

Hilbert Group AB (publ) has carried out a directed issue of shares of SEK 5.7 million and agreed the terms for a loan facility of SEK 22.2 million

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Summary

Hilbert Group AB (publ) ("**Hilbert Group**" or the "**Company**") has resolved to carry out a directed issue of B-shares of SEK 5.7 million (the "**Directed Issue**"). In addition, Hilbert Group has agreed on the terms for a loan facility of SEK 22.2 million (the "**Loan**" or the "**Loan Facility**"). The agreed terms will be converted to a binding agreement which is expected to be executed later this month. Further, Hilbert Group is in discussions with institutional investors to increase the Loan Facility with approx. SEK 5.5 million. Hilbert Group could thereby receive proceeds of in total SEK 33.4 million (the Directed Issue SEK 5.7 million and the Loan Facility SEK 22.2 + 5.5 million). The transaction costs for the Directed Issue and the Loan Facility are limited to administrative costs and do not include any commission.

The main part of the Directed Issue (SEK 4.9 million) has been resolved by the Board of Directors based on an authorization by the Annual General Meeting. The remaining part of the Directed Issue (SEK 0.8 million) has been subscribed by Hilbert Group's CEO Niclas Sandström and Chief Risk Officer Hans-Peter Bermin. This part has been resolved by the Board of Directors subject to approval by an extraordinary general meeting (the "**EGM**") which will take place on March 6, 2023.

The Loan Facility has been agreed with Red Acre Ventures, a crypto and fintech focused family office based in Malta. It is proposed that Stuart Connolly, principle of Red Acre Ventures, will be elected new member of Hilbert Group's Board at the EGM on March 6, 2023.

Comments by the CEO

"We are very pleased to get the Red Acre team not only as an investor, but also as a long-term strategic partner with significant experience and success as an engaged and committed owner in the digital asset industry.

Hilbert Group is now well capitalised for the next 2+ years and we're in the favourable position of being able to invest in our business, talent and trading technology. During the tough market conditions of 2022, we focussed on developing our senior team and investment solutions and obtaining regulatory approval for these institutional investment solutions. This is key for the growth of Hilbert's assets under management and the revenue model we've been building for.

Following half a decade of work behind the scenes, we now have a great investment team and trading platform along with scalable investment strategies for institutional portfolios. In recent months, Hilbert has seen three institutions invest with us and we are at advanced stages with multiple other institutions. It is great to see these focussed efforts now bearing fruit”, comments Niclas Sandström, CEO of Hilbert Group.

Stuart Connolly, principal of Red Acre Ventures, says “Hilbert Group has been laser focused on building institutional grade investment solutions for years and have now weathered two crypto cycles with skill and professionalism. They have made significant progress since we invested in 2021, making world class additions to the team, launching new products and raising institutional capital into their funds in 2022. Their success in raising capital through a bear market has been extraordinary. They have come out of a very challenging 2022 for the crypto market in a strong position compared to many of their peers. Hilbert is now a market leader in terms of crypto asset management, and we are delighted to be supporting them on their journey.

This funding round further cements our commitment to Hilbert, and in taking a board seat we feel we can bring our domain knowledge and deep network of investors and partners to really help Hilbert achieve their vision of becoming the go to player for alternative investment solutions for digital assets.“

About Red Acre Ventures

Red Acre Ventures is the private investment arm of the Red Acre Group, a crypto and fintech focused family office based in Malta and has been providing patient capital and strategic advice to talented management teams since 2020. Red Acre Ventures has expertise in institutional investment solutions, trading, payments, reg tech and institutional grade crypto infrastructure.

Red Acre Ventures participated in the new issue preceding the listing of Hilbert Group on Nasdaq First North Growth Market in October 2021 and currently owns 4.1 per cent of the share capital in Hilbert Group.

The Directed Issue

The Directed Issue consists of 3,433,737 new B-shares at a subscription price of SEK 1.66 per share. The subscription price corresponds to a discount of approximately 10 percent the volume-weighted average price (VWAP) of the Company's B-shares on Nasdaq First North Growth Market during the period January 30 – March 10, 2023. Through the new issue of shares, the Company will receive proceeds of SEK 5.7 million before related transaction costs.

The Directed Issue is subscribed for by a group of Norwegian investors with subscriptions between SEK 0.5 and 1 million. In addition, Hilbert Group's CEO Niclas Sandström (154,673 shares) and Hilbert Group's Chief Risk Officer Hans-Peter Bermin (309,346 shares) participate in the Directed Issue. Since they are part of Hilbert Group's management their subscriptions will be resolved separately at the EGM and are governed by the so called *Lex Leo* (Chapter 16 of the Swedish Companies Act), meaning that a majority of at least 90 per cent of the shares and votes represented at the EGM must support the resolution.

The Directed Issue will entail an increase in the number of shares in the Company by 3,433,737 B-shares to in total 52,233,737 shares divided into 8,500,000 A-shares and 43,733,737 B-shares. The increase of the share capital is SEK 171,686.855 to SEK 2,611,686.85. The Directed Issue will thereby entail a dilution effect for current shareholders of approximately 6.6 percent of the share capital and 2.7 percent of the votes in the Company, calculated as the number of newly issued shares divided by the total number of shares after the Directed Issue.

The Loan Facility

The Loan Facility is denominated in Euro and will initially amount to Euro 2.0 million, i.e. approx. SEK 22.2 million. The Loan has a term of three years. The interest rate is ten per cent per annum. The interest is payable on maturity of the Loan, i.e., after three years.

On the maturity date Hilbert Group shall pay the nominal amount of the Loan, accrued interest and a premium equal to 100 per cent of the nominal amount of the Loan. The Loan will become due and payable prematurely if the Company at any time during the three-year term of the Loan raises six million Euro or more in a new issue of shares. In such case, the lenders under the Loan Facility may choose between repayment of the nominal amount plus accrued interest but without a premium on the nominal value or to convert the loan amount to B-shares. The subscription price shall be the lower of SEK 9 and the issue price in the new issue of shares of six million Euro or more. Such conversion of the Loan to shares will be carried out through a new issue with payment by set-off of the Loan which requires approval by Hilbert Group's shareholders.

The agreed terms for the Loan Facility will be converted to a binding agreement which is expected to be executed later this month. The Loan will be secured by a pledge over certain Hilbert Group assets. It is the details around the pledge that will take some time to finalize.

Hilbert Group is in discussions with institutional investors to increase the Loan Facility with a second tranche of approx. SEK 5.5 million (Euro 0.5 million).

Deliberations on the terms and conditions for the Directed Issue and the Loan

The Board of Directors assesses that the subscription price and the terms in the Directed Issue and the Loan reflect current market conditions as the subscription price and the terms have been determined through negotiations on arm's length basis with the investors.

The Board of Directors has investigated various financing alternatives including the possibility of carrying out a rights issue to raise the capital secured through the Directed Issue and the Loan. Following discussions with some of the Company's major shareholders, the Board of Directors has concluded that the major shareholders would not be able to give any significant subscription undertakings in a potential rights issue, meaning that a rights issue to a large extent would have to be underwritten by external investors in order to secure the capital. The current market price of such undertakings is around 12-15 per cent of the secured amount. In addition, the Company would have to prepare a full prospectus which is resource- and time-consuming and costly for the Company. The Board of Directors has also taken into account that the chosen structure entails an opportunity for the Company to secure Red Acre Ventures as a long-term strategic partner with the ability and competence to support the Company in its future development. In sum, a directed share issue combined with a loan has been determined as the best alternative for the Company and in the best interest of the shareholders given the current market conditions.

“I am very pleased that part of the management were willing to participate in the Directed Issue and thereby showing the way for other investors” comments Erik Nerpin, the Chairman of the Board.

EGM

The EGM will be held in Stockholm on March 6, 2023.

The agenda will include approval of Hilbert Group’s management’s participation in the Directed Issue and election of Stuart Connolly as new member of the Board.

Notice of the EGM will be published separately in connection to this press release.

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Any investment decision in connection with the Directed Issue must be made on the basis of all publicly available information relating to the Company and the Company’s shares. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness.

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This press release is not a prospectus for the purposes of the Prospectus Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and has not been approved by any regulatory authority in any jurisdiction. Hilbert Group has not authorized any offer to the public of shares or rights in any member state of the EEA and no prospectus has been or will be prepared in connection with the Directed Issue. In any member state of the EEA, this communication is only addressed to and is only directed to qualified investors in that member state within the meaning of the Prospectus Regulation.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company’s intentions, beliefs, or expectations about the Company’s future results, financial condition, liquidity, development, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “estimate”, “will”, “can”, “assume”, “should”, “could”, and, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and can be subject to change. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is required by law or Nasdaq First North Growth Market’s rule book for issuers. Potential investors should not place undue reliance on the forward-looking information contained herein.

About Us

Hilbert Group AB is an investment firm with sole focus on digital assets, primarily cryptocurrencies and blockchain technologies. The business model is diversified into four verticals – asset management, proprietary trading, equity investments and data & analytics.

Hilbert Group's vision is to be a world class digital asset investment firm with the ambition to provide first class services to its clients and shareholders, to help accelerate the technological revolution that is digital assets, and to expand people's knowledge of this emerging asset class.

Hilbert Group is listed on Nasdaq First North Growth Market (ticker HILB B) with Eminova Fondkommission (phone +46 8 684 211 10 | adviser@eminova.se) as Certified Adviser.

This information is information that Hilbert Group is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-02-14 13:00 CET.

Attachments

Hilbert Group AB (publ) has carried out a directed issue of shares of SEK 5.7 million and agreed the terms for a loan facility of SEK 22.2 million