

HC HOLDING LIMITED

Annual Report and Consolidated
Financial Statements for the period
from 19 November 2018
to 31 December 2019 and year ended
31 December 2020

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Directors' report

The directors present their report and the audited consolidated financial statements of HC Holding Limited (the 'Company') together with its subsidiary undertakings (together referred to as the 'Group') for the period from 19 November 2018 ('date of incorporation') to 31 December 2019 and year ended 31 December 2020. The Group comprises HC Holding Limited together with HC Advisors Limited and Hilbert Capital Limited (the 'Subsidiaries').

Incorporation

The Company and HC Advisors Limited were incorporated on 19 November 2018 in Malta under the Maltese Companies Act (Cap. 386). Hilbert Capital Limited was incorporated on 31 August 2018 in Cayman Islands under the Cayman Companies Act (Cap. 22). These consolidated financial statements have been prepared accordingly for the period commencing from the date of incorporation to 31 December 2019 and year ended 31 December 2020.

Principal activities

The principal activities of the Group are the holding of investments and acting as a fund manager.

Review of the business

The Group's and the Company's financial position as at 31 December 2020 and 2019 are considered by the directors as not satisfactory and are presented on page 9. The Group and the Company incurred losses mainly due to its operating expenses.

EUR 6 million was raised in a private placement in February 2021 to fund the future operations of the group expansion plans are being implemented. As part of these plans, the entire structure is in the process of getting listed on Nasdaq First North in Stockholm as Hilbert Group AB and this is expected to happen around mid-June 2021. As a public company, the structure will have access to permanent capital.

Results and dividends

The statements of comprehensive income are set out on page 10. The directors did not recommend payment of a dividend.

Directors

In accordance with the Company's Articles of Association the Board of Directors presently consists of the sole director David George Butler, who held office from incorporation date up to date of the report.

The Company's Articles of Association do not require the director to retire.

Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

Directors' report - continued

Statement of directors' responsibilities for the financial statements - continued

In preparing the financial statements, the Board of Directors is responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



David George Butler
Director

171, Old Bakery Street
Valletta
VLT 1455
Malta

14 May 2021



Independent auditor's report

To the Shareholders of HC Holding Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and Parent Company financial statements (the “financial statements”) give a true and fair view of the Group and the Parent Company’s financial position of HC Holding Limited as at 31 December 2019 2020, and of the Group’s and the Parent Company’s financial performance and cash flows for the period from 19 November 2018 to 31 December 2019 and year ended 31 December 2020 in accordance with International Financial Reporting Standards (‘IFRSs’) as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

HC Holding Limited’s financial statements, set out on pages 9 to 26, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2019 and 2020;
- the Consolidated and Parent Company statements of comprehensive income for the period from 19 November 2018 to 31 December 2019 and year ended 31 December 2020;
- the Consolidated and Parent Company statements of changes in equity for the period from 19 November 2018 to 31 December 2019 and year ended 31 December 2020;
- the Consolidated and Parent Company statements of cash flows for the period from 19 November 2018 to 31 December 2019 and year ended 31 December 2020; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.



Independent auditor's report - continued

To the Shareholders of HC Holding Limited

Other information

The directors are responsible for the other information. The other information comprises the *Directors' report* (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent auditor's report - continued

To the Shareholders of HC Holding Limited

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the overall world economy and general business environment and its impact on the Group's trade, customers, suppliers and the possible disruption to its business.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2020* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Independent auditor's report - continued

To the Shareholders of HC Holding Limited

Area of the Annual Report and Financial Statements 2019 and 2020 and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 2 to 3) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>
Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:	<ul style="list-style-type: none"> adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. the financial statements are not in agreement with the accounting records and returns. we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit. 	<p>We have nothing to report to you in respect of these responsibilities.</p>



Independent auditor's report - continued

To the Shareholders of HC Holding Limited

Other matter - use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

PricewaterhouseCoopers

78, Mill Street
Zone 5, Central Business District
Qormi
Malta

A handwritten signature in blue ink, appearing to read 'L. Pace Ross', with a stylized flourish at the end.

Lucienne Pace Ross
Partner

14 May 2021

Statements of financial position

		As at 31 December			
		Group		Company	
	Notes	2020 US\$	2019 US\$	2020 US\$	2019 US\$
ASSETS					
Non-current assets					
Equipment	4	8,584	5,821	-	-
Intangible assets		396	-	-	-
Total non-current assets		8,980	5,821	-	-
Current assets					
Receivables	6	44,790	27,058	207,503	151,022
Cash and cash equivalents	7	277,291	135,574	28,340	94,459
Total current assets		322,081	162,632	235,843	245,481
Total assets		331,061	168,453	235,843	245,481
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	8	10,000	10,000	10,000	10,000
Capital contribution reserves	9	240,000	240,000	240,000	240,000
Accumulated losses		(217,437)	(131,872)	(58,329)	(30,485)
Total equity		32,563	118,128	191,671	219,515
Current liabilities					
Other payables	10	293,772	45,599	39,446	21,240
Current tax liabilities	14	4,726	4,726	4,726	4,726
Total current liabilities		298,498	50,325	44,172	25,966
Total equity and liabilities		331,061	168,453	235,843	245,481

The official closing rates of exchange applicable between the presentation currency and the euro as at 31 December 2019 and 2020 were 1.1234 and 1.2271 accordingly.

The notes on pages 13 to 26 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 9 to 26 were authorised for issue by the Board of Directors on 14 May 2021 and were signed on its behalf by:



David George Butler
Director

Statements of comprehensive income

		Group		Company	
		Year ended 31 December 2020	Period from 19 November 2018 to 31 December 2019	Year ended 31 December 2020	Period from 19 November 2018 to 31 December 2019
	Notes	US\$	US\$	US\$	US\$
Revenue	11	16,118	29,493	-	-
Administrative expenses	12	(96,829)	(168,433)	(26,368)	(38,589)
Exchange differences	12	(4,854)	(1,708)	(1,476)	(672)
Operating loss for the period		(85,565)	(140,648)	(27,844)	(39,261)
Other income	13	-	13,502	-	13,502
Loss for the year/period before tax		(85,565)	(127,146)	(27,844)	(25,759)
Tax expense	14	-	(4,726)	-	(4,726)
Loss for the year/period – total comprehensive income		(85,565)	(131,872)	(27,844)	(30,485)

The notes on pages 13 to 26 are an integral part of these consolidated financial statements.

Statements of changes in equity

Group			Share capital US\$	Capital contribution reserve US\$	Accumulated losses US\$	Total US\$
	Notes					
Balance at 19 November 2018			-	-	-	-
<hr/>						
Comprehensive income						
Loss for the period			-	-	(131,872)	(131,872)
<hr/>						
Transactions with owners						
Issue of share capital	8		10,000	-	-	10,000
Shareholders' contribution	9		-	240,000	-	240,000
<hr/>						
Balance at 31 December 2019			10,000	240,000	(131,872)	118,128
<hr/>						
Comprehensive income						
Loss for the year			-	-	(85,565)	(85,565)
<hr/>						
Balance at 31 December 2020			10,000	240,000	(217,437)	32,563
<hr/>						
Company			Share capital US\$	Capital contribution reserve US\$	Accumulated losses US\$	Total US\$
	Notes					
Balance at 19 November 2018			-	-	-	-
<hr/>						
Comprehensive income						
Loss for the period			-	-	(30,485)	(30,485)
<hr/>						
Transactions with owners						
Issue of share capital	8		10,000	-	-	10,000
Shareholders' contribution	9		-	240,000	-	240,000
<hr/>						
Balance at 31 December 2019			10,000	240,000	(30,485)	219,515
<hr/>						
Comprehensive income						
Loss for the year			-	-	(27,844)	(27,844)
<hr/>						
Balance at 31 December 2020			10,000	240,000	(58,329)	191,671
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The notes on pages 13 to 26 are an integral part of these consolidated financial statements.

Statements of cash flows

		Group	Period from 19 November 2018 to 31 December 2019	Company	Period from 19 November 2018 to 31 December 2019
		Year ended 31 December 2020		Year ended 31 December 2020	
	Notes	US\$	US\$	US\$	US\$
Cash flows from operating activities					
Cash generated from/(used in) operations	16	147,385	(107,150)	(66,119)	(153,441)
Cash flows from investing activities					
Purchase of equipment	4	(5,272)	(7,276)	-	-
Purchase of intangible assets		(396)	-	-	-
Purchase of investments in subsidiaries		-	-	-	(2,100)
Net cash used in investing activities		(5,668)	(7,276)	-	(2,100)
Cash flows from financing activities					
Proceeds from issue of share capital	8	-	10,000	-	10,000
Proceeds from shareholders' contribution	9	-	240,000	-	240,000
Net cash generated from financing activities		-	250,000	-	250,000
Net movement in cash and cash equivalents		141,717	135,574	(66,119)	94,459
Cash and cash equivalents at beginning of year/period		135,574	-	94,459	-
Cash and cash equivalents at end of year/period	7	277,291	135,574	28,340	94,459

The notes on pages 13 to 26 are an integral part of these consolidated financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statements include the financial statements of HC Holding Limited (the 'Company') together with its subsidiary undertakings (together referred to as the 'Group'). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and in accordance with the requirements of the Maltese Companies Act (Cap. 386). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. It also requires directors to exercise their judgment in the process of applying the Group's accounting policies (Note 3 - Critical accounting estimates and judgements).

The Company was incorporated on 19 November 2018. Accordingly, the comparative information in these financial statements for the Group and Company is being prepared from the incorporation date to 31 December 2019.

EUR 6 million was raised in a private placement in February 2021 to fund the future operations of the group expansion plans are being implemented. As part of these plans, the entire structure is in the process of getting listed on Nasdaq First North in Stockholm as Hilbert Group AB and this is expected to happen around mid-June 2021. As a public company, the structure will have access to permanent capital. Accordingly, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Standards, interpretations and amendments to published standards effective during the presented periods

During the period 2019 and year 2020, the Group adopted new standards, amendments and interpretations to the existing standards that are mandatory for the Group's accounting periods. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's accounting policies impacting the financial performance and position.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these consolidated financial statements but are not mandatory for the Group's current financial period ending 31 December 2020. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and Group's directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's and the Company's financial statements in the period of initial application.

1. Summary of significant accounting policies – continued

1.2 Consolidation

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

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Upon consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of the Company's subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1. Summary of significant accounting policies – continued

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US Dollars (US\$), which is the Group's functional and presentation currency.

(b) Transactions and balances

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

1.5 Equipment

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

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

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

	%
Computer equipment	20

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.8).

1.6 Intangible assets

The Group's intangible asset comprises the web domain names. Acquired asset is capitalised on the basis of the costs incurred to acquire and bring to use the specific asset. These costs are amortised over their estimated useful lives of four years. Costs associated with maintaining intangible assets are recognised as an expense as incurred.

1. Summary of significant accounting policies - continued

1.7 Investment in subsidiary

Investments in subsidiary is carried at cost less any accumulated impairment, which is recognised as an expense in the period in which the impairment is identified. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably

1.8 Impairment of non-financial assets

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

1.9 Receivables

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

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

The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

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

1.10 Cash and cash equivalents

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

1. Summary of significant accounting policies - continued

1.11 Assets held on behalf of third parties

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

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

1.12 Share capital

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

1.13 Capital contribution reserve

Amounts advanced by the shareholders by way of contribution, which do not include a contractual obligation to settle in cash or another financial asset, are classified within equity. Loans which contain an obligation to transfer resources are classified as liabilities.

1.14 Other payables

Other payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

1.15 Offsetting financial instruments

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

1.16 Current and deferred tax

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

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

1. Summary of significant accounting policies – continued

1.16 Current and deferred tax - continued

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

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

1.17 Revenue recognition

Given the nature of its business, the Group's revenues are recognised when the services are provided at the point in time when the transaction takes place. The Group does not have performance obligations rendered over a period of time.

Management and performance fees income

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

1.18 Administrative expenses

These amounts represent costs which arise in the normal business operation and are recognised when incurred.

2. Financial risk management

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: namely foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial period.

(a) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency.

2. Financial risk management

2.1 Financial risk factors - continued

(a) Foreign exchange risk - continued

The carrying amount of the principal receivables and payables denominated in foreign currencies as at the end of the reporting periods were as follows:

Group	Assets US\$	Liabilities US\$	Net exposure US\$
At 31 December 2020			
Euro	12,200	(159,928)	(147,728)
At 31 December 2019			
Euro	10,768	(97,785)	(87,017)
Company			
At 31 December 2020			
Euro	10,100	-	10,100
At 31 December 2019			
Euro	10,100	(2,762)	7,338

Accordingly, based on the above disclosures the Group and the Company are not significantly exposed to foreign exchange risk and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

(b) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables and committed transactions. The Group's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Group		Company	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Receivables (Note 6)	32,590	16,290	197,403	140,922
Cash and cash equivalents (Note 7)	277,291	135,574	28,340	94,459
	309,881	151,864	225,743	235,381

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Group does not hold any collateral as security in this respect.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

The Group banks only with local financial institutions with high quality standing or rating.

The Group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of products and services are effected to customers with an appropriate credit history. The Group monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the Group's receivables, taking into account historical experience in collection of accounts receivable. The Company's does not have external customer outside of related parties, and hence, credit risk is low since any receivable balances are supported by the Group.

The Company and Group manages credit limits and exposures actively in a practicable manner such that there is no material past due amounts receivable from related parties as at the end of the reporting period. The Group's exposure to credit risk is limited as company's receivables are principally in respect of transactions with related parties for whom there is no recent history of default and there was no indication that these related parties are unable to meet their obligation.

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally amount due to related parties and merchant liabilities all of which fall due on demand or within 12 months from the end of the reporting period (Note 10).

Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

Management monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. The Group's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments.

As mentioned in note in 1.1, there are plans of listing the Hilbert Group AB on the Nasdaq First North in Stockholm and this is expected to happen around mid-June 2021.

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new shares, receive contributions from its shareholder or adjust the amount of dividends paid to shareholders.

The capital structure of the Group consists of items presented within equity in the statement of financial position. The Group maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period is deemed adequate by the directors.

2. Financial risk management – continued

2.3 Fair values of financial instruments

At 31 December 2020 and 2019, the carrying amounts of cash and cash equivalents, receivables and other payables reflected in the consolidated financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

4. Equipment

Group	Computer equipment US\$
Period ended 31 December 2019	
Opening net book amount	
Additions	7,276
Depreciation charge	(1,455)
Closing net book amount	5,821
At 31 December 2019	
Cost	7,276
Accumulated depreciation	(1,455)
Net book amount	5,821
Year ended 31 December 2020	
Opening net book amount	5,821
Additions	5,272
Depreciation charge	(2,509)
Closing net book amount	8,584
At 31 December 2020	
Cost	12,548
Accumulated depreciation	(3,964)
Net book amount	8,584

5. Investment in subsidiaries

Name of company	Country of incorporation	Nature of business	Equity interest		Carrying amount	
			2020 %	2019 %	2020 US\$	2019 US\$
HC Advisors Limited	Malta	Management of operating expenses	100%	100%	-	-
Hilbert Capital Limited	Cayman Islands	Fund manager	100%	100%	-	-

During financial year 2019, the Company acquired ordinary shares of HC Advisors Ltd and Hilbert Capital Limited in amount of US\$2,100 and US\$0.03 accordingly.

As at 31 December 2019, the Directors reviewed the carrying amount of the investment in HC Advisors Limited and after taking cognisance of the current financial position of the subsidiary, resolved to reflect for an impairment charge on the value of the respective investment amounting to US\$2,100, which is being recognised in the Company's statement of comprehensive income.

	Company 2020 US\$	2019 US\$
Year/period ended 31 December		
At beginning of year/period	-	-
Additions	-	2,100
Impairment charge on investment in subsidiary	-	(2,100)
At end of year/period	-	-

6. Receivables

	Group 2020 US\$	2019 US\$	Company 2020 US\$	2019 US\$
Amount due from subsidiaries	-	-	185,057	128,003
Amount due from related party	16,900	782	-	-
Amounts due from ultimate controlling parties	12,346	12,919	12,346	12,919
Prepayments	12,200	10,768	10,100	10,100
Indirect tax receivable	3,344	2,589	-	-
	44,790	27,058	207,503	151,022

7. Cash and cash equivalents

For the purposes of the statements of cash flow, the cash and cash equivalents include the following:

	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Cash at bank	277,291	135,574	28,340	94,459

Fiduciary activities

As at the end of the financial year, the Group held assets amounting to US\$355,726 (2019: US\$80,419) on behalf of its shareholders. Since these assets are held in a fiduciary capacity, they are not included in these consolidated financial statements.

8. Share capital

	Company	
	2020	2019
	US\$	US\$
Authorised		
20,000 ordinary shares of US\$1 each	20,000	20,000
Issued and fully paid		
10,000 ordinary shares of US\$1 each	10,000	10,000

Upon incorporation on 19 November 2018, the Company issued 10,000 ordinary shares of US\$1 each.

Subsequent to year end, by virtue of shareholders' resolution dated 28 January 2021, the Company increased its issued share capital by 256 ordinary shares of US\$1 each.

9. Capital contribution reserve

During 2019, the Company has accepted capital contribution from its minority shareholders amounting to US\$240,000.

The terms and conditions of the contributions granted render these instruments equity in nature in accordance with the requirements of IAS 32: Financial Instruments – Presentation:

- The Company has no obligation to bear any servicing cost or transfer any economic benefits of any kind to the Contributor or any other person in return; and
- The Company has no obligation to repay the contributions.

10. Other payables

	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Amounts due to ultimate controlling parties	228,609	505	-	-
Accruals	59,890	28,233	39,446	18,478
Other payables	5,273	16,961	-	2,762
	293,772	45,599	39,446	21,240

Amounts due to ultimate controlling parties are unsecured, interest free and repayable on demand.

11. Revenue

The revenue pertains to management and performance fees income of the subsidiary derived from Hilbert Digital Asset Fund (Note 5) management.

12. Expenses by nature

	Group		Company	
	Year ended	Period from	Year ended	Period from
	31 December	19 November	31 December	19 November
	2020	2018 to	2020	2018 to
	US\$	2019	US\$	2019
	US\$	US\$	US\$	US\$
Professional expenses	16,906	52,504	5,328	19,806
Auditor's remuneration	20,247	18,535	14,725	13,480
Digital Marketing	15,400	2,036	-	-
Exchange differences	4,854	1,708	1,476	672
Depreciation (Note 4)	2,509	1,455	-	-
Software maintenance	1,240	943	-	-
Travel expenses	-	15,687	-	-
Impairment of investment in subsidiary (Note 5)	-	-	-	2,100
Amounts written-off	6,048	25,815	6,048	-
Subscriptions	4,988	3,574	-	-
Vat expense	268	2,813	-	-
Advisory services	9,389	24,799	-	-
Other expenses	19,834	20,272	267	3,203
Total operating expenses	101,683	170,141	27,844	39,261

13. Other income

Other income relates to funds received from subsidiary in excess of payments made on its behalf which do not include a contractual obligation to be refunded back and, accordingly, were written-off from other payables balance as at 31 December 2019.

14. Tax expense

The tax on the Group's loss for the year/period differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

	Group		Company	
	Year ended 31 December 2020 US\$	Period from 19 November 2018 to 31 December 2019 US\$	Year ended 31 December 2020 US\$	Period from 19 November 2018 to 31 December 2019 US\$
Loss for the year/period	(85,565)	(127,146)	(27,844)	(25,759)
Tax at 35%	(29,948)	(44,501)	(9,745)	(9,016)
Tax effect of:				
Non-deductible expenses	33,890	58,952	9,229	12,770
Disallowed unrealised exchange difference	1,699	598	-	235
Disallowed impairment of investment in subsidiary			516	735
Income not subject to tax	(5,641)	(10,323)	-	-
Tax expense	-	4,726	-	4,726

15. Cash generated from/ (used in) operations

Reconciliation of loss for the year/period to cash generated from/(used in) operations:

	Group		Company	
	Year ended 31 December 2020 US\$	Period from 19 November 2018 to 31 December 2019 US\$	Year ended 31 December 2020 US\$	Period from 19 November 2018 to 31 December 2019 US\$
Loss for the year/period	(85,565)	(127,146)	(27,844)	(25,759)
Adjustments for:				
Depreciation of equipment	2,509	1,455	-	-
Impairment of investment in subsidiary (Note 4)	-	-	-	2,100
Changes in working capital:				
Receivables	(17,732)	(27,058)	(56,481)	(151,022)
Other payables	248,173	45,599	18,206	21,240
Cash generated from/(used in) operations	147,385	(107,150)	(66,119)	(153,441)

16. Related party transactions

The ultimate controlling parties of HC Holding Limited are Magnus Holm and Niclas Bengt Sandstrom (Note 18). All entities, which are ultimately controlled by ultimate controlling parties are considered by the directors to be related. The subsidiaries of HC Holdings are Hilbert Capital Ltd (registered in the Cayman Islands) and HC Advisors Ltd (registered in Malta).

During the financial periods 2019 and 2020, no remuneration was paid to directors of the Group, who are considered to be its key management personnel and, accordingly, related parties.

Amount due from subsidiaries, ultimate controlling parties and other related parties and amounts due to ultimate controlling parties are disclosed in Note 11.

Assets held on behalf of the shareholders are disclosed in Note 7.

Amounts due from/to related party written-off during the year are disclosed in Note 12 and 13 accordingly.

Except for transactions disclosed or referred to previously, the Company has made the following payments on behalf of its related parties which were not recorded in the statement of comprehensive income:

	Group		Company	
	Year ended	Period from	Year ended	Period from
	31 December	19 November	31 December	19 November
	2020	2018 to	2020	2018 to
	US\$	31 December	US\$	31 December
		2019		2019
		US\$		US\$
Hilbert Capital Ltd	-	-	70,124	67,970
HC Advisors Ltd	-	-	114,933	60,033
Algebroid Ltd	12,246	12,919	12,246	12,919
Manifold Ltd	100	-	100	-
	12,346	12,919	197,403	140,922

17. Statutory information

HC Holding Limited (the 'Company') is a limited liability company incorporated on 19 November 2018, with its registered office at 171, Old Bakery Street, Valletta, VLT 1455, Malta.

Upon incorporation, the ultimate controlling party of the Company was Frode Foss-Skiftesvik.

On 18 September 2019, 7,500 ordinary shares of US\$1 each, owned by Frode Foss-Skiftesvik, were transferred to Manifold Limited and Algebroid Limited, companies with its registered address at a Suite 3, Global Village, Jivan's Complex, Mon Fleuri, Mahe, Seychelles. Accordingly, as from this date, the Company's ultimate controlling parties are Magnus Holm and Niclas Bengt Sandstrom.

18. Events subsequent to reporting period

By virtue of shareholders' resolution dated 28 January 2021, the issued share capital of the Company was increased by 256 ordinary shares of US\$1 each.