

HC HOLDINGS LIMITED
REPORT AND CONSOLIDATED UNAUDITED
FINANCIAL STATEMENTS
Period from 1 January 2021 to 30 June 2021

HC HOLDINGS LIMITED

REPORT AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2021 to 30 June 2021

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HC HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

David George Butler

Company Secretary:

Ganado Services Limited

Accountants:

I.A.S. Accountitng Services Limited
Certified Public Accountants and Registered Auditors
9, Kafkasou Street
6th floor
2112, Aglantzia
Nicosia, Cyprus

Registered office:

171, Old Bakery
Valletta
VLT 1455
Malta

Bankers:

Silvergate Bank

HC HOLDINGS LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and unaudited consolidated financial statements of HC Holdings Limited (the "Company") and its subsidiaries (together with the Company, the "Group") for the period from 1 January 2021 to 30 June 2021.

Principal activities and nature of operations of the Group

The principal activities of the Group, which are unchanged from last year, are the holding of investments and to act as a fund manager.

Review of current position, future developments and performance of the Group's business

The results of this year are not considered satisfactory and the Board of Directors is making an effort to reduce the Group's losses. Despite the loss this year the Group's development to date and the financial position as reflected in the consolidated financial statements are satisfactory.

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future, any significant changes or developments in the operations, financial position and performance of the group, out of the ordinary course of business.

Branches

The Group does not maintain any branches.

Results and Dividends

The Group's results for the period are set out on page 4. The net loss for the year is carried forward.

Share capital

Issued capital

During 2021, the Company issued to the subscribers of its Memorandum of Association additional 256 shares of US\$1 each at par, totaling to US\$256.

Board of Directors

The sole member of the Group's Board of Directors as at 30 June 2021 and at the date of this report is presented on page 1. The sole Director was a member of the Board of Directors throughout the period from 1 January 2021 to 30 June 2021.

In accordance with the Company's Articles of Association the sole Director presently member of the Board continues in office.

There were no significant changes in the remuneration of the Board of Directors.

Director's Responsibilities

The Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing these, the Directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accrual basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act, 1995 (Chap.386) enacted in Malta. 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.

HC HOLDINGS LIMITED

MANAGEMENT REPORT

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 20 to the consolidated financial statements.

By order of the Board of Directors,

David George Butler
Director

Malta, 31 August 2021

HC HOLDINGS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 1 January 2021 to 30 June 2021

		01.01.2021	01.01.2020
		30.06.2021	30.06.2020
	Note	US\$	US\$
Revenue	5	316,588	-
Administration expenses	6	(75,705)	(30,984)
Other expenses	7	-	(6,048)
Operating profit/(loss)		240,883	(37,032)
Net finance costs	8	(2,016)	(4)
Net profit/(loss) for the period		238,867	(37,036)
Other comprehensive income			
Other comprehensive income for the period		-	-
Total comprehensive profit/(loss) for the period		238,867	(37,036)

The notes on pages 8 to 14 form an integral part of these consolidated financial statements.

HC HOLDINGS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 June 2021

	Note	30.06.2021 US\$	30.06.2020 US\$
ASSETS			
Non-current assets			
Equipment	9	14,561	7,744
Intangible assets	10	805	156
		<u>15,366</u>	<u>7,900</u>
Current assets			
Other receivables	11	144,987	28,094
Financial assets at fair value through profit or loss	12	-	116,234
Cash and cash equivalents	13	419,656	88,204
		<u>564,643</u>	<u>232,532</u>
Total assets		<u>580,009</u>	<u>240,432</u>
EQUITY AND LIABILITIES			
Equity and Reserves			
Share capital	14	10,256	10,000
Other reserves		240,000	240,000
Retained earnings /(accumulated losses)		68,218	(143,096)
Total equity		<u>318,474</u>	<u>106,904</u>
Current liabilities			
Other payables	16	256,809	128,802
Current tax liabilities		4,726	4,726
Total liabilities		<u>261,535</u>	<u>133,528</u>
Total equity and liabilities		<u>580,009</u>	<u>240,432</u>

On 31 August 2021 the Board of Directors of HC Holdings Limited authorised these consolidated financial statements for issue.

David George Butler
Director

The notes on pages 8 to 14 form an integral part of these consolidated financial statements.

HC HOLDINGS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period from 1 January 2021 to 30 June 2021

	Note	Share capital US\$	Other reserves US\$	Retained earnings / (accumulated losses) US\$	Total US\$
Balance at 1 January 2020		10,000	240,000	(106,060)	143,940
Comprehensive income					
Total comprehensive loss for the period		-	-	(37,036)	(37,036)
Balance at 30 June 2020		10,000	240,000	(143,096)	106,904
Balance at 30 June 2020/ 1 January 2021		10,000	240,000	(170,649)	79,351
Comprehensive income					
Total comprehensive profit for the period		-	-	238,867	238,867
Transactions with owners					
Issue of share capital	14	256	-	-	256
Balance at 30 June 2021		10,256	240,000	68,218	558,474

The notes on pages 8 to 14 form an integral part of these consolidated financial statements.

HC HOLDINGS LIMITED

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

Period from 1 January 2021 to 30 June 2021

	01.01.2021	01.01.2020
	30.06.2021	30.06.2020
Note	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	238,867	(37,036)
Adjustments for:		
Depreciation of equipment	9 3,574	-
Exchange difference arising on the translation of non-current assets in foreign currencies	90,419	-
	332,860	(37,036)
Changes in working capital:		
Other receivables	11 (116,893)	(28,094)
Financial assets at fair value through profit or loss	12 25,815	-
Other payables	16 100,454	128,802
Cash generated from operations	342,236	63,672
Tax refunded	-	4,726
Net cash generated from operating activities	342,236	68,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of intangible assets	10 (649)	-
Payment for purchase of equipment	9 (10,391)	-
Net cash used in investing activities	(11,040)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	14 256	-
Net cash generated from financing activities	256	-
Net increase in cash and cash equivalents	331,452	68,398
Cash and cash equivalents at beginning of the period	88,204	19,806
Cash and cash equivalents at end of the period	13 419,656	88,204

The notes on pages 8 to 14 form an integral part of these consolidated financial statements.

HC HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

1. Incorporation and principal activities

Country of incorporation

HC Holdings Limited (the "Company") was incorporated in Malta on 19 November 2018 as a new regime company under the provisions of the companies Act (Chap. 386) enacted in Malta. Its registered office is at 171, Old Bakery, Valletta, VLT 1455, Malta.

Principal activities

The principal activities of the Group, which are unchanged from last year, are the holding of investments and to act as a fund manager.

2. Basis of preparation

These consolidated unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). These consolidated financial statements have been prepared under the historical cost convention.

The preparation of unaudited financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Adoption of new or revised standards and interpretations

During the current period the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Group.

4. Significant accounting policies

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

Basis of consolidation

The Company has subsidiary undertakings for which IFRS 10 requires consolidated financial statements to be prepared. The Group consolidated financial statements comprise the financial statements of the parent company HC Holdings Limited and the financial statements of the following subsidiaries: HC Advisors Limited and Hilbert Capital Limited.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

Revenue

- **Fee income**

Asset management fees and performance fees income are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the services to be provided.

HC HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2021 to 30 June 2021

4. Significant accounting policies (continued)

Finance costs

Interest expense and other borrowing costs are charged to the statement of profit or loss and other comprehensive income as incurred.

Foreign currency translation

(1) Functional and presentation currency

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

(2) 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 profit or loss and other comprehensive income. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Equipment

Equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

Equipment	20
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The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

Deferred income

Deferred income represents income receipts which relate to future periods.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

HC HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

4. Significant accounting policies (continued)

Financial instruments (continued)

Other payables

Other payables are initially measured at fair value and are subsequently measured at amortised cost.

Share capital

Ordinary shares are classified as equity.

5. Revenue

	01.01.2021	01.01.2020
	31.06.2021	30.06.2020
	US\$	US\$
Fee income from fund management	316,588	-

6. Administration expenses

	01.01.2021	01.01.2020
	30.06.2021	30.06.2020
	US\$	US\$
Telephone and postage	-	38
Stationery and printing	-	60
Subscriptions and contributions	5,391	180
Computer supplies and maintenance	1,648	-
Computer software	-	1,239
Certification and legalisation expenses	1,488	-
Accounting fees	8,700	-
Legal fees	76	39
Overseas travelling	5,030	-
Vat expenses	1,973	-
Entertaining	59	342
Administration fees	19,797	3,045
Operating expenses	10,931	20,552
Digital marketing	17,038	5,489
Depreciation	3,574	-
	75,705	30,984

7. Other expenses

	01.01.2021	01.01.2020
	30.06.2021	30.06.2020
	US\$	US\$
Amounts written off	-	6,048

HC HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

8. Finance costs

	01.01.2021	01.01.2020
	30.06.2021	30.06.2020
	US\$	US\$
Net foreign exchange losses	1,894	3
Other finance expenses	122	1
Finance costs	2,016	4

9. Equipment

	Equipment
	US\$
Cost	
Balance at 1 January 2020	9,199
Balance at 30 June 2020/ 1 January 2021	9,199
Additions	10,391
Balance at 30 June 2021	19,590
Depreciation	
Balance at 1 January 2020	1,455
Balance at 30 June 2020/ 1 January 2021	1,455
Charge for the period	3,574
Balance at 30 June 2021	5,029
Net book amount	
Balance at 30 June 2021	14,561
Balance at 30 June 2020	7,744

10. Intangible assets

	Domain
	names
	US\$
Cost	
Balance at 1 January 2020	156
Balance at 30 June 2020/ 1 January 2021	156
Additions	649
Balance at 30 June 2021	805
Net book amount	
Balance at 30 June 2021	805
Balance at 30 June 2020	156

11. Other receivables

	30.06.2021	30.06.2020
	US\$	US\$
Receivables from related parties (Note 17.1)	80,358	-
Shareholders' current accounts - debit balances (Note 17.3)	100	13,199
Deposits and prepayments	12,975	-
Accrued income	45,922	782
Other receivables	2,053	10,981
Refundable VAT	3,579	3,132
	144,987	28,094

HC HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

11. Other receivables (continued)

The fair values of other receivables due within one year approximate to their carrying amounts as presented above.

12. Financial assets at fair value through profit or loss

	2021 US\$	2020 US\$
Balance at 1 January	116,234	116,234
Disposals	(25,815)	-
Elimination	(90,419)	-
Balance at 30 June	-	116,234

13. Cash and cash equivalents

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

	30.06.2021 US\$	30.06.2020 US\$
Cash at bank	419,656	88,204

14. Share capital

	2021 Number of shares	2021 US\$	2020 Number of shares	2020 US\$
Authorised				
Ordinary shares of US\$1 each	20,000	20,000	20,000	20,000
Issued and fully paid				
Balance at 1 January	10,000	10,000	10,000	10,000
Issue of shares	256	256	-	-
Balance at 30 June	10,256	10,256	10,000	10,000

15. Other reserves

	2021 US\$	2020 US\$
Balance at 1 January	240,000	240,000
Balance at 30 June	240,000	240,000

16. Other payables

	30.06.2021 US\$	30.06.2020 US\$
Shareholders' current accounts - credit balances (Note 17.4)	854	-
Accruals	45,084	28,234
Other payables	209,192	9,744
Payables to related parties (Note 17.2)	1,679	90,824
	256,809	128,802

The fair values of other payables due within one year approximate to their carrying amounts as presented above.

HC HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

17. Related party transactions

The following transactions were carried out with related parties:

17.1 Receivables from related parties (Note 11)

<u>Name</u>	30.06.2021	30.06.2020
	US\$	US\$
Hilbert Crypto Opportunities Fund	50,320	-
Hilbert Digital Assets Fund	30,038	-
	80,358	-

17.2 Payables to related parties (Note 16)

<u>Name</u>	30.06.2021	30.06.2020
	US\$	US\$
Participation-Even	-	48,295
Participation-Frode Foss-Skiftesvik	-	38,295
Magnus Holm	405	405
Participation-Niclas Sandstrom	-	3,829
Niclas Standstrom	1,274	-
	1,679	90,824

17.3 Shareholders' current accounts - debit balances (Note 11)

<u>Name</u>	30.06.2021	30.06.2020
	US\$	US\$
Manifold Limited	100	100
Algebroid Limited	-	13,099
	100	13,199

The shareholders' current accounts are interest free, and have no specified repayment date.

17.4 Shareholders' current accounts - credit balances (Note 16)

<u>Name</u>	30.06.2021	30.06.2020
	US\$	US\$
Algebroid Limited	854	-

The shareholders' current accounts are interest free, and have no specified repayment date.

18. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2021.

19. Commitments

The Group had no capital or other commitments as at 30 June 2021.

20. Events after the reporting period

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

HC HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2021 to 30 June 2021

20. Events after the reporting period (continued)

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 June 2021.

There were no material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.