

Heartcore Capital A/S

Højbro Plads 10, 2
1200 Copenhagen K
Business Registration No
33858663

Annual report 2018

The Annual General Meeting adopted the annual report on 20.03.2019

Chairman of the General Meeting

Name: Signe Marie Sveinbjørnsson

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Entity details

Entity

Heartcore Capital A/S
Højbro Plads 10, 2
1200 Copenhagen K

Central Business Registration No (CVR): 33858663
Registered in: Copenhagen K
Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Signe Marie Sveinbjørnsson, chairwoman
Christian Lindegaard Jepsen
Jimmy Fussing Nielsen
Maximilian Wilfried Georg Jochen Niederhofer

Executive Board

Jimmy Fussing Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Heartcore Capital A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 08.03.2019

Executive Board

Jimmy Fussing Nielsen

Board of Directors

Signe Marie Sveinbjørnsson
chairwoman

Christian Lindegaard Jepsen

Jimmy Fussing Nielsen

Maximilian Wilfried Georg
Jochen Niederhofer

Independent auditor's report

To the owners of Heartcore Capital A/S

Opinion

We have audited the financial statements of Heartcore Capital A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 08.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Kim Takata Mücke
State Authorised Public Accountant
Identification No (MNE) mne10944

Management commentary

Primary activities

Heartcore Capital A/S is a management company that provides advisory services and administration to venture capital funds. Heartcore Capital A/S is located in Copenhagen.

Heartcore Capital A/S is investment manager for five venture funds:

- Sunstone Technology Ventures Fund I K/S
- Heartcore Capital Fund I K/S
- Heartcore Capital Fund II K/S
- Heartcore Capital Fund III K/S
- Heartcore Capital Progression Fund Alpha K/S

that invest in unlisted Technology companies.

The funds have a total commitment of EUR 438 million. As of year-end 2018, the funds have a portfolio of app. 40 active companies.

Since the establishment, Heartcore Capital A/S has received and processed an increasing amount of prospective investment opportunities. All contacts have been evaluated with selected opportunities progressing to further analysis. During 2018, 8 investments in new portfolio companies were completed, as well as 25 follow-up investments were made in existing portfolio companies. 3 portfolio companies were realized during the year.

Development in activities and finances

The profit after tax for 2018 was DKK 5.324k. Equity equals DKK 12.220k end of 2018.

Unusual circumstances affecting recognition and measurement

The annual report is not influenced by unusual circumstances.

Outlook

Forthcoming results of Heartcore Capital A/S depend on activity in its venture funds.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Revenue		30.732	33.327
Other external expenses		<u>(12.775)</u>	<u>(10.843)</u>
Gross profit/loss		17.957	22.484
Staff costs	1	(11.833)	(12.377)
Depreciation, amortisation and impairment losses		<u>(57)</u>	<u>(36)</u>
Operating profit/loss		6.067	10.071
Income from investments in group enterprises		684	77
Other financial income		26	9
Other financial expenses		<u>(100)</u>	<u>(94)</u>
Profit/loss before tax		6.677	10.063
Tax on profit/loss for the year	2	<u>(1.356)</u>	<u>(2.220)</u>
Profit/loss for the year		5.321	7.843
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		6.000	6.000
Transferred to reserve for net revaluation according to the equity method		684	77
Retained earnings		<u>(1.363)</u>	<u>1.766</u>
		5.321	7.843

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Other fixtures and fittings, tools and equipment		204	91
Property, plant and equipment		204	91
Investments in group enterprises		1.054	343
Other receivables		0	37
Fixed asset investments	3	1.054	380
Fixed assets		1.258	471
Receivables from group enterprises		895	1.088
Other receivables		3.426	4.516
Receivables		4.321	5.604
Cash		7.444	8.102
Current assets		11.765	13.706
Assets		13.023	14.177

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Contributed capital		502	502
Reserve for net revaluation according to the equity method		749	76
Retained earnings		4.955	6.318
Proposed dividend		6.000	6.000
Equity		12.206	12.896
Deferred tax		2	1
Provisions		2	1
Payables to group enterprises		49	0
Income tax payable		125	115
Other payables		641	1.165
Current liabilities other than provisions		815	1.280
Liabilities other than provisions		815	1.280
Equity and liabilities		13.023	14.177
Unrecognised rental and lease commitments	4		
Contingent liabilities	5		

Statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	502	76	6.318	6.000
Ordinary dividend paid	0	0	0	(6.000)
Exchange rate adjustments	0	(11)	0	0
Profit/loss for the year	0	684	(1.363)	6.000
Equity end of year	502	749	4.955	6.000
				Total DKK'000
Equity beginning of year				12.896
Ordinary dividend paid				(6.000)
Exchange rate adjustments				(11)
Profit/loss for the year				5.321
Equity end of year				12.206

Notes

	2018	2017
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	11.738	12.278
Pension costs	63	67
Other social security costs	32	32
	11.833	12.377
Average number of employees	6	6
	2018	2017
	DKK'000	DKK'000
2. Tax on profit/loss for the year		
Current tax	1.325	2.215
Change in deferred tax	1	(2)
Adjustment concerning previous years	30	7
	1.356	2.220
		Invest-
		ments in
		group
		enterprises
		DKK'000
3. Fixed asset investments		
Cost beginning of year		267
Exchange rate adjustments		1
Additions		37
Cost end of year		305
Revaluations beginning of year		76
Exchange rate adjustments		(12)
Share of profit/loss for the year		685
Revaluations end of year		749
Carrying amount end of year		1.054

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Investments in group enterprises comprise:			
Sunstone TV General Partner III ApS	Copenhagen	ApS	100,0
Sunstone TV General Partner II ApS	Copenhagen	ApS	90,0
Sunstone Advisory GmbH	Berlin	GmbH	100,0
Sunstone Advisory S.A.S	Paris	S.A.S	100,0

	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
4. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>523</u>	<u>0</u>

5. Contingent liabilities

The Company is jointly taxed with its Danish subsidiaries. According to the provisions of the *Danish Corporate Tax Act* governing joint taxation, the Company is liable for any liabilities to withhold tax at source regarding royalties and dividends for the jointly taxed companies and several liability exists for any income taxes incumbent on the jointly taxed companies. Apart from this, the Company has no additional contingent liabilities.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The annual report has been presented applying the accounting policies consistently with last year.

The annual report is presented in DKK'000.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidation

The Company has not prepared consolidated financial statements with the reference to the Danish Financial Statements Act section 110 (1).

Income statement

Revenue

Other operating income comprises management fee for investment advisory service and administration of venture capital funds stated in accordance with management fee agreements.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Accounting policies

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relate to equipment calculated on the basis of the residual values and useful lives of the individual assets.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and gains from transactions in foreign currencies, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, and loss from transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equities.

Accounting policies

Investments presenting their financial statements in a functional currency other than Danish kroner, the income statement is translated using average exchange rates for the months of the year in question. Equity is translated at the exchange rate prevailing at the balance sheet date. All foreign currency translation adjustments are recognized in equity.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Cash

Cash comprises cash bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.