
Hilbert Group AB (publ)

Interim Report Q1 2023



Interim Report Q1 2023 In Brief

FINANCIAL EVENTS

First quarter

- Revenues amounted to KSEK 5,979.2 (KSEK 3,765.9)
- Operating profit/loss (EBIT) totaled KSEK -8,038.8 (KSEK -7,165.3)
- Result for the period was KSEK -8,831.7 (KSEK -5,612.1)
- Cash flow from operating activities amounted to KSEK -4,945.0 (KSEK -1,456.0)
- Earnings per share before and after dilution amounted to SEK -0.16 (SEK-0.12)

SIGNIFICANT EVENTS

During the first quarter and after the reporting period

- On 15 February 2023, Hilbert Group AB (publ) resolved to carry out a directed issue of B-shares of SEK 5.7 million. The main part of the directed issue (SEK 4.9 million) was resolved by the Board of Directors based on authorization by the 2022 Annual General Meeting. The remaining part of the issue (SEK 0.8 million), subscribed by Hilbert Group's CEO Niclas Sandstrom and Chief Risk Officer Hans-Peter Bermin, was approved by an Extraordinary General Meeting on 6 March 2023.
- On 28 April 2023, Hilbert Group AB concluded and signed the financing of a convertible loan for SEK 22.6 million. (Euro denominated)
- On 1 May 2023, Hilbert Capital, the Asset Management business of the Hilbert Group launched and opened to external investors the third systematic fund; the Hilbert V30 Fund. The V30 Fund takes advantage of volatility in the digital asset markets through algorithmic trading and can take both long and short positions. The Fund was registered with CIMA on 5 April 2023.

Financial overview

KSEK	Q123	Q122	Full year 2022
Revenue	5,979.2	3,765.9	26,949.7
EBIT	-8,038.8	-7,165.3	-50,181.0
Profit/loss for the period	-8,831.7	-327.6	-34,084.2
Earnings per share	-0.16	-0.12	-0.70
Equity	66,255.1	99,319.8	69,279.4
Total assets	79,244.9	105,495.9	84,449.6
Equity/assets ratio, %	0.84	0.94	0.82

CEO's address

Dear Shareholders,

Hilbert's specific scalable approach of using quant analytics to extract alpha from digital assets, is now gaining major traction with institutions. Year-to-date, we have welcomed several new institutional investors in our funds and expect many of our ongoing discussions to materialise in new investments throughout 2023. That we have been able to attract institutional capital even during an extreme crypto winter is a testament to our coherent and strong value proposition on the asset management side.

LANDSCAPE

Although digital assets have performed reasonably well so far this year, Q1 was not without its fair share of turmoil. Many of the leading banking providers in crypto are based in the US and the regional banking crisis, still playing out to some extent, caused the collapse of some sizeable operators – for example Silicon Valley Bank (SVB), Silvergate Bank (SI) and Signature Bank (SBNY) and more recently, First Republic Bank (FRCB). In Europe, one of the largest banks, Credit-Suisse, fell victim to a similar bank run. In the case of SI and SBNY, they were particularly focused on serving digital asset related clients and their collapse means a significant weakening of the general crypto infrastructure in that they constituted the two most important so call on- and off-ramps, i.e., conduits between the traditional banking system and digital assets. Hilbert did not have any exposure to any of these banks at the time of their collapse, and the void left behind will be filled by other banks in due course. This whole episode illustrates that bank runs can happen a) even in fiscally strong countries and b) extremely quickly once the confidence is gone. Recent such events emphasize the need to operate with, especially in digital assets, a high degree of redundancy in terms of key service providers.

CHANGES TO THE BOARD OF DIRECTORS: UPDATE

As previously communicated, Stuart Connolly of Red Acre Ventures, will join our Board of Directors at the date of our Annual General Meeting ("AGM"), now to be held on 15 June 2023. We are very much looking forward to having Stuart on the Hilbert Board of Directors as he will bring domain knowledge and a powerful network of investors and significantly increase the strategic muscle of the firm.

FUNDING

On the funding side, as previously communicated, we have now closed on the first tranche of the convertible loan which means that we raised an additional SEK 22.6 million. The completion of this funding tranche puts the firm in a comfortable position to be able to fully execute on our expansion of the asset management side of Hilbert.

HIGHLIGHTS

Asset Management

- On 1 May 2023, Hilbert successfully opened its third fund, Hilbert V30 Fund, to external investors. The day 1 participants included a leading US institution. Hilbert V30 Fund uses a dynamic blend of alpha and beta to produce a convex upside return profile. The Hilbert V30 strategy was traded as a proprietary account from 1 May 2022 and in its first 12 months achieved a net return of +15.9% versus a loss of 50.3% for the broader crypto market.
- Since Hilbert's V1 and V30 opened to external capital on 1 October 2022 and 1 May 2023 respectively, we now have six institutional clients invested in Hilbert funds, and a further 10 institutions finalizing their due diligence processes with us for 2023 investments.
- It is worth noting that Hilbert now has more than 6 years' worth of trading experience, R&D and accumulated IP, with an audited track record since April 2017. The firm is committed to an intense focus on always improving its ability to protect its investors' capital and generate high-quality returns. Recent enhancements include:
 - Successful implementation of proprietary algorithm to increase trading alpha. This additional alpha stream is to a large degree responsible for Hilbert V1 and Hilbert V30 strategies weathering well during the terrible markets in 2022.
 - Development of scalable long-short algorithmic trading strategy. This component has been 6 months in the making and will reduce overall market correlation and meaningfully mitigate downside risk during severe market dislocations.

Coin360 – Equity Investment

- A 10x increase in the production of relevant content has recently been achieved. The production increase is due to the new content lead of Coin360 rolling out extensive use of AI-methods to generate high quality content – this is particularly visible in the news section. For example, ChatGPT and Midjourney are now bread and butter of the daily content generation on the website. The increase in volume and quality of content will set the stage for the subscription revenue stream to be introduced later this year.
- A new way of monetizing traffic through affiliate agreements is being rolled out and new advertising products are being introduced.

HAYVN – Equity Investment

- Revenues continued to strengthen achieving revenues of USD 1.5 million for Q1 2023, up from USD 0.6 million for Q1 2022 (129% growth).
- Exceeded revenue targets for the quarter by 36%, with 40% of this quarter's revenues coming from new clients. OTC trading and HAYVN Pay contributed 90% of the total revenue for the quarter.
- HAYVN successfully launched the HAYVN 20 Fund, further expanding their offering to Asset Management clients.
- HAYVN's custody business line grew to USD 40 million assets under custody.

Niclas Sandström
CEO Hilbert Group

Chief Executive Team



Dr. Niclas Sandström

Chief Executive Officer & Co-Founder, Hilbert Group

Niclas has 19 years of experience in hedge funds and investment banks. Before co-founding Hilbert, he held senior roles in risk management and quantitative analysis. Niclas has been trading in crypto-currency markets for more than six years. Previous employers include Finisterre Capital, Barclays Capital, and Credit Suisse First Boston. Niclas holds a Ph.D. in theoretical physics from Chalmers University of Technology.



Dr. Magnus Holm

Chief Investment Officer & Co-Founder, Hilbert Group

Magnus has over 20 years of experience developing trading strategies and statistical- and risk models for betting systems. Magnus has been trading cryptocurrencies for the past seven years and leads the algorithmic trading program in Hilbert. He has co-authored several research papers with Dr. Hans-Peter Bermin, outlining the fundamental mechanisms behind the trading strategies that the firm deploys. Magnus holds a Ph.D. in theoretical physics from Chalmers University of Technology.



Richard Murray

Chief Executive Officer, Hilbert Capital (Asset Management)

Richard has 20 years of experience developing business and investment solutions at some of the world's leading hedge funds, including Cevian Capital and Brevan Howard. Richard previously worked closely with Hilbert co-founder Dr. Sandström at Finisterre Capital, where he was Head of Business Development. Richard holds a Bachelor's in English Literature and Language from Oxford University.



Sylvana Sciberras

Chief Financial Officer, Hilbert Group

Sylvana has 20 years of experience in hedge funds and financial services. She previously held roles as Head of Finance, General Manager, and Compliance Officer for the Finisterre Group. Sylvana is an accredited Auditor and has spent over a decade with Deloitte in senior roles; whereby she was also entrusted with the operations of the Audit Department. Sylvana holds a Bachelor of Accountancy (Hons) and a Bachelor of Commerce from the University of Malta.



Dr. Hans-Peter Bermin

Chief Risk Officer, Hilbert Group

Hans-Peter brings 20 years of experience from investment banks and hedge funds. Before Hilbert, he held senior roles at JPMorgan, Morgan Stanley, and Capula, leading risk management and product development teams within the fixed-income and equity space. Hans-Peter has been in the cryptocurrency markets for the last four years. Hans-Peter holds a Ph.D. in financial mathematics from Lund University and has recently co-authored several research papers with Dr. Magnus Holm.



Mark Adams

Chief Legal and Compliance Officer, Hilbert Group

Mark has over 15 years of legal experience and has been a lawyer, director, legal representative and company secretary at various market leading firms. Previous roles include: Head of Legal for William Hill International for over 3 years and General Counsel and Head of Compliance for The Multi Group Ltd where he was responsible for all legal, regulatory, data protection and corporate matters for the group's B2B and B2C businesses. Mark has a Masters in law, CIPP/E as well as numerous compliance qualifications.



Gijs Burgers

Chief Operating Officer, Hilbert Group

Gijs Burgers has over ten years of boardroom consulting experience in the financial sector. He has been involved with cryptocurrencies since early 2013 and has worked non-stop for over ten years with blockchain technology. Before joining Hilbert, Gijs was a senior consultant and manager at strategy consulting company Innopay, a corporate strategist at APG, and he co-founded several companies in the fintech space, of which EQT-backed "Onramp" is the most prominent. Gijs holds two Master's degrees from Erasmus University Rotterdam and Tilburg University.

Hilbert Group – Investment Activities

Hilbert Group is a quantitative investment firm connecting institutions with the digital asset markets. Hilbert’s primary focus is asset management. The firm manages a range of quantitative investment solutions on behalf of institutional investors. Hilbert investment team consists of experienced professionals with significant algo-trading-, investment- and risk management experience across digital- and advanced markets.

Hilbert Group’s main activity, asset management, is supplemented by proprietary trading and strategic balance sheet investments in block-chain related equity. These supplemental activities have been chosen because they all deal with the Company’s core competencies, which are investment activity and the underlying data processing and analysis driving that activity. They also have strong synergies with asset management.

ASSET MANAGEMENT

Hilbert Capital is the firm’s asset management business. It is operated as a traditional regulated fund business. More specifically, Hilbert Capital specializes in the investment management and risk management of quantitative investment solutions which generate attractive returns by taking advantage of both alpha and beta trading opportunities in digital asset markets. Investors in Hilbert Capital’s investment solutions are predominantly institutions.

Hilbert Capital’s 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 “hedge fund model” which is typically 2 percent per annum in management fees and a 20 percent performance fee. For each Hilbert fund there are several investable share classes whose fee structures vary around the standard model, depending on the circumstances under which an investor enters.

Hilbert Group currently offers three investible funds:

Hilbert Digital Asset Fund / Hilbert V100 Fund

- Inception: the strategy has been running with capital since April 2017. In January 2019, the fund employing this strategy was established and opened to external investors.
- Description: Hilbert V100 is a fully risk-on, long-only strategy. Its objective is to maximize returns with a drawdown tolerance in line with the broad crypto-currency market. Hilbert V100 employs a combination of quantitative trading techniques, such as volatility trading, long-short trading and market-making.
- For internal fund naming consistency, Hilbert Digital Asset Fund is changing its name to Hilbert V100.

Hilbert V1 Fund

- Inception: the strategy has been running with capital since May 2022. In August 2022, the fund employing this strategy was established and opened to external investors in October 2022.
- Description: Hilbert V1 is a high alpha, low beta strategy. Its objective is to maximize returns within a drawdown tolerance of 10-12%. Hilbert V1 employs quantitative trading techniques, such as volatility trading, long-short trading, and market-making.

Hilbert V30 Fund

- Inception: the strategy has been running capital since May 2022. In May 2023, the fund employing this strategy was established and opened to external investors.
- Description: Hilbert V30 is a convex upside strategy. Its objective is to maximize returns within a drawdown tolerance of 10–20%. Hilbert V30 employs quantitative trading techniques, such as volatility trading, long-short trading and market-making.

PROPRIETARY TRADING

Proprietary trading means trading part of Hilbert Group's own capital. Thus, this vertical is responsible for a portion of Hilbert Group's revenues not directly related client work. The objective of conducting proprietary trading is twofold:

- To opportunistically deploy some of Hilbert's treasury to take advantage of favorable market environments. This type of deployment will only be done in highly liquid positions and will never utilize any net leverage.
- To test-drive the various strategies under development on real money before they get deployed into any of the investment funds.

The proprietary trading strategy is a mix of algorithmic/technical- and discretionary/fundamental trading. The revenue will be generated solely through capital appreciation in the underlying portfolio.

Having proprietary trading and asset management under the same roof might imply potential challenges from a conflict-of-interest point of view. Hilbert Group assess this risk on a regular basis and will continue to adhere to best practices in this respect, with full disclosure to investors if it is deemed that this risk is materially present. The Group has made its first proprietary trade during the fourth quarter of 2021, with high-frequency trading following in the 2nd quarter 2022 and continuing thereafter. Refer to accounting principles Note 1, XVI. Cryptocurrencies

EQUITY INVESTMENTS

Since inception, Hilbert Group has invested in three private companies within the blockchain ecosystem which the Group evaluates to offer attractive long-term growth potential and strategic synergies with the asset management activities. These investments are long-term, passive investments on Hilbert Group's balance sheet and are not related to the core asset management business. The investment process relies mostly on fundamental analysis of the underlying projects, technologies, and a thorough assessment of the quality and economic outlook of those projects.

As of 31 March 2023, Hilbert Group has the following investments on its balance sheet:

- (I) 60% majority stake in COIN360 Global Ltd. COIN360 Global Ltd, was acquired in July 2021. COIN360 Global Ltd, owns and operates COIN360.com and associated domains. COIN360.com is a live aggregator website for cryptocurrency exchange data such as prices, returns and trading volumes. It 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. The business model for COIN360.com is currently advertising/affiliates based but will soon be extended by a SaaS/subscription revenue stream. COIN360.com operates independently from Hilbert Group.
- (II) 2.7% stake in HAYVN, a global investment bank based in Abu Dhabi specializing in digital assets. HAYVN provides a regulated institutional grade digital currency platform that offers OTC trading, a digital asset payment solution and custody of digital assets. Hilbert Group and HAYVN will be strategic partners in terms of product development and distribution of fund products. In January 2023, HAYVN also launched its HAYVN 20 Digital Asset Index Fund and is further expanding it's offering to Asset Management clients.
- (III) 5.7% stake in Capchap AB acquired in February 2022. Capchap offers equity management and corporate secretarial services on the blockchain. Capchap's solution enables users to manage their share ledger, issuance of new shares, buying and selling of shares in private companies and other corporate actions on the blockchain. This means that the costly services currently provided by legal advisers can to a large degree be eliminated.

Financial overview

JANUARY – MARCH 2023

Revenue and results

Revenue increased to KSEK 5,979.2 (KSEK 3,765.9), of which KSEK 3,921.1 (KSEK —) from Proprietary trading in cryptocurrencies, KSEK 551.9 (KSEK 346.1) from Fund management as a result of increase in Assets under Management (AUM) and the launch of Hilbert V1, and KSEK 1,505.8 (KSEK 3,419.8) from Coin360, mainly related to Advertising income.

The proprietary trading vertical made its first investment during the fourth quarter 2021 and high-volume trading started in April 2022. For the initial months until April 2022, cryptocurrencies are reported as intangible assets, with no impact on the Revenue line item. Refer to Hilbert Group – Investment Activities section for further details.

Operating results amounted to KSEK -8,038.8 (KSEK -7,165.3), this following the deduction of operating income and expenses of KSEK -14,018.0 (KSEK -10,931.2); mainly relating to the purchases and fair value of cryptocurrencies KSEK -3,921.1 (KSEK —) and KSEK -9,289.40 (KSEK -7,894.70) relating to personnel and other operating expenses including support services. Operating expenses for the period continue to reflect the investments being made in Hilbert brand awareness and in forming the right team of skilled personnel, but also streamlining the COIN360 organisation.

Result for the period amounted to KSEK -8,831.7 (KSEK -5,612.1) of which KSEK -8,021.7 (KSEK -6,009.1) is attributable to parent company shareholders and KSEK -810.0 (KSEK 396.9) to the minority shareholders.

Financial position and cashflow

Total assets of the Group amount to KSEK 79,244.9 (KSEK 105,495.9) of which KSEK 52,087.7 (KSEK 67,579.6) relate to intangible assets and the right of use of assets; latter relating to a leased office premises which Hilbert entered into for a 7-year period in the amount of KSEK 6,672.3 (KSEK —).

The Group's current ratio is 1.37 as of 31 March 2023. The Group matches the maturity of its assets and liabilities. Total equity amount to KSEK 66,255.1 (KSEK 99,319.8) of which KSEK 49,502.8 (KSEK 78,477.9) are attributable to parent company shareholders and KSEK 16,752.3 (KSEK 20,841.9) are attributable to non-controlling interest.

Net cash flow from operating activities amounted to KSEK -4,945.0 (KSEK -1,456.0), net cash used in investing activities amounted to KSEK 116.0 (KSEK -10,697.0); 2022 comparative figures mainly relating to cash outflows in relation to the equity investments in HAVYN and Capchap.

Financing activities amounted to KSEK 5,131.0 (KSEK —), including proceeds from parent company Hilbert Group AB directed share issues amounting to KSEK 5,700.0.

At the end of the period Hilbert Group held KSEK 457 (KSEK 23,562) in cash and cash equivalents. Refer to significant events after the first quarter for further information about the Group's liquidity.

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

Recruitment of Thierry Pudet as Senior Quant Strategist

Thierry Pudet has joined Hilbert Group as Senior Quant Strategist in Hilbert Capital, the quantitative asset management arm of Hilbert Group. Thierry Pudet, Ph.D., joins Hilbert Group following senior risk roles at Finisterre Capital, Citadel, and Goldman Sachs. He brings over three decades of risk management and investing experience to the team, where he will focus on the ongoing development of Hilbert Group's systematic trading strategies.

Directed Issue of Shares

Hilbert Group AB (publ) has carried out a directed issue of B-shares of in total SEK 5.7 million. The main part of the directed issue (KSEK 4.9 million, equivalent to 2,969,718 shares) was resolved by the Board of Directors based on authorization of the Annual General Meeting on 27 May 2022. The remaining part of the issue (KSEK 0.8million, equivalent to 464,019 shares) was subscribed by Hilbert Group's Chief Executive Officer Niclas Sandstrom and Chief Risk Officer Hans-Peter Bermin, was approved by an Extraordinary General Meeting on 6 March 2023. CEO Niclas Sandstrom and CRO Hans-Peter Bermin subscribed 154,673 shares and 309,346 shares respectively.

The directed issue resulted in an increase in the number of shares in Hilbert Group by in total 3,433,737 B-shares. The subscription price was SEK 1.66, corresponding to a discount of approximately 10 percent of the volume-weighted average price (VWAP) of Hilbert Group's B-shares on Nasdaq First North Growth Market during the period January 30 – February 10, 2023. The directed issue entailed a dilution of 6.6 percent of the share capital and 2.7 percent of the votes, calculated as the number of newly issued shares divided by the total number of shares after the directed issue.

SIGNIFICANT EVENTS AFTER THE FIRST QUARTER

Closing of Loan Facility

On 28 April 2023 Hilbert Group AB concluded and signed the financing of a Euro denominated 10% fixed rate convertible loan of EUR 2 million, equivalent to SEK 22.2 million approximately. The loan is for a term of three years and is due to be repaid in 2026, or earlier in full redemption price upon the occurrence of certain events; namely Change of Control, Event of Default, Insolvency, Qualified Financing and Free cashflow generation as per the agreed terms of contract (as further detailed below). The loan is secured by a pledge over certain Hilbert Group assets and secures the cashflow and provides sufficient liquidity for at least the coming 12 months.

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 Hilbert Group 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 EUR6 million 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.

Hilbert Group sets high goals for Asset Management

On 23 February 2023 Hilbert Group announced, based on current pipeline/relationships, the goal of reaching SEK 1.5 billion in AUM at year-end 2023. This would indicate an annualised gross income for Asset Management in the range SEK 70 – SEK 100 million.

Launch of the Hilbert V30 Fund

On 1 May 2023, Hilbert Capital, the Asset Management business of the Hilbert Group launched and opened to external investors the third systematic fund; the Hilbert V30 Fund. The V30 Fund takes advantage of volatility in the digital asset markets through algorithmic trading and can take both long and short positions. The Fund was registered with CIMA on 5 April 2023.

SHAREHOLDERS 2023-03-31

Owner	HILB A	HILB B	Capital	Votes
Magnus Holm & companies	1,684,300	8,125,220	18.78%	19.40%
Niclas Sandström & companies	1,180,250	6,941,957	15.55%	14.56%
Frode Foss Skiftesvik & companies	3,264,800	1,757,299	9.61%	26.73%
Derivat Invest AS	850,000	2,256,259	5.95%	8.36%
Red Acre Holdings Ltd.	—	2,022,000	3.87%	1.57%
Erik Nerpin	—	1,700,000	3.25%	1.32%
Hans-Peter Bermin	419,050	1,421,681	3.52%	4.36%
Thierry Pudet	207,400	550,522	1.45%	2.04%
Chiuso Invest Aktiebolag	—	700,000	1.34%	0.54%
Willem De Geer	—	621,423	1.19%	0.48%
Others	894,200	17,637,376	35.48%	20.65%

Source: Modular Finance

OTHER INFORMATION

RISKS AND UNCERTAINTIES

Hilbert Group faces a number of risks and uncertainties that may directly or indirectly impact operations. These uncertainties include risk factors particularly related to trading of digital assets as well as regulatory and legal risks, as the digital assets industry is largely unregulated or lightly regulated in most countries. For a more detailed description of risks and uncertainties, refer to the Hilbert Group Company Description dated October 21, 2021, available on www.hilbert.group.

Reassessment of COIN360 acquisition

During Q3 2022, the analysis of the acquisition of COIN360 was finalized and the acquisition was assessed to comprise a group of assets that does not constitute a business. The acquisition cost has been allocated to the identifiable assets and liabilities based on their relative fair values at the date of the acquisition, as opposed to the previous presentation of the acquisition cost with Goodwill. The comparative Q1 2022 figures have been adjusted to reflect the reassessment of COIN360. Further detail can be found in the Annual Report 2022.

Share Capital and Formation of Hilbert Group

Hilbert Group was formed in 2021 when the current parent company, Hilbert Group AB,

acquired HC Holding Limited (a Company incorporated & registered under the laws of Malta with Company Registration Number C89451) and its wholly owned subsidiaries, also carrying out a private placement of shares and warrants whereby Hilbert Group raised KSEK 88,000. Hilbert Group AB was a dormant company which had not conducted any business from its formation to its acquisition of HC Holding Limited.

Prior to the acquisition of HC Holding Limited, Hilbert Group carried out a private placement of KSEK 88,000. The private placement was made in the form of 8,800,000 units. The issue price for one unit was SEK 10. One unit included one B-share and one warrant of series 2021/24, "TO 1B". Each warrant entitled the holder to subscribe for one new B-share in the Company. The exercise price was SEK 15 during the period 1 October, 2021 – 31 October, 2022, and SEK 20 during the period 1 November, 2022 – 31 October, 2024. A total of 10,700,000 warrants are outstanding. Assuming full exercise of the warrants, the dilution effect of the TO1B warrants corresponds to approximately 17.0 % of the share capital and 7.7 % of the votes in Hilbert Group in relation to the number of outstanding shares after the Directed share issue in Q1 2023.

Hilbert Group's share capital at the end of the reporting period was SEK 2,588,486 divided into 52,233,737 shares: 8,500,000 A-shares and 43,733,737 B-shares. This following the directed issue as noted and detailed in the Financial Overview: Significant events during the first quarter.

Warrants to employees – Incentive scheme

Prior to the listing on Nasdaq First North Growth Market in October 2021 Hilbert Group issued 1,000,000 warrants to a subsidiary for transfer to Hilbert Group's employees as a part of an incentive scheme. Each warrant entitles the holder to subscribe for one new B-share in the parent company Hilbert Group AB (publ) at an exercise price of SEK 15. The warrants can be exercised during the period October 1, 2024 – October 1, 2025.

No warrants have been granted as of yet. Hilbert Group is currently working on a revised incentive program to be introduced and replace the current one. This will be approved in the forthcoming Annual General Meeting on 15 June 2023.

Condensed consolidated statement of comprehensive income

KSEK	Q123	Q122	Full year 2022
Revenue	5,979.2	3,765.9	26,949.7
Cost of cryptocurrency sold	-3,921.1	—	-19,567.3
Other external expenses	-5,472.2	-3,636.8	-17,112.1
Personnel expenses	-3,817.2	-4,257.9	-19,127.6
Depreciation, amortization and write-downs	-1,844.8	-3,036.5	-14,671.7
Other operating income and expenses	1,037.3	—	-6,652.2
Operating profit/loss	-8,038.8	-7,165.3	-50,181.0
Financial items, net	-830.0	1,642.3	11,006.1
Profit before income tax	-8,868.8	-5,522.9	-39,175.0
Income tax expense	37.1	-89.2	-89.2
Profit/loss for the period	-8,831.7	-5,612.1	-39,264.2
Profit/loss is attributable to:			
Parent company shareholders	-8,021.7	-6,009.1	-34,084.2
Non-controlling interests	-810.0	396.9	-5,180.0
	-8,831.7	-5,612.1	-39,264.2
Other comprehensive income			
Items that may be reclassified to profit or loss (net of tax):			
Exchange differences on translation of foreign operations	107.4	538.5	2,227.4
Net other comprehensive income that may be reclassified to profit or loss	107.4	538.5	2,227.4
Items that will not be reclassified to profit or loss (net of tax):			
Net gain/loss on equity instruments designated at fair value through other comprehensive income	—	—	1,922.7
Net other comprehensive income that will not be reclassified to profit or loss	—	—	1,922.7
Other comprehensive income, net of tax	107.4	538.5	4 150.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-8,724.3	-5,073.6	-35,114.0
Total comprehensive income is attributable to:			
Parent company shareholders	-7,779.0	-5,953.6	-32,849.7
Non-controlling interests	-945.3	880.0	-2,264.3
	-8,724.3	-5,073.6	-35,114.0
Earnings per share			
Basic profit/loss for the period attributable to parent company shareholders	-0.16	-0.12	-0.70
Diluted profit/loss for the period attributable to parent company shareholders	-0.16	-0.12	-0.70
Number of shares at period-end	52,233,737	48,800,000	48,800,000
Weighted number of share before and after dilution	50,342,604	48,800,000	48,800,000

Condensed consolidated balance sheet

KSEK	31 March 2023	31 March 2022	31 December 2022
ASSETS			
Non-current assets			
Equipment	2,021.1	315.0	1,702.0
Right-of-use assets	6,672.3	—	6,983.6
Intangible assets	45,415.4	67,579.6	46,872.3
Other non-current assets	15,014.0	11,674.4	15,343.4
Total non-current assets	69,122.8	79,569.0	70,901.3
Current assets			
Inventory of cryptocurrencies	4,061.9	—	8,207.7
Other receivables	2,308.6	1,525.0	2,529.1
Receivables from related parties	3,293.6	839.0	2,422.2
Receivables from shareholders	1.0	0.9	1.0
Cash and cash equivalents	457.0	23,562.0	388.2
Total current assets	10,122.2	25,926.9	13,548.3
TOTAL ASSETS	79,244.9	105,495.9	84,449.6
EQUITY AND LIABILITIES			
Equity			
Equity, parent company shareholders	49,502.8	78,477.9	51,581.8
Non-controlling interests	16,752.3	20,841.9	17,697.6
Total equity	66,255.1	99,319.8	69,279.4
Non-current liabilities			
Lease liability	5,620.9	—	6,221.5
Total non-current liabilities	5,620.9	—	6,221.5
Current liabilities			
Lease liability	1,160.8	—	1,184.6
Other payables	4,015.7	1,156.4	3,237.7
Payables to shareholders	26.2	1,061.9	26.4
Current tax liabilities	—	124.1	124.1
Accrued expenses and deferred revenue	2,166.1	3,833.6	4,375.8
Total current liabilities	7,368.9	6,176.0	8,948.6
TOTAL EQUITY AND LIABILITIES	79,244.9	105,495.9	84,449.6

Condensed consolidated statement of changes in equity

KSEK	Attributable to parent company shareholders					Total	Non-controlling interest	Total equity
	Share capital	Share issue in progress	Other paid-in capital	Other reserves	Retained earnings			
Balance at 31 December 2021	2,440.0	—	86,110.0	17.4	-4,135.8	84,431.5	19,961.9	104,393.5
Comprehensive income				55.5	-6,009.1	-5,953.6	880.0	-5,073.6
Balance at 31 March 2022	2,440.0	—	86,110.0	72.8	-10,144.9	78,477.9	20,841.9	99,319.8
Balance at 31 December 2022	2,440.0	—	86,110.0	1,251.8	-38,220.0	51,581.8	17,697.6	69,279.5
Share issue	148.5	—	4,781.2	—	—	4,929.7	—	4 929.7
Share issue in progress	—	23.2	747.1	—	—	770.3	—	770.3
Comprehensive income	—	—	—	242.7	-8,021.7	-7,779.0	-945.3	-8,724.3
Balance at 31 March 2023	2,588.5	23.2	91,638.3	1,494.6	-46,241.7	49,502.8	16,752.3	66,255.2

The reporting period 2021, and thus opening equity for the comparison period Q1 2022, was restated during 2022 to reflect a reassessment of the Coin360 acquisition in 2021. Refer to Note 23 of the Annual Report 2022 for further information.

A directed issue of shares resolved by an extraordinary general meeting of Hilbert Group AB (publ) on 6 March 2023 was fully paid but pending registration on 31 March 2023.

Condensed consolidated statement of cash flows

KSEK	Q123	Q122	Full year 2022
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/loss before tax	-8,869	-5,523	-39,175
Adjustments for items not affecting cash:	5,250	1,394	14,778
Taxes paid	-87	—	—
Cash flow from operating activities before changes in working capital	-3,705	-4,129	-24,397
Changes in working capital			
Receivables	-485	1,470	-856
Payables	-755	1,203	2,916
Cash flow from changes in working capital	-1,240	2,673	2,060
Net cash flow from operating activities	-4,945	-1,456	-22,337
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of equipment	-460	-166	-1,642
Net proceeds from/purchase of intangible assets	344	-2,679	-4,422
Purchase of financial instruments	—	-7,852	-7,271
Net cash used in investing activities	-116	-10,697	-13,335
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	5,700	—	—
Principal elements of lease payments	-569	—	-111
Net cash generated from financing activities	5,131	—	-111
Cash flow for the period	69	-12,153	-35,783
Foreign currency translation, cash and cash equivalents	0	14	470
Cash and cash equivalents at beginning of the period	388	35,701	35,701
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	457	23,562	388

Condensed parent company income statement

KSEK	Q123	Q122	Full year 2022
Revenue	398.9	—	1,487.9
Other external expenses	-2,655.5	-1,825.3	-10,417.0
Personnel expenses	-1,045.0	-2,101.9	-6,880.2
Depreciation and amortisation	-1.4	—	-2.9
Other operating expenses	-10.9	—	-201.5
Operating profit/loss	-3,313.8	-3,927.3	-16,013.6
Financial items, net	-682.9	1,642.3	191.7
Profit before income tax	-3,996.7	-2,284.9	-15,821.9
Income tax expense	37.1	-89.2	-89.2
PROFIT/LOSS AFTER TAX	-3,959.6	-2,374.1	-15,911.1

Hilbert Group AB's activities are focused on group management services, group accounting and fund investor relations. The company employs four people and revenue for the first quarter 2023 comprises recharge of certain personnel expenses to subsidiaries. For the year 2022, such recharges were made in the fourth quarter for the entire year. Other external expenses for the quarter include recharges from other group entities. Also these were recharged during the fourth quarter 2022 for the full year 2022.

Personnel expenses for the first quarter 2022 included non-recurring items for formation of the team.

Financial net is pertaining to currency translation effects on receivables denominated in USD both for the current quarter and the comparison period. For the full year 2022 a credit loss provision was included in the financial net amount.

Cash and cash equivalents at the end of the period amounted to KSEK 457.0 (10,396.8). During the first quarter 2023 Hilbert Group carried out a directed issue of B-shares of SEK 5.7 million. The main part (SEK 4.9 million) was resolved by the Board of Directors based on an authorization by the AGM and the remaining part (SEK 0.8 million) was approved by the EGM on 6 March 2023. In addition, Hilbert Group has agreed on the terms for a loan facility of SEK 22.2 million and the agreed terms have been converted into a binding agreement after the end of the first quarter. Further, Hilbert Group is in discussions with institutional investors to increase the loan facility with approx. SEK 5.5 million. Refer to the Financial Overview section of this report for further information.

Condensed parent company balance sheet

KSEK	31 March 2023	31 March 2022	31 December 2022
ASSETS			
Non-current assets			
Equipment	12.9	—	14.3
Shares in subsidiaries	2,900.0	2,900	2,900.0
Total non-current assets	2,912.9	2,900	2,914.3
Current assets			
Receivables from group companies	72,105.9	75,039.2	73,587.5
Other receivables	282.1	—	190.3
Cash and cash equivalents	457.0	10,396.8	116.9
Total current assets	72,844.9	85,436.0	73,894.7
TOTAL ASSETS	75,757.8	88,336.0	76,809.0
EQUITY AND LIABILITIES			
Shareholders' equity	72,176.8	83,973.4	70,436.4
Current liabilities			
Other payables	1,955.5	918.1	1,926.3
Payables to group companies	3.9	1,010.5	2,292.8
Current taxes	—	124.1	124.1
Accrued expenses	1,621.6	2,310.0	2,029.5
Total liabilities	3,581.1	4,362.6	6,372.7
TOTAL EQUITY AND LIABILITIES	75 757,8	88 336,0	76 809,0

Notes

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Accounting principles

This note describes the comprehensive basis of preparation which has been applied in preparing the consolidated financial statement, as well as the accounting policies for specific areas applied by Hilbert Group AB (publ) and the Group in which Hilbert Group AB (publ) is the Parent company.

Hilbert Group AB's city of residence is Stockholm, Sweden. The terms "Hilbert Group", the "Group" or the "Company" refers, depending on the context, to Hilbert Group AB (publ) (corporate ID No. 559105-2948) or the consolidated Group in which Hilbert Group AB (publ) is the Parent company and its subsidiaries. Enumerated amounts presented in tables and statements may not always agree with the calculated sum of the related line items due to rounding differences. The aim is for each line item to agree with its source and therefore there may be rounding differences affecting the total when adding up the presented line items.

II. Basis of preparation

This Q12023 report complies with the provisions of IAS 34, and the report for the Parent Company has been prepared pursuant to the provisions of the Swedish Annual Accounts Act and RFR 2. In addition to the financial statements, disclosures under IAS 34.16A also appear in other parts of the interim report. The application of the accounting policies is consistent with their application in the Annual report for the financial year 2022, unless otherwise stated below.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

III. 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.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Upon consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

IV. Segment reporting

The chief operating decision maker (CODM) for Hilbert Group comprises Group management, as it is the Group management team who evaluates the Group's financial position and performance and make strategic decisions. The management bases its decisions on the Group in its entirety when allocating resources and assessing performance. Internal reporting is also based on the performance of the Group as a whole. Given the above, the assessment is that Hilbert Group has one operating segment, which comprises the Group as a whole.

For information about revenue per geographical area, refer to note 4. Except for funds managed by Hilbert Group; Hilbert Digital Asset Fund (HDAF) and Hilbert V1 Fund (HV1), from which fund management fees are received, there are no major customers, individually or as a group. Proprietary trading with cryptocurrencies is executed on crypto exchanges where the buyer is not known to the seller.

V. Business combinations and goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and

- fair value of any pre-existing equity interest in the subsidiary.

It is determined that a business has been acquired when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process, or it significantly contributes to the ability to continue producing outputs. An acquisition that does not meet the criteria is identified as an acquisition of a group of assets that do not constitute a business. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration that is classified a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

VI. Acquisition of subsidiaries constituting an asset acquisition

Upon acquisition of a subsidiary Hilbert Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs. An acquisition of a subsidiary that does not meet the criteria is identified as an acquisition of a group of assets that do not constitute a business. For such acquisitions, constituting net assets without

significant processes, the acquisition cost is allocated to the identifiable assets and liabilities based on their relative fair values at the date of the acquisition. Transaction costs are added to the purchase price of the acquired net assets when assets are acquired. Holdings of non-controlling interest in subsidiaries recognised as asset acquisitions are measured according to the same principles as for business combinations except the inclusion of goodwill.

VII. Foreign currency translation

The Group's consolidated financial statements are presented in Swedish krona (SEK), which is also the Parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method

(i) 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.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Swedish krona at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

Exchange rates applied for translation

SEK	Q12023		Q12022		2022	
	Closing	Average	Closing	Average	Closing	Average
USD	10.3539	10.4280	9.2641	9.345	10.4371	10.1245

VIII. Asset and liabilities current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading

- expected to be realised within twelve months after the reporting period or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

IX. 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.

X. Fair value measurement

The Group measures financial instruments such as equity investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter financial instruments) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

XI. Equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a

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

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

- Computer equipment 5 years
- Furniture and Fittings 5 years
- Leasehold Improvements 7 years

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.

XII. Leases

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group is only a party to contracts in which the Group is a lessee.

i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Periods covered by an extension option a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office 7 years

The right-of-use assets are also subject to impairment testing.

ii) Lease liabilities

At the commencement date of the lease, lease liabilities measured at the present value of lease payments to be made over the lease term are recognised. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The incremental borrowing rate applied to measure lease liability is 3.67% for the offices premises for which the commencement date has occurred during 2022.

Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs.

XIII. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination or as a group of assets is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding but capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with indefinite useful lives, such as brand names and cryptocurrencies, are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An acquired asset is capitalised on the basis of the costs incurred to acquire and bring to use the specific asset. These costs are amortised over their estimated useful life license of four years.

Amortisation 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:

- Technology acquired as an asset 5 years
- Website development 3–5 years
- Software licenses 3 years

Costs associated with maintaining intangible assets are recognised as an expense as incurred.

XIV. Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use
- its intention to complete and its ability and intention to use the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

XV. 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.

XVI. Cryptocurrencies

Cryptocurrencies not included in Hilbert Group's proprietary trading portfolio are reported as intangible assets with indefinite useful life and are thus not amortised. Cryptocurrencies in the proprietary trading portfolio are initially measured at cost and subsequently at fair value less costs to sell based on quoted market prices and classified as Inventory.

With effect from April 2022, Hilbert Group commenced trading of cryptocurrencies on its own account (proprietary trading) applying a mix of algorithmic/technical- and discretionary/fundamental trading.

Cryptocurrency previously reported as intangible assets have been transferred to a trading portfolio.

Hilbert Group's assessment is that the establishment of an accounting policy for inventory of cryptocurrencies is not a change in accounting policy but the application of a new accounting policy for transactions that did not occur prior to April 2022, or were immaterial before that point in time.

Inventory of cryptocurrency is recognised at fair value less costs to sell. Changes in fair value are recognised as purchases of cryptocurrency in the statement of comprehensive income and classified as Inventory.

For the comparative financial reporting period Q12022 all cryptocurrencies held were reported as intangible assets applying a cost model and tested for impairment regularly.

XVII. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

XVIII. Equity instruments

The Group's equity instruments are not held for trading. At initial recognition, the equity instruments are measured at fair value, and subsequently at fair value through other comprehensive income (FVOCI). Only dividend income is recognised in profit or loss, whereas all other gains and losses are recognised in OCI without reclassification

to profit or loss on derecognition. Transaction costs of are expensed in profit or loss.

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

XX. Cash and cash equivalents

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

XXI. Liabilities

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

XXII. Current and deferred tax

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

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

Deferred tax assets are recognised only to the extent that it is 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.

XXIII. 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.

XXIV. Reserves in equity (other reserves)

Reserves comprise:

- fair value reserve of assets at fair value through other comprehensive income
- translation reserve including exchange rate differences arising on translation to Swedish krona (SEK) of foreign operations' financial statements prepared in the currency used in the economic environment where the respective company operates (functional currency). The Parent company and the Group prepare financial statements in SEK.

XXV. Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Pension plans

Currently, there are no pension plans within the Group.

(iii) Compensation in case of dismissal

A provision is recognised in connection with redundancies of staff only if the entity is formally obliged to terminate an employment relationship before the normal date or when benefits are made as an offer to initiate voluntary resignation.

(iv) Employee share-based payment

Prior to the listing on Nasdaq First North Growth Market, Hilbert Group issued 1,000,000 warrants to a subsidiary for transfer to Hilbert Group's employees as part of an incentive program. No warrants have yet been granted, neither during the period ended December 31, 2022 nor at the date of this report

XXVI. Revenue from contracts with customers

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.

For fixed-price advertising contracts, revenue is recognised based on the actual

service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. An output method, based on contract time elapsed, is used for measuring the services transferred.

Asset management and performance fee are recognised at a point in time; management fee and performance fee are recognised on a monthly and quarterly basis, respectively.

XXVII. Dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Sweden, a distribution is authorised when it is approved by a General Meeting of shareholders. A corresponding amount is recognised directly in equity.

NOTE 2

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue by major revenue stream	Q123	Q122	2022
Fund management and performance fees	551.9	346.1	874.7
Advertising income	1,506.2	3,419.8	6,507.8
Sales of cryptocurrency	3,921.1	—	19,567.3
TOTAL	5,979.2	3,765.9	26,949.7

Timing of revenue recognition	Q123	Q122	2022
At a point in time	1,491.8	389.3	20,691.5
Over time	4,487.4	3,376.6	6,258.3
TOTAL	5,979.2	3,765.9	26,949.7

Revenue by country of group company incorporation	Q123	Q122	2022
Cayman Islands	4,473.0	346.1	20,441.9
British Virgin Islands	1,506.2	3,419.8	6,507.8
TOTAL	5,979.2	3,765.9	26,949.7

NOTE 3

FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

31 March 2023		Level 1	Level 2	Level 3	Total
Investments	Equity securities	—	—	15,014.0	15,014.0
Intangible assets	Cryptocurrencies	1,151.8	—	—	1,151.8
Inventory	Cryptocurrencies	4,061.9	—	—	4,061.9
31 March 2022		Level 1	Level 2	Level 3	Total
Investments	Equity securities	—	—	11,674.4	11,674.4
Intangible assets	Cryptocurrencies	21,008.6	—	—	21,008.6
Inventory	Cryptocurrencies	—	—	—	—

31 December 2022		Level 1	Level 2	Level 3	Total
Investments	Equity securities	—	—	15,134.7	15,134.7
Intangible assets	Cryptocurrencies	1,518.5	—	—	1,518.5
Inventory	Cryptocurrencies	8,207.7	—	—	8,207.7

For Equity investments fair value remains unchanged since prior quarter - Q4 2022. For valuation, an Income approach has been applied. Future income and expenses for the entity are converted to a current discounted amount, reflecting current market expectations about those future amounts.

For cryptocurrencies presented as intangible assets, the fair value for the comparative period is disclosed for information purpose. The amount as of 31 March 2022 follows the cost model. The carrying amount at Q12022 reporting period has equalled quoted prices, thus equalling fair value.

For information about the fair value hierarchy levels and inputs used, refer to the 2022 Annual report.

NOTE 4

PLEGDED ASSETS AND CONTINGENT LIABILITIES

The parent company Hilbert Group AB (publ) has pledged KSEK 50.0 of its cash and cash equivalents as collateral for external obligations.

At year-end 2022, neither the parent company nor any other Hilbert Group company has pledged any other assets and there are no contingent liabilities.

Declaration by the Board of Directors and the CEO

The Board of Directors and CEO confirm that this Interim Report provides a true and fair view of the parent company and the Group's operations, financial position and results for the period concerned.

Stockholm, 31 May 2023
Board of Directors

Erik Nerpin
Chairman

Frode Foss-Skiftesvik
Board member

David Butler
Board member

Niclas Sandström
CEO

The report has not been reviewed by the Company's auditors.

Other information

FINANCIAL CALENDAR

Interim Report Q2	31 August 2023
Interim Report Q3	30 November 2023
Interim Report Q4	28 February 2024

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This information is information that Hilbert Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 13:00 CET on 31 May, 2023.