



Heartcore Capital A/S

Frederiksgade 7, 3.
1265 Copenhagen
CVR No. 33858663

Annual report 2021

The Annual General Meeting adopted the
annual report on 28.03.2022

Signe Marie Sveinbjørnsson

Chairwoman of the General Meeting

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Entity details

Entity

Heartcore Capital A/S

Frederiksgade 7, 3.

1265 Copenhagen

Business Registration No.: 33858663

Registered office: København

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Christian Madsen Motzfeldt

Barbara Taudorf Andersen

Christian Lindegaard Jepsen

Executive Board

Jimmy Fussing Nielsen

Signe Marie Sveinbjørnsson

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

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 01.01.2021 - 31.12.2021.

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 Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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, 28.03.2021

Executive Board

Jimmy Fussing Nielsen

Signe Marie Sveinbjørnsson

Board of Directors

Christian Madsen Motzfeldt

Barbara Taudorf Andersen

Christian Lindegaard Jepsen

Independent auditor's report

To the shareholders of Heartcore Capital A/S

Opinion

We have audited the financial statements of Heartcore Capital A/S for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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:

- 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.

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, 28.03.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant
Identification No (MNE) mne10944

Murat Güler

State Authorised Public Accountant
Identification No (MNE) mne46582

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 seven 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 Fund IV K/S
- Heartcore Capital Progression Fund Alpha K/S
- Heartcore Capital Progression Fund Beta K/S

that invest in unlisted consumer technology companies.

The funds have a total commitment of EUR 640 million. As of year-end 2021, the funds have a portfolio of app. 60 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 2021, 13 investments in new portfolio companies were completed, as well as 32 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 2021 was DKK 22,494k. Equity equals DKK 27,727k end of 2021.

Uncertainty relating to recognition and measurement

The annual report is not influenced by unusual circumstances. The revenue of the Company is positively affected by an increase in commitment in Heartcore Capital Fund IV resulting in an increase on management fee payments from the fund

Events after the balance sheet date

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

Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Revenue		60,493	50,283
Other external expenses		(21,781)	(24,872)
Gross profit/loss		38,712	25,411
Staff costs	1	(10,368)	(8,441)
Depreciation, amortisation and impairment losses		(113)	(76)
Operating profit/loss		28,231	16,894
Income from investments in group enterprises		690	485
Other financial income		50	48
Other financial expenses		(275)	(157)
Profit/loss before tax		28,696	17,270
Tax on profit/loss for the year	2	(6,213)	(3,708)
Profit/loss for the year		22,483	13,562
Proposed distribution of profit and loss:			
Ordinary dividend for the financial year		9,733	9,500
Retained earnings		12,750	4,062
Proposed distribution of profit and loss		22,483	13,562

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Other fixtures and fittings, tools and equipment		1,161	185
Property, plant and equipment	3	1,161	185
Investments in group enterprises		1,888	1,323
Other receivables		185	0
Financial assets	4	2,073	1,323
Fixed assets		3,234	1,508
Deferred tax		0	6
Other receivables		5,158	4,056
Joint taxation contribution receivable		35	37
Prepayments		520	482
Receivables		5,713	4,581
Cash		20,874	13,057
Current assets		26,587	17,638
Assets		29,821	19,146

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		502	502
Reserve for net revaluation according to the equity method		1,433	868
Retained earnings		16,048	3,863
Proposed dividend		9,733	9,500
Equity		27,716	14,733
Deferred tax		41	0
Provisions		41	0
Income tax payable		297	1,135
Other payables		1,767	3,278
Current liabilities other than provisions		2,064	4,413
Liabilities other than provisions		2,064	4,413
Equity and liabilities		29,821	19,146
Unrecognised rental and lease commitments	5		
Contingent liabilities	6		

Statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	502	868	3,863	9,500	14,733
Ordinary dividend paid	0	0	0	(9,500)	(9,500)
Dividends from group enterprises	0	(125)	125	0	0
Profit/loss for the year	0	690	12,060	9,733	22,483
Equity end of year	502	1,433	16,048	9,733	27,716

Notes

1 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	10,252	8,350
Pension costs	76	65
Other social security costs	40	26
	10,368	8,441
Average number of full-time employees	5	5

2 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	6,117	3,698
Change in deferred tax	46	(3)
Adjustment concerning previous years	50	13
	6,213	3,708

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	706
Additions	1,194
Disposals	(385)
Cost end of year	1,515
Depreciation and impairment losses beginning of year	(521)
Depreciation for the year	(113)
Reversal regarding disposals	280
Depreciation and impairment losses end of year	(354)
Carrying amount end of year	1,161

4 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	455
Cost end of year	455
Revaluations beginning of year	868
Share of profit/loss for the year	690
Dividend	(125)
Revaluations end of year	1,433
Carrying amount end of year	1,888

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Heartcore Capital General Partner I ApS	Copenhagen	ApS	90.0
Heartcore Capital General Partner II ApS	Copenhagen	ApS	100.0
Heartcore Capital General Partner IV ApS	Copenhagen	ApS	100.0
Heartcore Capital General Partner Beta ApS	Copenhagen	ApS	100.0
Heartcore Advisory GmbH	Berlin	GmbH	100.0
Heartcore Advisory S.A.S	Paris	S.A.S	100.0

5 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Liabilities under rental or lease agreements until maturity in total	623	471

6 Contingent liabilities

The Company serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

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 a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied 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.

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, marketing costs, IT-costs and corporate costs, etc.

Staff costs

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

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 currency gains, 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 currency losses 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 Entity is jointly taxed with all Danish group enterprises. 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.

Investments presenting their financial statements in a functional currency other than Danish kroner, the income statement is translated using average exchange rates. 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 equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax

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

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Dividend

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

Other financial liabilities

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

Tax receivable or payable

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