufficient to cover its current liabilities. The Group considered both its credit risk and liquidity risk to be deemed nonmaterial.

As of 31 December 2020, the total equity of the Group amounted to USD 32,563 (2019 – USD 118,128). No changes were made to the Group's capital (USD 10,000) and capital contribution reserve (USD 240,000) during the year; the movement in total equity is solely attributable to the loss incurred by the Group during the year of USD 85,558 as noted in the section Operating Results above.

Comparison between the first six months in 2020 and 2021

Profit and Loss

Revenue derived by the Group in the six-month period 1 January – 30 June 2021 amounts to USD 316,588 (2020 – USD nil). Following the deduction of administrative expenses arising over the course of period of USD 75,705 (2020 – USD 30,984), the Group registered an operating profit for the period of USD 240,883 (2020 – loss of USD 37,036); and a profit of USD 238,867 for the period after taking into account other finance cost of USD 2,016 (2020 – USD 4).

Balance sheet

As of 30 June 2021, the total assets of the Group amounted to USD 331,06 (2019 – USD 168,453), whilst the total liabilities of the Group amounted to USD 580,089 (2020 – USD 240,432). The Group's working capital remained adequate, with the Group's current assets being sufficient to cover its current liabilities. The Group considered both its credit risk and liquidity risk to be deemed nonmaterial.

The total assets include a loan from Hilbert Group AB in the amount of USD 200,000. The liabilities include a corresponding debt to Hilbert Group of USD 200,000. The loan was received for the acquisition of

Pioneer Creator Limited, see below under “Significant Events after 30 June 2021”.

As of 30 June 2021, the total equity of the Group amounted to USD 318,474 (2020 – USD 106,904). By virtue of a shareholders resolution dated 28 January 2021, the issued share capital of the Group was increased by an additional 256 shares of USD 1 each and amounts to USD 10,256 as of 30 June 2021 (30 June 2020 – USD 10,000). No changes were made to the Group’s capital contribution reserve of USD 240,000 during the year; other than for the increase in share capital, the movement in total equity is solely attributable to the profit incurred by the Group during the period of USD 238,867 as noted in the section Profit and Loss above.

Significant events after 30 June 2021

On 20 July 2021, the Group entered into a Sales & Purchase agreement and acquired 60% of the entire share capital of Pioneer Creator Limited, an entity incorporated in the British Virgin Islands for a total consideration of USD 3 million. In addition, the Group has provided a monetary contribution of USD 200,000 to Pioneer Creator Ltd.

The acquisition was financed with a loan of in total USD 3.2 million from Hilbert Group AB, which later acquired HC Holding Limited and became the parent company of Hilbert Group.

On 26 August 2021 it was resolved to change the name of Pioneer Creator Limited to Coin360 Global Limited.

Capitalization and indebtedness

Capitalization and indebtedness

The table below shows the effect on net indebtedness of the formation of Hilbert Group through Hilbert Group's acquisition of HC Holding Limited (including its subsidiaries) and the simultaneous private placement by Hilbert Group AB of MSEK 88.

The table should be read together with the sections Selected financial information, Comments on the financial development and the financial statements incorporated in this Company Description by reference.

The first column in the table below shows HC Holding Limited's financial indebtedness and liquidity as of 30 June 2021. The table is based on HC Holding's interim report for the first six months 2021.

The second column shows the amounts of the first column in SEK based on an exchange rate of USD 1 = SEK 8,5103 (the Swedish Central Bank's exchange rate as of 30 June 2021). Hilbert Group AB will report in SEK going forward.

The third column shows certain adjustments with the purpose to illustrate the effects of Hilbert Group's private placement of 88 MSEK in conjunction with Hilbert Group's acquisition of HC Holding Limited including its subsidiaries. The adjustments are as follows:

- The purchase price of SEK 25,530,900 (USD 3 million) for Coin360 Global Limited has been deducted from the MSEK 88.
- The loan of SEK 1,702,060 (USD 200,000) from Hilbert Group AB to HC Holding Limited for the acquisition of Coin360 Global Limited has been deducted from the MSEK 88.
- The loan amount USD 200,000 has been deducted from "Other current financial debt".
- Estimated total costs of SEK 3 million for the formation of Hilbert Group and the Listing on Nasdaq First North have been added to Other current financial debt.

The fourth column shows Hilbert Group's net indebtedness pro forma as of 30 June 2021. Following the acquisition of Coin360 Global Limited and with deduction of MSEK 3 for the formation of Hilbert Group and the Listing, Hilbert Group has a net of approx. MSEK 62 in cash and receivables.

Working capital statement

The Company believes that the existing working capital is sufficient to meet the Company's working capital and capital expenditure needs for at least the next twelve months as of the date of the Company Description.

Net indebtedness and use of proceeds from private placement

	30 June 2021 USD	30 June 2021 SEK	Adjustments regarding Private Placement SEK	Hilbert Group Post adjustments SEK
A – Cash	419,656	3,571,398	+60,757,040	64,338,438
B – Cash equivalents	–	–	–	–
C – Trading securities	–	–	–	–
D – Total liquidity (A+B+C)	419,656	3,571,398	+60,757,040	64,338,438
E – Current financial receivables	144,987	1,233,833	–	1,233,883
F – Current bank debt	–	–	–	–
G – Current part of non-current debt	–	–	–	–
H – Other current financial debt	256,809	2,185,222	-1,702,060 + 3,000,000	3,483,462
I – Current financial debt (F+G+H)	256,809	2,185,222	-1,702,060 + 3,000,000	3,483,462
J – Net current financial indebtedness (I-E-D)	-307,834	-2,619,760	–	–
K – Non current bank loans	–	–	–	–
L – Bonds issued	–	–	–	–
M – Other non-current debt	–	–	–	–
N – Non-current financial indebtedness (K+L+M)	–	–	–	–
O – Net financial indebtedness (J+N)	-307,834	-2,619,760	–	-62,088,859

Board of Directors, executive management and auditor

According to the Company's articles of associations, the Board of Directors of the Company shall consist of at least three (3) and no more than eight (8) Board members and no deputy Board members. Hilbert Group's Board of Directors consists of three (3) Board members, including the Chairman of the Board, elected for the period until the Annual General Meeting 2022. The Board members and the executive management of the Company are presented below.

Board of directors

Name	Independent in relation to The Company and senior management	Major shareholders
Erik Nerpin <i>Chairman of the Board</i>	Yes	Yes
Frode Foss-Skiftesvik <i>Board member</i>	Yes	No
David Butler <i>Board member</i>	Yes	Yes

Below is a description of the Board members' position, education, background, current assignments, previous assignments during the last five years and holdings in the Company. Assignments in subsidiaries in the Group has been excluded.

Erik Nerpin

Chairman of the board since 2021.

Education/background: Erik Nerpin holds a Master of Law LL.M from Uppsala University and Boston University. Lawyer and founder of the law firm Nerpin AB. Specialized in corporate finance, corporate governance, and stock exchange matters.

Current assignments: Erik is currently Chairman of the Board of Wicket Gaming AB, Blasieholmen Investment Group Equity AB, Blasieholmen Investment Group Seed AB, Diamyd Medical AB, and Kancera AB. Member of the Board of Advokatfirman Nerpin AB, Effnetplattformen Holding AB, Blasieholmen Investment Group AB, Ittot AB, EffNet AB, Naihsadrak AB, Identity Devices Sweden Holding AB, Opserc AB, Sallisac AB and Kancera Förvaltning AB.

Previous assignment (last five years): Chairman of the Board of Pila Pharma AB. Member of the Board of Freemelt Holding AB, Klaria AB, Effnetplattformen

AB, Frill Holding AB (publ), Axolot Solutions Holding AB, Aligera AB, Nicoccino Holding AB, Hitech & Development Wireless Sweden Holding AB, Klaria Pharma Holding AB, Svenska Aerogel Holding AB, Otirol Art AB, Karessa Pharma Holding AB, Nenarg AB, Karessa Pharma AB, ISR Immune System Regulation Holding AB, Hudya AB, Divio Holding AB, GoldBlue AB (publ), CasinoWilds Holding AB, Axxonen Holding AB and NORD Nordic Retail & Distribution Holding AB.

Holdings in the Company: 1,700,000 B-shares.

Frode Foss-Skiftesvik

Member of the board since 2021 (Member of the Board of Hilbert Capital Ltd since 2018).

Education/background: Frode holds an MBA from Thunderbird School of Global Management and a BA in Business Organisation from Heriot-Watt University.

Current assignments: CChairman of the Board and CEO of QCG Capital Ltd and Fitzroy Capital Ltd. Member of the Board of QCG General Partner S.A.R.L., Fitzroy Trading Ltd, Fitzroy Norge AS, LRD Latchi Regeneration and Development Ltd, LCFS Properties Ltd, REGN Datacenters AS, Sogn Datacenter AS, GenKap Limited, Hilbert Capital Ltd and Gulen Invest AS.

Previous assignment (last five years): Member of the Board of Tue Eiendom AS, Gimle Eiendom AS, Finisterre Holdings Ltd, Finisterre Malta Ltd and Finisterre Capital LLP.

Holdings in the Company: 5,022,099 shares (3,264,800 A-shares and 1,757,299 B-shares) through companies.

David Butler

Member of the board since 2021 (Member of the Board of Hilbert Capital Ltd, HC Holding Limited and HC Advisors Limited since 2018).

Education/background: : David is Chartered Accountant, Australia & New Zealand (CAANZ). David has been the leading advisor to the boutique fund management community in London, and well known globally for his services to the industry, since 1997. In 2013 he retired from Kinetic Partners, which he founded, and which provided risk management, au-

dit, regulatory, tax, forensic, insolvency and consulting services from eight locations globally.

Current assignments: Member of the Board and founder of Green Day Advisors (Malta) Limited and Green Day Advisors Limited. Member of the Board of Alanda Capital Holdings Ltd, Alanda Cap Man (Malta) Ltd, Andurand Capital Management Ltd, Apex Corp. & Adv. (Malta) Ltd, Dominion FS Malta Ltd, East One Alpha Fund, East Values Fund, FMG (Malta) Limited, Falcon Money Management Holding Ltd, Falcon Money Management (Malta) Ltd, Galbraith's SS (Malta) Ltd, Galbraith's Overseas Holding Ltd, Galbraith's Ltd, HC Holding Limited, HC Advisors Limited, Hilbert Capital Ltd, Hilbert Digital Asset Fund, Heptagon Capital Limited, Hellas Chartering Ltd, J.Stern & Co (Holdings) Ltd, J. Stern & Co. Ltd, King's Court Capital Fund, Level E Capital, SICAV Plc, Mesa Fund SA SICAV, Noster Capital Holdings Ltd, Noster Capital Management Ltd, Noster Alpha Constant Fund, Scipion Capital (UK) Ltd, Scipion African Opp Fund, Scipion Active Impact Fund, Star Rights Ltd, Throgmorton UK Limited, Vitesse Capital Limited and Vitesse Holdings Limited.

Previous assignment (last five years): Member of the Board of ACPI Inv. Ltd, Andurand CSL, Apex FS Holding, Apex FS Malta, Dominion FS Switzerland, Malta Cap Man, Melidon Cap Management, Melidon Asset Management, Melidon Services, Novus Titan Holdings, Novus Titan Tech and Novus Titan Ltd.

Holdings in the Company: –

Executive management

Presented below is the executive management of the Company.

Name	Position	Year of appointment
Niclas Sandström	CEO*	2021
Sylvana Sciberras	CFO*	2021

* Employed in HC Advisors Limited

Niclas Sandström

CEO of Hilbert Group since 2021 (CEO of subsidiaries in Hilbert Group since 2018)*

Education/background: Niclas Sandström holds a Ph.D. degree in Theoretical Physics from Chalmers University of Technology. Niclas has 17 years of experience from financial markets. Previous positions include senior roles as a risk manager and quantitative analyst for various investment banks/hedge funds such as Credit Suisse, Barclays Capital and Finisterre Capital.

Current assignments: Member of the Board of Hil-

* Employed in HC Advisors Limited

bert Capital Ltd, Hilbert Digital Asset Fund, Hydro Fusion Ltd.

Previous assignment (last five years): Front office market risk quant and senior risk manager with Finisterre Capital (hedge fund in London specializing in emerging markets trading).

Holdings in the Company: 7,967,534 shares (1,180,250 A-shares and 6,787,284 B-shares) through companies.

Sylvana Sciberras

CFO of Hilbert Group since 2021*

Education/background: Sylvana Sciberras holds a Bachelor of Accountancy and Bachelor of Commerce from University of Malta. Sylvana has previous experience as Head of Finance, General Manager and Compliance Officer at Finisterre Malta Ltd.

Current assignments: –

Previous assignment (last five years): Head of Finance, General Manager and Compliance Officer at Finisterre Malta Ltd.

Holdings in the Company: –

Other information about the Board of Directors and executive management

General information

There are no family ties between any member of the Board of Directors or the executive management. There are no conflicts of interest or potential conflicts of interest between the undertakings of the Board of Directors and the executive management in relation to the Company's and the respective private interests of the Board members and members of the executive management and/or other undertakings (however, several of the members of the Board of Directors and the executive management will have certain financial interests in the Company due to their direct or indirect shareholding in the Company). None of the Board members are entitled to any benefits in conjunction with the termination of an assignment as a Board member.

Erik Nerpin was member of the Board of Nenarg AB when the company resolved on voluntary liquidation. David Butler was member of the Board of Novus Titan Holdings, Novus Titan Tech and Novus Titan Ltd when the companies resolved on voluntary liquidation.

Other than described above, none of the Board members or the executive officers has over the last five years (i) been convicted of fraud or other financial crime-related cases, (ii) represented a company that has been declared bankrupt or has applied for

* Employed in HC Advisors Limited

compulsory liquidation, (iii) been subject of sanctions or accused by authorities or bodies acting for particular professional groups under public law, or (iv) been subject to injunctions against carrying on business.

All members of the board and the members of the executive management are available through Hilbert Group's office in Stockholm at Birger Jarlsgatan 2, mail address Mailbox 545, 114 11 Stockholm.

Remuneration to the CEO

The CEO has a salary of EUR 120,000 per year. Further, the Board may resolve on a discretionary bonus on an annual basis for the CEO which will be determined on the basis of the Company's and the CEO's performance. In case of resignation, the employment agreement can be terminated by the CEO subject to a notice period of three months. In case of redundancy, the employment agreement can be terminated by the Company subject to a notice period of three months.

Auditor

The Company's auditor is PricewaterhouseCoopers AB with Johan Engstam as auditor in charge. Johan Engstam is an authorised public accountant and member of FAR (the Swedish trade organisation for accounting consultants, auditors and advisors). PricewaterhouseCoopers AB and Johan Engstam can be contacted via PricewaterhouseCoopers AB, 113 97 Stockholm.

Corporate governance

Corporate law, corporate governance rules and codes

Hilbert Group is a public limited liability company that is regulated by Swedish corporate law, foremost by the Swedish Companies Act (*Sw. aktiebolagslagen (2005:551)*). The Company follows the rules and recommendations that apply to companies with shares listed on Nasdaq First North. In addition to legislation, rules and recommendations, the articles of association form the basis for the governance of the Company's operations. The articles of associations of the Company can be found in their entirety in the section "*Articles of association*".

Following the Listing on Nasdaq First North, the Company will not be required to comply with the corporate governance rules of the Swedish Corporate Governance Code (*Sw. Svensk kod för bolagsstyrning*). This is due to the fact that Nasdaq First North is not considered to be a regulated market.

Nasdaq First North is an alternative market operated by the different exchanges within Nasdaq. It does not have the legal status as an EU-regulated market. Companies at Nasdaq First North are subject to the rules of Nasdaq First North and not the legal requirements for admission to trading on a regulated market.

General meetings

In accordance with the Swedish Companies Act, the general meetings of the shareholders are the highest decision-making body of the Company. At the general meetings, the shareholders exercise their voting rights on key issues, including inter alia decisions regarding adoption of income statements and balance sheets, allocation of the Company's results, discharge from liability for the Board of Directors and the CEO, the election of directors of the Board and auditor and remuneration to the Board of Directors and auditor. The Company must hold an Annual General Meeting within six months of its financial year-end. Resolutions are passed by the appropriate majority at a properly convened meeting.

A general meeting shall be called by at least such minimum notice as is required or permitted by the Swedish Companies Act. All shareholders who are directly registered in the share register, maintained by Euroclear Sweden AB in accordance with the Swedish Companies Act, and have notified the

Company of their intention to participate (including any assistants) at the general meeting, no later than on the date stated in the notice of the general meeting, have the right to attend the general meeting and vote for the number of shares they hold. Shareholders may attend the general meeting in person or by proxy. Shareholders can normally register for the general meetings in several different ways, as stated in the notice of the general meeting. The Company may give such notice by any means or combination of means permitted by the Swedish Companies Act.

Shareholders who wish to have a matter addressed at the general meeting must submit a written request to the Board of Directors. The Board of Directors must normally have received the request no later than seven weeks before the general meeting.

Board of Directors

The Board of Directors is the highest decision-making body following the general meeting and the Company's highest executive body. In accordance with the Swedish Companies Act, the Board is responsible for the management and organisation of the Company, which means that the Board is responsible for, among other tasks, establishing goals and strategies, ensuring that procedures and systems are in place for the evaluation of decided goals, continuously evaluating the Company's financial position and result, and evaluating the executive management. The Board is also responsible for ensuring that the annual report, consolidated financial statements of the Group and interim reports are prepared on time. The Board also appoints the CEO. The directors of the Board are elected every year at the annual general meeting for the period until the end of the next Annual General Meeting. According to the Company's articles of association, the Board of Directors, insofar as it is elected by the general meeting, shall consist of at least three (3) and no more than eight (8) Board members and no deputy Board members.

The Chairman of the Board is elected by the general meeting and has a specific responsibility to lead the Board of Directors' work and shall ensure that the work is well organised and carried out efficiently. The Board of Directors follows written rules of procedure, which are revised annually and adopted by the inaugural meeting with the Board of

Directors every year. Among other matters, the rules of procedure stipulate practices of the Board of Directors, functions and the division of work between the directors of the Board and the CEO and the established committees. In connection with the inaugural meeting with the Board of Directors, the Board of Directors also establishes instructions for the financial reporting and the CEO.

The Board of Directors holds meetings according to an annual schedule established in advance. In addition to these meetings, additional meetings can be convened to address issues that cannot be postponed until the next scheduled meeting. In addition to the Board meetings, the Chairman of the Board and the CEO continuously discuss the management of the Company. The Board of Directors of the Company currently consists of three (3) directors elected until the end of the Annual General Meeting in 2022. The members of the Board are presented in greater detail in the section "*Board of Directors, executive management and auditor*".

Chief Executive Officer

The CEO is appointed by the Board and has the primary responsibility for the day-to-day management of the Company and the daily operations. The division of work between the Board and the CEO is set forth in the rules of procedure for the Board and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from the executive management for the meetings with the Board of Directors and for presenting such materials at the meetings. According to the instructions for financial reporting, the CEO is responsible for the financial reporting of the Company and shall, accordingly, ensure that the Board of Directors receives adequate information to enable the Board of Directors to continuously assess the Company's financial position.

The CEO must continuously keep the Board of Directors informed of the development of the Company's operations, the amount of sales, the Company's financial position and result, the liquidity and credit situation, important business events and other circumstances that cannot be presumed to have an insignificant importance to the Company's shareholders for the Board of Directors to be aware of (such as material disputes, cancellation of agreements that are important to the Company and significant circumstances concerning the Company's facilities). The CEO and other senior executives are presented in greater detail in the section "*Board of Directors, executive management and auditor*".

Share capital and ownership

Share capital

According to the Company's articles of association, the share capital may not be less than SEK 2,000,000 and not exceed SEK 8,000,000, and the number of shares may not be less than 40,000,000 and not exceed 160,000,000. Shares may be issued in two classes, A-shares with ten votes per share and B-shares with one vote per share. Shares of both classes may each be issued to an amount corresponding to the entire share capital.

At the date of this Company Description, the Company's share capital amounts to SEK 2,440,000, and there is a total of 48,800,000 issued and outstanding shares - 8,500,000 A-shares and 40,300,000 B-shares. The shares are denomi-

nated in SEK and each share has quotient value of SEK 0.05.

The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable.

The B-shares will be traded on Nasdaq First North under the ticker HILB B with ISIN code SE0016278154.

Certain rights associated with the shares

The rights associated with the shares issued by the Company, including those pursuant to the articles of association, may only be amended in accordance with the procedures stated in the Swedish Companies Act.

Share capital development

The table below shows the changes in the share capital of the Company from formation to the date of this Company Description.

Event	Change in share capital (SEK)	Acc. share capital (SEK)	Change in number of shares	Acc.number of shares	Issue price (SEK)	Nominal value (SEK)
Formation (2017)	+ 50 000	50 000	+ 50 000	50 000	1	1
Split (2017)	–	50 000	+ 950 000	1 000 000	–	0.05
Creation of A-/B-shares (2021)	–	50 000	–	1 000 000 B	–	0.05
Reorganizing for listing (2021)	500 000	550 000	+ 10 000 000 B	11 000 000 B	0.05	0.05
Issue in kind (2021)	+ 1 450 000	2 000 000	+ 8 500 000 A	8 500 000 A	0.10	0.05
			+ 20 500 000 B	31 500 000 B		
Private Placement (2021)	300 000	2 300 000	+ 6 000 000 B	8 500 000 A	10 ³⁵	0.05
				37 500 000 B		

³⁵ The Private Placement was made in the form of units. One unit included one B-share and one warrant (refer to the section below with heading "Warrants"). The issue price for one unit was SEK 10.

Ownership structure

Top 10 shareholders	Number of A-shares	Number of B-shares	% of shares	Number of votes	% of votes
Magnus Holm (through companies)	1,684,300	8,125,220	20.1	24,968,220	19.9
Niclas Sandström (through companies)	1,180,250	6,787,284	16.3	18,589,784	14.8
Frode Foss-Skiftesvik (through companies)	3,264,800	1,757,299	10.3	34,405,299	27.5
Björn Isberg	850,000	2,256,259	6.4	10,756,259	8.6
Derivat Invest AS	850,000	2,256,259	6.4	10,756,259	8.6
Red Acre Holdings Ltd	---	2,022,000	4.1	2,022,000	1.6
Erik Nerpin	---	1,700,000	3.5	1,700,000	1.4
Hans-Peter Bermin	419,050	1,112,335	3.1	5,302,835	4.2
Nordica Life, Ltd (for customers)	---	1,400,000	2.9	1,400,000	1.1
Thierry Pudet	207,400	550,522	1.6	2,624,522	2.1
Sum top 10	8,455,800	27,967,178	74.6	112,525,178	89.8
Other	44,200	12,332,822	25.4	12,774,822	10.2
Grand total	8,500,000	40,300,000	100	125,300,000	100

Voting rights

Shares can be issued in two series, A-shares with ten votes per share and B-shares with one vote per share. Shares of both series may each be issued to an amount corresponding to the entire share capital. All shares have equal rights to the company's profits.

Preferential rights to new shares

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Dividends and dividend policy

As of the date of the Company Description, Hilbert Group has not paid any dividends and the Company's Board of Directors has not adopted a dividend policy. Resolutions regarding dividends are made by the general meeting of shareholders and dividends are paid through Euroclear Sweden. All shareholders who are registered in the share register maintained by Euroclear Sweden on the record date determined by the general meeting of shareholders are entitled to receive dividends. Dividends are normally paid as a cash amount per share, although they may also be paid in a form other than cash (in-kind dividend). Dividends may only be paid in an amount that ensures there is full coverage for the Company's restricted equity after the dividend is paid and provided that the dividend appears to be justifiable taking into account (i) the demands placed on the size of the Company's equity due to the type of business conducted, its scope and risks, and (ii) the Company and the Group's consolidation needs, liquidity and position in general. As a general rule, the shareholders are not permitted to decide on dividends in an amount larger than that proposed or approved by the Board of Directors. The right to dividends applies to shareholders who are registered as shareholders in the share register maintained by Euroclear Sweden on the record date for dividends decided by the general meeting of shareholders. Should a shareholder not be reached through Euroclear Sweden, the shareholder will continue to have a claim against the Company concerning the dividend amount, and this is only limited by rules concerning a ten-year statute of limitation. After the period of limitation, the dividend amount accrues to the Company. Neither the Swedish Companies Act nor the Company's articles of association contain any restrictions regarding the right to dividends for shareholders outside Sweden. Apart from the

restrictions pursuant to banking and clearing systems, payments to such shareholders are made in the same manner as those made to shareholders domiciled in Sweden. Shareholders who are not subject to taxation in Sweden are normally subject to Swedish withholding tax.

Central securities depository

The Company's shares are issued in dematerialised form through the services of Euroclear Sweden, P.O. Box 191, 101 23 Stockholm, Sweden. In accordance with the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument), Euroclear is the central securities depository and clearing organisation for the shares. Accordingly, no share certificates have been issued, and any share transfers are made electronically. All shares are fully paid and denominated in the currency SEK. The ISIN code for the Company's B-shares is SE0016278154.

Warrants to investors

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

The warrants were issued in the Private Placement whereby Hilbert Group raised MSEK 88. The Private Placement was made in the form of units. One unit included one B-share and one warrant. The issue price for one unit was SEK 10.

The warrants will be listed on Nasdaq First North. The ISIN code for the warrants is SE0016798300.

If all the warrants are exercised the share capital will increase by SEK 535,000 through the issuance of 10,700,000 new B-shares. Given the current number of issued and outstanding shares (48,800,000), that would mean a dilution of 21.9 percent of the share capital and 8.5 percent of the voting rights in the Company (calculated as the number of new shares/votes divided by the current number of shares/votes).

Warrants to employees

Hilbert Group has 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 Company. The exercise price is SEK 15. The

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

If all the warrants are exercised the share capital will increase 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 of the share capital and 0.8 percent of the voting rights in the Company (calculated as the number of new shares/ votes divided by the current number of shares/votes).

Hilbert Group has not issued any other warrants, convertibles or other equity-linked instruments.

Authorization to issue new shares

On 11 July 2021 an Extraordinary General Meeting resolved to authorize the Board of Directors to, at one or more occasions prior to the next Annual General Meeting, and with or without preferential rights for the shareholders, resolve to issue new B-shares. The maximum number of B-shares that may be issued based upon the authorization is twenty percent of the outstanding number of shares the first day of trading of the B-shares on Nasdaq First North.

The purpose of the authorization, as well as the reasons for the mandate to deviate from the shareholders' preferential rights, is to enable the Company to carry out acquisitions and raise working capital. The authorization entails a right for the Board of Directors to resolve that payment shall be made with cash, through set-off or by payment in kind.

Commitment regarding lock-up

Board members, senior executives and major shareholders in the Company have entered into lock-up agreements, comprising approximately 65 percent of the total number of shares in Hilbert Group for a period of six months from the first day of trading on Nasdaq First North.

Shareholders' agreements

The Board of Directors is not aware of any shareholders' agreements or similar agreements that could lead to a change of control of the Company.

Articles of Association

Hilbert Group AB (publ)
Company number 559105-2948

ARTICLES OF ASSOCIATION

Adopted at the extraordinary general meeting on 17 September 2021

- § 1 The company's name is Hilbert Group AB (publ).
- § 2 The Board of Directors shall have its registered office in the city of Stockholm.
- § 3 The company shall, directly or through wholly owned or partly owned companies, invest in and carry out business development regarding crypto currencies, blockchain technologies, securities, and operations compatible herewith.
- § 4 The share capital shall amount to at least SEK 2,000,000 and not more than SEK 8,000,000.
The number of shares shall amount to at least 40,000,000 and not more than 160,000,000.
Shares can be issued in two series, A-shares with ten votes per share and B-shares with one vote per share. Shares of both series may each be issued to an amount corresponding to the entire share capital.
All shares have equal rights to the company's profits.
- § 5 Should the company decide to issue new shares, for cash or set-off consideration, of several series shall holders of A-shares and B-shares have preferential rights to subscribe for new shares of the same class of shares pro rata to the number of shares already held (primary preferential right). Shares which are not subscribed for on the basis of primary preferential rights shall be offered for subscription to all shareholders (subsidiary preferential right). If the number of shares offered in this manner is insufficient for subscription based on subsidiary preferential rights, the shares are to be allotted pro rata to the number of shares already held and, insofar as this is not possible, by lottery.
Should the company decide to issue new shares, for cash or set-off consideration, of only B-shares shall all shareholders, irrespective of whether their shares are A-shares or B-

shares have preferential rights to subscribe for new shares in pro rata to the number of shares already held. Issue, for cash or set-off consideration, of only A-shares shall not take place.

Should the company decide to, by way of a cash issue or set-off, issue warrants or convertible instruments of debt shareholders are to have preferential rights to the subscription of warrants on the same basis as that for the newly issued shares resulting from the option or have preferential rights to the subscription of convertible instruments of debt on the same basis as that for the shares that will be exchanged for the convertibles.

The aforementioned stipulation is not to constitute any restriction on the possibility to make a resolution to resolve on a new issue of shares to issue new shares, for cash or set-off consideration, with derogation from the shareholders' preferential rights.

Should the share capital be increased by way of a bonus issue shall new A-shares and B-shares be issued so that the relationship between the number of already existing shares of these series is maintained. In such cases, shares of a specific series carry entitlement to new shares of the same series.

The aforementioned stipulation is not to constitute any restriction on the possibility, following the requisite amendment in the Articles of Association, to issue shares of a new series through a bonus issue.

A-shares shall, upon request by the owner of such shares, be converted to B-shares. The conversion request, must be submitted in writing to the Board of Directors and it must state the number of A-shares that are to be converted to B-shares and, if the request does not apply to the entire holding, which A-shares the conversion pertains to.

The company must immediately notify the Swedish Companies Registration Office so that the conversion can be registered in the Register of Companies. The conversion is completed once registration has occurred and is recorded in the CSD register.

- § 6 The Board of Directors shall be comprised of at least three (3) and at most eight (8) members, not including deputies.

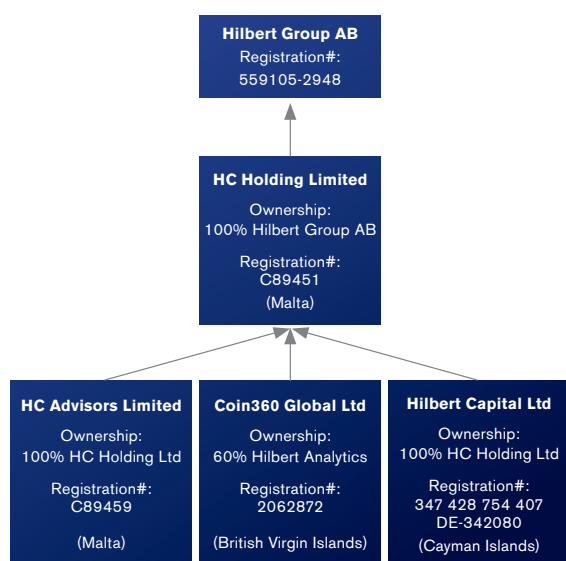
- § 7 The company shall have one or two auditors with or without deputy auditor(s) or one registered audit firm.
- § 8 Notice of a general meeting of shareholders shall be published in Post och Inrikes Tidningar (the Official Swedish Gazette) as well as on the company's website. The fact that notice has been published shall be advertised in Svenska Dagbladet newspaper.
- Notices of annual general meetings and of extraordinary general meetings at which matters concerning amendments of the Articles of Association will be dealt with shall be issued not earlier than six weeks and not later than four weeks prior to the meeting. For notices of other extraordinary general meetings, the notice shall be issued not earlier than six weeks and not later than two weeks prior to the meeting.
- Shareholders who wish to participate in a general meeting must be included in a printout or other presentation of the entire share register on the record date for the general meeting which is determined in accordance with the Swedish Companies Act and notify the company of the intention to attend the meeting no later than the day stipulated in the notice of the meeting. The latter day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and neither may it be a day that is less than five working days prior to the general meeting.
- § 9 The calendar year shall be the company's fiscal year.
- § 10 The annual general meeting shall be held within six months after the end of the fiscal year.
- The following matters shall be dealt with at the annual general meeting:
1. Election of Chairman of the Meeting
 2. Preparation and approval of voting list
 3. Approval of the agenda
 4. Election of one or two persons to verify the minutes
 5. Determination of whether the Meeting has been duly convened
 6. Presentation of the annual accounts and the auditors' report and, where applicable, the consolidated financial statements and the auditors' report for the group
 7. Decisions
 - a) on adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet
 - b) on allocation of the company's profit or loss according to the adopted balance sheet
 - c) on the discharge from liability for Board members and the Managing Director
 8. Determination of remuneration for Board members and auditors
 9. Election of Board of Directors and auditor, as well as any deputy auditor(s)
 10. Other matters to be addressed at the Meeting in accordance with the Swedish Companies Act or the articles of association.
- § 11 The company's shares shall be registered in a CSD register in accordance with the the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479).

Legal considerations and supplementary information

Legal group structure

Hilbert Group AB (publ), Reg. No. 559105-2948, is a public limited liability company founded on 13 March 2017 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 20 March 2017. The Company operates in accordance with the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*), and the board has its registered office in Stockholm, Sweden.

Hilbert Group AB (publ) was dormant from the formation 2017 to July 2021 when Hilbert Group AB (publ) acquired HC Holdings Ltd including HC Holding Ltd's subsidiaries. Following the acquisition Hilbert Group AB (publ) is the parent company in a group with four direct or indirect subsidiaries. This is illustrated in the structure chart below.



Material agreements

Below is a summary of the material agreements that Hilbert Group has entered into and other agreements that has been entered into and that contains any right or obligation that is material for the Company, except for such agreements that have been entered into as part of the day-to-day business.

Management agreement

A management agreement has been entered into on

1 January 2019 between Hilbert Capital Ltd and Hilbert Digital Asset Fund (the "Digital Asset Fund"), whereunder Hilbert Capital Ltd renders investment management services to the Digital Asset Fund, including identifying, analyzing, making and managing the Digital Asset Fund's investments. In consideration for its services under the management agreement, Hilbert Capital Ltd receives a management fee and a performance fee. The performance fee is paid quarterly, and the management fee is paid monthly, in each case in arrears. For more information about the Digital Asset Fund, see the heading "Asset Management" in the section "Business Model". Either party may terminate the agreement at any time by giving 60 days written notice.ce.

Share purchase agreement

On 20 July 2021, a share purchase agreement was entered into between the Company's wholly owned subsidiary HC Holding Ltd and Rich Destiny International Ltd (the "Parties") regarding the purchase of 60 percent of all outstanding shares in Pioneer Creator Ltd, a company incorporated in the British Virgin Islands, for a total consideration of USD 3 million. Pioneer Creator Ltd owns and operates Coin360.com and associated domains. For more information about Coin360, please see the heading "Equity Investment" under the section "Business Description". The Parties have thereto entered into a shareholders' agreement governing the Parties' joint ownership of the company. Following the terms of the shareholders' agreement, HC Holding Ltd has provided a monetary contribution of USD 200,000 to Pioneer Creator Ltd designated to cover initial business and operational costs and expenses of the company.

Intellectual properties

Hilbert Group is not critically dependent on any intellectual property to conduct its business.

Disputes

Hilbert Group has not been party to any legal proceedings or arbitration proceedings (including any unsettled cases or any cases that the Company knows may arise) during the past twelve months that

have had, or could have, a material impact on the Company's financial position or profitability.

Transactions with related parties

Except as described below, there are no transactions between the Company and related parties. All transactions with related parties have been carried out at arm's length.

Management agreement

On 1 January 2019, Hilbert Capital Ltd and the Hilbert Digital Asset Fund entered into a management agreement. Hilbert Capital Ltd receives payment for its services rendered under the management agreement. From 1 January 2019 until the 30 June 2021, Hilbert Capital Ltd has received MSEK 3.1 in fees under the agreement. The Company's CEO and shareholder Niclas Sandström and Board member and shareholder Frode Foss-Skiftesvik are currently Board members of Hilbert Digital Asset Fund. For more information about the management agreement, please refer to the heading "*Material agreements*" above.

Certified Adviser and advisers

Eminova Fondkommission AB, telephone number +46 8 684 211 00, acts as the Company's Certified Adviser. Eminova Fondkommission AB does not own any shares in the Company.

Törngren Magnell & Partners Advokatfirma KB are legal advisers to the Company in connection with the Listing.

Törngren Magnell & Partners Advokatfirma KB receives compensation on approved invoices for services rendered in connection with the Listing. Apart from what has been described above, Eminova Fondkommission AB and Törngren Magnell & Partners Advokatfirma KB have no financial or other interests in connection with the Listing.

All information in the Company Description derives from Hilbert Group. Törngren Magnell & Partners Advokatfirma KB disclaim all responsibility in relation to the existing and future shareholders in the Company and regarding any other direct or indirect financial consequences as a result of an investment or other decisions that are wholly or partly based on information in the Company Description. Törngren Magnell & Partners Advokatfirma KB, LWA Legal AB, Ganado Advocates and Dillon-Eustace has performed due diligence of Hilbert Group in connection with the Listing.

Documents incorporated by reference

The documents below are incorporated by reference

and constitute a part of the Company Description and shall be read as a part thereof.

- Hilbert Group AB's Annual Report for 2020
- HC Holding Limited's Annual Report and Consolidated Financial Statements for the period from 19 November 2018 to 31 December 2019 and year ended 31 December 2020:
 - Page 9 (Statements of financial position – balance sheet);
 - Page 10 (Statements of comprehensive income – income statement);
 - Pages 13–21 (Notes to the financial statements);
 - Pages 4–8 (The Auditor's report).
- HC Holding Limited's unaudited Report and Consolidated Financial Statements for the period from 1 January 2021 to 30 June 2021:
 - Page 4 (Consolidated statement of profit or loss and other comprehensive income);
 - Page 5 (Consolidated Statement of financial position);
 - Pages 8–14 (Notes to the financial statements).

The incorporated documents above and the Company's articles of association are available at the Company's website, www.hilbert.group. The articles of association and certificate of registration can be obtained from the Swedish Companies Registration Office (Sw. *Bolagsverket*).

Addresses

ISSUER

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

CERTIFIED ADVISER

Eminova Fondkommission AB
Biblioteksgatan 3
111 46 Stockholm
Sweden

THE COMPANY'S AUDITOR

PricewaterhouseCoopers AB
113 97 Stockholm
Sweden
www.pwc.se

LEGAL ADVISORS SWEDEN

Törngren Magnell & Partners Advokatfirma KB
Jakobs Torg 3
111 52 Stockholm
Sweden
www.tmpartners.se

LWA Legal AB

Box 160
101 23 Stockholm
Sweden
www.lwadvisory.se

LEGAL ADVISOR MALTA

Ganado Advocates
171 Old Bakery Street
Valetta
VLT 1455
Malta

LEGAL ADVISOR CAYMAN ISLAND

Dillon-Eustace (Cayman Branch)
Landmark Square
West Bay Road
PO Box 775
Grand Cayman
KY1-9006
www.dilloneustace.com

CENTRAL SECURITIES DEPOSITORY

Euroclear Sweden AB
Box 191
101 23 Stockholm
Sweden
www.euroclear.com

LIQUIDITY PROVIDER

Pareto Securities AB
Berzelii park 9
111 47 Stockholm
Sweden
www.paretosec.com