

**Heartcore Capital Fund IV K/S**  
**Frederiksgade 7, 3**  
**1265 Copenhagen K**  
**Central Business Registration No 40295860**  
**Annual report 2021**

The Annual General Meeting adopted the annual report on

**Chairwoman of the General Meeting**

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Name: Signe Marie Sveinbjørnsson

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## **Fund details**

### **Fund**

Heartcore Capital Fund IV K/S

Frederiksgade 7, 3

DK-1265 Copenhagen K

Central Business Registration No: 40295860

Registered in: Copenhagen

Financial year: 01.01.2021 – 31.12.2021

### **General Partner**

Heartcore Capital General Partner IV ApS

### **Executive Board in Heartcore Capital General Partner IV ApS**

Christian Lindegaard Jepsen

Jimmy Fussing Nielsen

### **Auditor**

Deloitte Statsautoriseret Revisionspartnerselskab

## **Statement by the General Partner on the annual report**

The Executive Board in Heartcore Capital General Partner IV ApS has today considered and approved the annual report of Heartcore Capital Fund IV K/S (“the Fund”) for the financial year 01.01.2021 – 31.12.2021.

The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Fund’s financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021- 31.12.2021.

In our opinion, the management commentary contains a fair review of the development of the Fund’s business and financial matters, the results for the year and of the Fund’s financial position as a whole, together with a description of the principal risks and uncertainties that the Fund faces.

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

Copenhagen, 25.01.2022

### **Executive Board in Heartcore Capital General Partner IV ApS**

Christian Lindegaard Jepsen

Jimmy Fussing Nielsen

## Independent auditor's report

### To the General Partner and Limited Partners of Heartcore Capital Fund IV K/S

#### Opinion

We have audited the financial statements of Heartcore Capital Fund IV K/S ("the Fund") for the financial year 01.01.2021 - 31.12.2021, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Fund's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 Fund 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.

#### General Partner's responsibilities for the financial statements

The General Partner is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as the General Partner 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, the General Partner is responsible for assessing the Fund'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 the General Partner either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

## Independent auditor's report

### 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner.
- Conclude on the appropriateness of the General Partner'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 Fund'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 Fund 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.

## Independent auditor's report

### Statement on the Management commentary

The General Partner 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, 25.01.2022

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No 33 96 35 56

Kim Takata Mücke  
State Authorised Public Accountant  
Identification number (MNE) mne10944

Murat Güler  
State Authorised Public Accountant  
Identification number (MNE) mne46582

## Management commentary

### Primary activities

Heartcore Capital Fund IV K/S (“the Fund” or “Heartcore”) invests in technology companies mainly located in Europe.

A team of investment professionals is responsible for the investment management.

### Development in activities and finances

The Fund was established on 19 December 2019. At the time of publication of this Annual Report, the Fund holds 22 active portfolio enterprises of which three are located in Denmark. The rest is located in UK, Germany, France and USA.

The Fund made 13 new investments in 2021.

The result for the year showed a loss of DKK 26 million, as a result of operating expenses exceeding fair value gains from the investments in portfolio companies.

### New Investments:

Eight of the thirteen investments were publicly announced.

Greenwich and Warren, Inc. (Fora): US-based company that builds the world's largest travel agency by providing a "business-in-box" SaaS for independent contractors to become travel agents.

Kobaj ApS: Danish company that delivers a wine marketplace, connecting consumers directly with vineyards.

Likeminded GmbH: Berlin-based provider of online mental healthcare services such as stress, burn-out, heartache and anxiety.

Majority AB: Stockholm-based company that provides financial services for migrants in the US.

Metabrain Inc. (Zefir): US company with its main operations in France. The company is a residential property iBuyer focused on the French market, allowing French consumers to sell their homes conveniently.

Roadsurfer GmbH: Munich-based travel company that provides renting, conception, conversion and sale of camping vehicles, motorhomes and other motor vehicles and heavy goods vehicles.

Scapin Labs AB: Stockholm-based company that provides a social platform where users interact through avatars in real time, with facial motion tracking.

Supreme SAS (Gourmey): Paris-based company that produce meat by harvesting animal cells from duck eggs and feeding them basic nutrients so they can grow to Foie gras.



## **Management commentary (continued)**

### **Development in selected portfolio companies**

Ukio Inc.: US company with its main operations in Spain. The company provides liquidity in the medium-term rental residential real estate market and enable people to immediately live in an apartment that feels like home when relocating. The company progress well during the year and raised a round led by Breega with participation of existing investors.

Weezy Group Ltd.: London-based online supermarket, selling groceries with an on-demand delivery service. The company was sold to Getir in 2021.

### **Uncertainty relating to recognition and measurement**

When preparing the Fund's annual report, the General Partner, in accordance with legislative provisions, makes accounting judgements and estimates which form the basis of the annual report. The accounting judgement and estimates made by the General Partner are described in note 2 "Critical accounting judgements, estimates, assumptions and uncertainties" to which we refer. Such estimates are primarily relating to the measurement of investments in portfolio enterprises made on the basis of assumptions which the General Partner considers reasonable and realistic, but which are uncertain by nature. For the current year the General Partner has also taken into consideration the effects of the COVID19-pandemic. The Fund itself has not been affected by the COVID-19 outbreak. However, the pandemic has affected – both positively and negatively - the operations of many of the Fund's portfolio enterprises, which have been taken into consideration when determining the fair value of investments in portfolio enterprises

### **Unusual circumstances affecting recognition and measurement**

Except for the fair value changes on investments, the financial statement is not influenced by unusual circumstances.

### **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.

### **Outlook**

Forthcoming results of Heartcore Capital Fund IV K/S depend on the development in the value of the Fund's investment in portfolio enterprises. Due to the nature of the Fund's operations and business, the Fund does not provide any specific guidance regarding expected earnings for 2022.

**Statement of comprehensive income**

	Notes	2021 DKK'000	2020 DKK'000
Gain/loss from investments in portfolio enterprises	4	<u>11,034</u>	<u>(3,115)</u>
<b>Operating income/loss</b>		<b>11,034</b>	<b>(3,115)</b>
Administrative expenses	5	(34,929)	(21,524)
Other operating expenses	5	<u>(2,027)</u>	<u>(4,093)</u>
<b>Loss before financial items (EBIT)</b>		<b>(25,922)</b>	<b>(28,732)</b>
Financial expenses		<u>(327)</u>	<u>(146)</u>
<b>Loss for the year</b>		<b>(26,249)</b>	<b>(28,878)</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive loss for the year</b>		<b><u>(26,249)</u></b>	<b><u>(28,878)</u></b>

**Statement of financial position**

	Notes	31 Dec 2021 DKK'000	31 Dec 2020 DKK'000
<b>Assets</b>			
Investments in portfolio enterprises	6	<u>393,378</u>	<u>98,437</u>
<b>Fixed asset investments</b>		<u><b>393,378</b></u>	<u><b>98,437</b></u>
<b>Non-current assets</b>		<u><b>393,378</b></u>	<u><b>98,437</b></u>
<b>Cash</b>		<u><b>6,950</b></u>	<u><b>1,731</b></u>
<b>Assets</b>		<u><u><b>400,328</b></u></u>	<u><u><b>100,168</b></u></u>

## Statement of financial position

	Notes	31 Dec 2021 <u>DKK'000</u>	31 Dec 2020 <u>DKK'000</u>
<b>Equity and liabilities</b>			
Limited Partners' contributions	7	458,716	119,848
Distributions to Limited Partners		(6,718)	0
Retained earnings		<u>(55,138)</u>	<u>(28,889)</u>
<b>Equity</b>		<b><u>396,860</u></b>	<b><u>90,959</u></b>
Other payables	8	510	107
Prepaid contributions from Limited Partners		<u>2,958</u>	<u>9,102</u>
<b>Current liabilities</b>		<b><u>3,468</u></b>	<b><u>9,209</u></b>
<b>Liabilities</b>		<b><u>3,468</u></b>	<b><u>9,209</u></b>
<b>Equity and liabilities</b>		<b><u>400,328</u></b>	<b><u>100,168</u></b>

## Statement of changes in equity for 2021

	<b>Limited Partners' contribution DKK'000</b>	<b>Distributions to Limited Partners DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
<b>Balance at 1 January 2020</b>	-	-	(11)	(11)
Contributions from Limited Partners	119,848	-	-	119,848
Comprehensive loss for the year	-	-	(28,878)	(28,878)
<b>Balance at 31 December 2020</b>	<b>119,848</b>	-	<b>(28,889)</b>	<b>90,959</b>
Contributions from Limited Partners	338,868	-	-	338,868
Distribution of share of proceeds from sale of portfolio enterprises	-	(6,718)	-	(6,718)
Comprehensive loss for the year	-	-	(26,249)	(26,249)
<b>Balance at 31 December 2021</b>	<b>458,716</b>	<b>(6,718)</b>	<b>(55,138)</b>	<b>396,860</b>

## Statement of cash flows

	Notes	2021 DKK'000	2020 DKK'000
Loss before financial items (EBIT)		(25,922)	(28,732)
Reversal of income from investments in portfolio enterprises	4	(11,034)	3,115
Working capital changes	9	<u>403</u>	<u>96</u>
<b>Cash flows from ordinary primary activities</b>		<b><u>(36,553)</u></b>	<b><u>(25,521)</u></b>
Financial expenses paid		<u>(327)</u>	<u>(146)</u>
<b>Cash flows from operating activities</b>		<b><u>(36,880)</u></b>	<b><u>(25,667)</u></b>
Investments in portfolio enterprises	10	(290,626)	(101,552)
Net proceeds from sale of portfolio enterprises		<u>6,718</u>	<u>0</u>
<b>Cash flows from investing activities</b>		<b><u>(283,908)</u></b>	<b><u>(101,552)</u></b>
Contributions from Limited Partners		338,868	119,848
Distribution of share of proceeds from sale of portfolio enterprises		(6,718)	0
Prepaid contributions from Limited Partners		<u>(6,144)</u>	<u>9,102</u>
<b>Cash flows from financing activities</b>		<b><u>326,006</u></b>	<b><u>128,950</u></b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>5,219</b>	<b>1.731</b>
Cash and cash equivalents at beginning of year		<u>1,731</u>	<u>0</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u><u>6,950</u></u></b>	<b><u><u>1.731</u></u></b>

## Notes to the financial statements

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## Notes

### 1. Overview of business

Heartcore Capital Fund IV K/S (“the Fund”) invests in technology companies mainly located in Europe.

Administrative and investment work is performed by Heartcore Capital A/S.

Heartcore Capital Fund IV K/S has its registered office at Frederiksgade 7, 3, 1265 Copenhagen K, Denmark, and is incorporated in Denmark as a Danish limited partnership under the laws of Denmark. The General Partner of the Fund is Heartcore Capital General Partner IV ApS.

### 2. Accounting policies

The financial statements of Heartcore Capital Fund IV K/S for 2021 are prepared in accordance with International Financial Reporting Standards as approved by the EU and disclosure requirements of the Danish Financial Statements Act governing reporting class B enterprises as further outlined in the Danish Executive Order on Adoption of IFRS issued in accordance with the Danish Financial Statements Act.

The financial statements are presented in Danish kroner (DKK), which is the functional currency of the Fund.

The financial statements are presented based on historical costs apart from investments in portfolio enterprises, which are measured at fair value.

#### Statement regarding the omission of consolidated financial statements

With reference to IFRS 10, the General Partner of Heartcore Capital Fund IV K/S has assessed that the Fund meets the definition of an investment company as the following conditions exist:

- 1) The Fund has more than one portfolio investment.
- 2) The Fund has more than one investor, and the investors are not related to each other.
- 3) The Fund’s investments in portfolio enterprises primarily occur as equity instruments or similar investments,
- 4) The investments are measured and evaluated on a fair value basis.

As a result the General Partner has decided to apply the exemption rule in IFRS 10 not to prepare consolidated financial statements with full consolidation of any controlled subsidiaries, and instead any controlled subsidiaries are accounted for at fair value through profit or loss.

Similarly, Heartcore Capital Fund IV K/S holds investments in portfolio enterprises, which meet the definition of an associate over which the Fund has significant influence. Such investments are also accounted for at fair value through profit or loss whereby all investments are treated as investments in portfolio companies at fair value through profit or loss no matter the ownership share.



## Notes

### 2. Accounting policies (continued)

#### Standards and interpretations not yet effective

None of the new and changed standards and interpretations issued by the International Accounting Standards Board and IFRS Interpretation Committee effective for the financial period beginning at 1 January 2021 have been assessed to have any impact on the financial reporting for Heartcore Capital Fund I K/S for 2021 or future years.

At the time of publication of the financial statements, a number of new or changed standards and interpretations have not yet become effective. It is the General Partner's assessment that these standards and interpretations will not materially impact the financial statements for the forthcoming years.

#### Significant accounting policies and estimates

When preparing the financial statements, the General Partner makes several accounting estimates forming the basis for the presentation, recognition and measurement of the Fund's assets and liabilities. The most significant accounting estimates and assessments are presented in note 3.

#### Foreign currency translation

On initial recognition, transactions made in a different currency than the Fund's functional currency are translated applying the exchange rate at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the statement of comprehensive income as financial income or financial expenses.

Exchange rate adjustments relating to investments in portfolio enterprises are presented in the statement of comprehensive income together with other fair value adjustments concerning the investments.

#### Income taxes

The annual report does not include current or deferred tax due to the corporate form of the Fund.

#### Statement of comprehensive income

##### Income from investments in portfolio enterprises

Income from investments in portfolio enterprises comprises gains/losses from divestments, fair value changes and received dividends and other similar types of returns from the investments.

## Notes

### 2. Accounting policies (continued)

Gains/losses from divestment of investments in portfolio enterprises are stated as the difference between the selling price or disposal consideration and the carrying amount of the portfolio enterprises at the time of sale or disposal, respectively.

Dividends from investments in portfolio enterprises are recognised as income when final entitlement to the dividends is obtained, which is usually at the time of the approval of the declaring dividends by the portfolio enterprise.

#### Administrative expenses and other operating expenses

Administrative expenses include management fee to the management company, Heartcore Capital A/S and other operating expenses include general costs, including investment costs relating to incomplete investments.

#### Financial expenses

Financial expenses comprise interest expenses and negative interest income, which are accrued based on the principal amount and the effective interest rate. The effective interest rate represents the discount rate which should be used when discounting future payments related to the financial asset or the financial liability, in order for the present value of these to correspond with the carrying amount of the asset and the liability, respectively.

### Balance sheet

#### Investments in portfolio enterprises

Investments in portfolio enterprises comprise equity investments in portfolio enterprises and loans to portfolio enterprises measured at fair value through profit or loss.

The Fund measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements

- Level 1: Fair value of investments, which are traded on a stock exchange, is based on the quoted market prices at the reporting date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using (i) quoted market prices in active markets for similar instruments (ii) quoted prices for identical or similar instruments in markets that are not considered active, or (iii) other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

## Notes

### 2. Accounting policies (continued)

- Level 3: Inputs that are unobservable. The fair value of the unlisted investments is determined in accordance with IPEV's Valuation Guidelines, according to which the fair value – depending on the type and maturity of the investment – is determined to be equal to cost (typically applied for new investments), the price of recent investments, multiple-based calculations based on industry benchmarks or discounted cash flow models. The price of a recent investment is only applied if the transaction includes the participation of new investors obtaining more than an insignificant ownership share in the portfolio enterprise.

The objective of valuation techniques is to determine a fair value that reflects the price that would be received from selling portfolio enterprises in an orderly transaction between market participants at the balance sheet date.

#### Financial liabilities

Financial liabilities comprise prepaid contributions from Limited Partners, other payables and bank loans.

#### Statement of cash flows

The statement of cash flows is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented as the operating profit/loss adjusted for non-cash operating items including fair value adjustments of investments in portfolio enterprises and working capital changes attributable to the operating activities.

Cash flows from investing activities comprise payments in connection with investments, including follow-up investments, and proceeds from divestment of portfolio enterprises.

Cash flows from financing activities comprise changes in the Limited Partners' contribution, distributions to Limited Partners as well as the raising of loans and instalments on interest-bearing debt, if any.

### 3. Critical accounting judgements, estimates, assumptions and uncertainties

Heartcore Capital Fund IV K/S invests in portfolio enterprises, which primarily includes equity investments and to a smaller extent contribution of loans to development-oriented enterprises, and which may require continuous contribution of capital. The investments are accounted for at a fair value through profit or loss. When measuring the fair value of the unlisted investments, the General Partner assesses the development stage of the portfolio enterprises compared to the initial plans at the time of making the initial investments, future financing requirements, commercialisation possibilities, timing of exit and possible exit values.

## Notes

### 3. Critical accounting judgements, estimates, assumptions and uncertainties (continued)

The fair value of each unlisted portfolio enterprise is determined in accordance with commonly used valuation principles based on the IPEV Valuation Guidelines, taking into account the assessment of the development stage of the enterprise as well as its market potential and expected cash flows in order to reflect the fair value of the portfolio enterprise in the best way possible.

Methods and assumptions for determining the fair value of investments in unlisted portfolio enterprises are further described in note 6.

### 4. Income from investments in portfolio enterprises

	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>
Realised loss	(28,821)	0
Fair value gain/(loss)	39,855	(3,115)
<b>Gain/(loss) from investments in portfolio enterprises</b>	<b><u>11,034</u></b>	<b><u>(3,115)</u></b>

### 5. Expenses

The Fund had no employees during the financial year. Administrative work is performed by Heartcore Capital A/S (see note 11). No salary or remuneration has been paid to the General Partner. Administrative expenses cover management fee to Heartcore Capital A/S of DKK 34,929 thousand (2020: DKK 21,524). Other expenses cover start-up costs, audit fee and legal fees of totally DKK 2,027 thousand (2020: DKK 4,093 thousand).

	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>
<b>6. Investments in portfolio enterprises</b>		
Cost at beginning of year	101,552	0
Additions	290,626	101,552
Disposals	(35,540)	0
<b>Cost at end of year</b>	<b><u>356,638</u></b>	<b><u>101,552</u></b>
Revaluations at beginning of year	(3,115)	0
Revaluations	11,034	(3,115)
Reversal regarding disposals	28,821	0
<b>Revaluation at end of year</b>	<b><u>36,740</u></b>	<b><u>(3,115)</u></b>
<b>Carrying amount at end of year</b>	<b><u>393,378</u></b>	<b><u>98,437</u></b>

## Notes

### 6. Investments in portfolio enterprises (continued)

Portfolio enterprise	Corporate form	Registered in	Equity interest %
Alva Health Limited	Ltd	United Kingdom	16,3%
Appic Group	S.á. r.l.	Luxembourg (Germany)	*0,0%
Donut Technologies	GmbH	Germany	7,0%
Fast Technology Holding	Ltd.	United Arab Emirates	*0,0%
Finematter	ApS	Denmark	18,4%
Front of the Pack Group	Inc.	United States	8,6%
Greenwich and Warren	Inc.	United States	2,7%
Kobaj	ApS	Denmark	13,8%
Layerise	ApS	Denmark	12,5%
Likeminded	GmbH	Germany	19,8%
Lovys	SAS	France	11,9%
Luca Learning Systems	SL.	Spain	8,2%
Majority	AB	Sweden	4,8%
Metabrain Inc.	Inc.	United States	6,0%
Neoplants	SAS	France	9,7%
Ninety Nine Markets Corporation	Corp	Spain	10,6%
Omo Health	GmbH	Germany	12,6%
Quell	Inc.	United States	*0,0%
Roadsurfer	GmbH	Germany	5,0%
Scapin Labs	AB	Sweden	7,3%
Soundboks	Inc.	United States	10,9%
Suprême	SAS	France	7,2%
Ukio	Inc.	United States	16,0%

\* Investments made as SAFE investments which is the reason there is no equity interest listed.

The General Partner regularly and at least on a quarterly basis reviews the fair value of its portfolio enterprises in connection with its non-public reporting to its Limited Partners and in connection with the preparation of the annual financial statements.

The Fund's portfolio enterprises are not classified as investment companies. They are engaged in doing business in trading and development, etc. The Fund has no limitations concerning the potential reception of dividends or having loans etc. repaid from the portfolio enterprises, apart from the fact that distribution from the portfolio enterprises can only take place if it is considered proper and prudent.

#### Methods and assumptions for determining fair values in unlisted portfolio enterprises

The fair value for each unlisted portfolio enterprise is determined based on methods which best reflect the individual investment's potential and risk.

## Notes

### 6. Investments in portfolio enterprises (continued)

In general, the fair value is determined following the IPEV Valuation Guidelines which prescribe the use of accepted valuation methods, such as price of recent investments, multiple analysis/benchmarking, most recent transaction multiple and other relevant methods. The Fund invests venture capital primarily in development

stage companies without any or with only limited revenue entailing that the fair value measurement of each of the investments is inherently subject to considerable uncertainty.

Upon initial investment, **cost** of the investment is generally determined to represent the fair value. If new investors join the investments and obtain more than just an insignificant share of the enterprise, the **price of a recent investment** is used as basis for determining the fair value.

Throughout the life of the investment, the General Partner reviews its investments for potential impairment, which may materialise if the portfolio enterprises have been subject to pervasive negative development and/or if the Fund decides that it will no longer participate in the further funding and there is a considerable risk that the portfolio enterprise may not be able to continue its operations or it is by other means obvious that there is a pervasive decline in the fair value of the portfolio enterprise. In these cases, the value is written down to a new lower fair value based on the General Partner's best estimate.

As investments mature, other valuation models for determining the fair value may be more appropriate. Such models are typically based on **peer group multiples**, which may be discounted depending on an objective assessment of the portfolio enterprise's growth, cash flows and funding status.

The Peer Group Multiple-method uses comparable entities, in which market value and earnings are known. Based on this, a market level for revenue multiples is determined for the comparable entities.

In connection with the use of this method, the Fund assesses which multiples are applicable as well as assesses the determination of the applicable earnings to be used in the calculation of the deemed fair value.

When applicable the fair value of investments, which are traded on a stock exchange, is based on the quoted market prices at the reporting date.

The fair value is determined in the functional currency of the portfolio enterprise, which is then translated to DKK at the exchange rate at the balance sheet date, and any exchange rate adjustment is included in the fair value adjustment of the investment in profit or loss.

## Notes

### 6. Investments in portfolio enterprises (continued)

Each investment has been valued using the valuation techniques listed below:

Portfolio enterprise	Corporate form	2021	2020
Alva Health Limited	Ltd	Cost	Cost
Appic Group	S.á. r.l.	Cost	-
Donut Technologies	GmbH	Cost	-
Fast Technology Holding	Ltd.	Cost	-
Finematter	ApS	Cost	Cost
Front of the Pack Group	Inc.	Cost	Cost
Greenwich and Warren	Inc.	Cost	-
Kobaj	ApS	Cost	-
Layerise	ApS	Cost	Cost
Likeminded	GmbH	Cost	-
Lovys	SAS	Cost	Cost
Luca Learning Systems	SL.	Cost	-
Majority	AB	Cost	-
Metabrain Inc.	Inc.	Price of recent investment	Cost
Neoplants	SAS	Cost	-
Ninety Nine Markets Corporation	Corp	Cost	-
Omo Health	GmbH	Cost	Cost
Quell	Inc.	Cost	Cost
Roadsurfer	GmbH	Cost	-
Scapin Labs	AB	Cost	-
Soundboks	Inc.	Cost	Cost
Suprême	SAS	Cost	-
Ukio	Inc.	Price of recent investment	Cost

### Fair value hierarchy for determining fair value for investments in portfolio enterprises

IFRS has established a fair value hierarchy for certain assets measured at fair value:

- Quoted prices in active markets for identical instruments (level 1)
- Quoted prices in active markets for similar assets or liabilities or other valuation methods under which all material inputs are based on observable market data (level 2)
- Valuation techniques under which any material inputs are not based on observable market data (level 3).

The measurement of investments in portfolio enterprises classified according to level 3 is based on measurement methods, in which material non-observable inputs are included such as assessment of which method best reflects fair value, assessment of the performance of each portfolio enterprise, determination of multiples and future earnings, and assessment of whether a pervasive negative development should result in the recognition of impairment write-downs.

## Notes

### 6. Investments in portfolio enterprises (continued)

The fair value of the Fund's portfolio enterprises is impacted by the development in applied multiples as well as expected future earnings and development in each portfolio enterprise. A decrease or increase in the above-mentioned material non-observable inputs may have a direct effect on the measurement of the portfolio enterprises, just as the fair value of the Fund's portfolio enterprises is impacted by the development in macroeconomic conditions.

The Fund has no investments in portfolio enterprises where fair value has been determined based on level 1 or 2 classification. The development in the value of investments in portfolio enterprises classified into level 3 can be summarised as follows:

	<b>Level 3 DKK'000</b>	<b>Total investment DKK'000</b>	<b>Fair value gain DKK'000</b>
<b>2020</b>			
Fair value at 1 January 2020	-	-	-
New investments	101,552	101,552	101,552
Follow-up investments	-	-	-
Fair value adjustments	-	-	-
Exchange rate adjustments	(3,115)	(3,115)	(3,115)
<b>Fair value at 31 December 2020</b>	<b>98,437</b>	<b>98,437</b>	<b>98,437</b>

	<b>Level 3 DKK'000</b>	<b>Total investment DKK'000</b>	<b>Fair value gain DKK'000</b>
<b>2021</b>			
Fair value at 1 January 2021	98,437	98,437	-
New investments	222,129	222,129	-
Follow-up investments	68,497	68,497	-
Fair value adjustments	4,132	4,132	4,132
Exchange rate adjustments	6,902	6,902	6,902
Disposals	(6,718)	(6,718)	-
<b>Fair value at 31 December 2021</b>	<b>393,378</b>	<b>393,378</b>	<b>11,034</b>

### 7. Limited Partners' contributions

	<b>2021 DKK'000</b>	<b>2020 DKK'000</b>
Limited Partners' contributions at beginning of year	119,848	-
Contributions made during the year	338,868	119,848
<b>Limited Partners' contributions at end of year</b>	<b>458,716</b>	<b>119,848</b>



## Notes

### 7. Limited Partners' contributions (continued)

The contributed capital represents the Limited Partner's total equity contribution. The Fund's contributed capital comprises 39.98% A-shares, 0.02% B-shares, 59.97% C-shares and 0.03% D-shares. The Fund's A-shares and C-shares are paid successively and pro rata and the B-shares and D-shares are fully paid up. Two of the share classes have dividend preferences attached when the realised return in the Fund exceeds a fixed minimum rate of return p.a. (hurdle rate) of the Limited Partner's contributed capital.

	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>
<b>8. Other payables</b>		
Sundry accrued expenses	510	107
	<u>510</u>	<u>107</u>

The carrying amount of sundry accrued expenses relates to other payables such as legal fees, auditor's fees, etc. The recognised amount approximates the fair value of the liabilities.

	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>
<b>9. Working capital changes</b>		
Change in other payables	403	96
	<u>403</u>	<u>96</u>

	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>
<b>10. Financial risks and financial instruments</b>		
<b>Categories of financial instruments:</b>		
Investments in portfolio enterprises	393,378	101,552
<b>Financial assets measured at fair value through profit/loss</b>	<u>393,378</u>	<u>101,552</u>
Cash	6,950	1,731
<b>Financial assets measured at amortised cost</b>	<u>6,950</u>	<u>1,731</u>
Other payables	510	107
Prepaid contributions from Limited Partners	2,958	9,102
<b>Financial liabilities measured at amortised cost</b>	<u>3,468</u>	<u>9,209</u>

## Notes

### 10. Financial risks and financial instruments (continued)

The Fund adheres to an investment strategy approved by the Limited Partners. As a result of its investments in portfolio enterprises, the Fund is directly or indirectly exposed to changes in liquidity, credit, interest and currency risks.

#### Liquidity risks

Maturity of financial liabilities is specified below divided into timing intervals. The specified amounts represent the amounts due for payment.

	<b>Within 1 year DKK'000</b>	<b>Between 1 and 5 years DKK'000</b>	<b>After 5 years DKK'000</b>	<b>Total DKK'000</b>
Other payables	107	-	-	107
Prepaid contributions from Limited Partners	9,102	-	-	9,102
<b>31 December 2020</b>	<b>9,209</b>	<b>-</b>	<b>-</b>	<b>9,209</b>

	<b>Within 1 year DKK'000</b>	<b>Between 1 and 5 years DKK'000</b>	<b>After 5 years DKK'000</b>	<b>Total DKK'000</b>
Other payables	510	-	-	510
Prepaid contributions from Limited Partners	2,958	-	-	2,958
<b>31 December 2021</b>	<b>3,468</b>	<b>-</b>	<b>-</b>	<b>3,468</b>

#### Credit risks

In some cases, the Fund provides loans to its portfolio enterprises. These loans often carry conversion rights or are considered as intermediary financing with the expectation to be converted to equity investments, and hence such loans are considered part of the investment and are, therefore, not considered to represent a separate credit risk, but is rather considered being part of the total investment risk and risk relating to determining a fair value of the investments.

#### Interest risks

The Fund has together with Heartcore Capital Fund III K/S access to a credit facility of DKK 40,000 thousand with a variable interest. In 2021, the average interest rate was 1.2% (2020: 1.2%). At 31 December 2021, the Fund has drawn DKK 0 on its credit facility. An increase of 100 percentage point compared to the interest rate level at the balance sheet date would only have an immaterial impact on results for the year and equity.

## Notes

### **10. Financial risks and financial instruments (continued)**

#### **Currency risks**

The Fund's investments are exposed to changes in foreign currencies like USD, GBP and EUR. The Fund considers the currency risk as part of the whole investment risk and hence, the Fund does not separately hedge the currency risk relating to its investments in portfolio enterprises.

In addition, the Fund is indirectly exposed to currency risks through investments in portfolio enterprises which trade in other currencies than their functional currencies and hence, development in exchange rates may influence income and thereby their determination of fair value of the portfolio enterprises.

### **11. Related party transactions**

#### **Related parties with control**

No single Limited Partner has control over the Fund.

#### **Transactions with related parties**

The General Partner is Heartcore Capital General Partner IV ApS. In the financial year, the Fund has paid management fee to Heartcore Capital A/S, which is related to Heartcore Capital General Partner IV ApS. See note 5.

### **12. Assets pledged and contingent liabilities etc.**

The Fund has no assets pledged.

At the balance sheet date, the Fund has assumed obligations to make further investments in portfolio enterprises or otherwise assumed obligations towards the portfolio companies by an amount of up to totally DKK 32,428 thousand (2020: DKK 0). Payment may be conditional on the portfolio enterprises meeting predefined milestones.

### **13. Events after the reporting date**

In the beginning of 2022, the Fund has made investments in portfolio enterprises of DKK 35.4 million.

### **14. Approval of the financial statements for publication**

At its Board meeting on 25.01.2022, the General Partner approved the financial statements. The financial statements will be presented to the Fund's Limited Partners for approval at the Annual General Meeting on 25.02.2022.