

Heartcore Capital Fund II K/S

Annual Report 2024



The Annual General Meeting adopted the data on
27.02.25

Signe Marie Sveinbjørnsson
Chairwoman of the General Meeting

Heartcore Capital Fund II K/S
Frederiksgade 7,3 1265 København K
CVR No. 34076790

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Fund details

Fund

Heartcore Capital Fund II K/S
Frederiksgade 7, 3.
1265 København K

Business Registration No.: 34076790
Registered office: København
Financial period: 01.01.2024 - 31.12.2024

General Partner

Heartcore Capital General Partner II ApS

Board of Directors in Heartcore Capital General Partner II ApS

Christian Lindegaard Jepsen
Jimmy Fussing Nielsen

Fund Manager

Heartcore Capital A/S
Approved Manager of Alternative Investment Funds (Danish FSA number: 23074)

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S
Denmark

Statement by the General Partner on the annual report

The General Partner have today considered and approved the annual report of Heartcore Capital F(und II K/S
the "Fund") for the financial period 01.01.2024 31.12.2024

The annual report is presented in accordance with the IFRS Accounting Standards as adopted by the EU and
additional 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 31.12.2024
of the results of its operations and the cash flows for the financial period 01.01.2024 31.12.2024

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, 30.01.2025

On behalf of Heartcore Capital General Partner II ApS

Christian Lindegaard Jepsen

Jimmy Fussing Nielsen

Management commentary

Financial highlights

	2024	2023	2022	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Results from investments	415,981	295,402	120,726	1,220,078	(143,901)
Operating profit/(loss) (EBIT)	415,663	291,296	114,112	1,212,355	(152,235)
Financial results, net	844	837	(146)	(297)	(189)
Increase / (decrease) in net assets attributable to Limited Partners	416,507	292,133	(838,995)	809,461	(153,874)
Ratios					
Liquidity ratio (%)	1,727.55	1,853.54	18,198.34	0.00	0.00
Solvency ratio (%)	99.93	99.89	99.79	99.99	99.98
Return on equity (%)	29.81	25.59	(56.75)	54.21	(13.08)

Financial highlights are defined and calculated as below.

Ratios	Calculation formula	Ratios reflect
Liquidity ratio (%)	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$	The Fund's financial strength
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The Fund's financial strength
Return on equity (%)	$\frac{\text{Profit for the year} \times 100}{\text{Average net assets}}$	The Fund's profitability

Primary activity

Heartcore Capital Fund II K/S invests in technology companies mainly located in Europe.

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

Investments

The descriptions below do not include all portfolio enterprises within the Fund, but only a select few considered the most important to highlight.

GetYourGuide AG: Incorporated in Zurich, Switzerland but have its main operation in Berlin, Germany.

GetYourGuide is an online marketplace for in-destination tours and activities. After a couple of difficult years due to COVID-19, the travel industry still has momentum and the company had yet again the best year ever.

Kontakt.IO.: Located in Poland and New York, US, the company makes indoor analytics solutions for healthcare and workspaces. The company had a record year and continues its growth path. During the year the company received a \$47.5 million financing lead by Goldman Sachs.

NaturalCycles AB: Located in Stockholm, Sweden, the company offers a digital contraceptive service using women's basal body temperature measurements and proprietary algorithms to naturally plan or prevent pregnancies in a simple and efficient way. The company performed very well in 2024 and achieved some important milestones. During the year the company received a \$55 million financing lead by Lauxera Partners.

Development in activities and finances

The Fund was established 6 December 2011. At the end of 2024, the Fund holds 7 active portfolio enterprises of which two are located in Denmark.

The result for the year showed a gain of DKK 416.5 million, primarily related to fair value gain from the investments in portfolio enterprises.

Future results of Heartcore Capital Fund II K/S are dependent on the development in the value of the Fund's investment in portfolio enterprises.

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 forming the basis of the annual report.

These accounting judgement and estimates are described in note 2 "Critical accounting judgements, estimates, assumptions and uncertainties" to which we refer. The estimates are primarily related to the measurement of investments in portfolio enterprises made based on assumptions which the General Partner consider reasonable and realistic, but uncertain by nature.

For the current year, the General Partner has among others also considered the effects of current macroeconomic conditions, such as development during 2024 in interest rates, stock markets and the effect of the wars between Ukraine and Russia, and Hamas and Israel have been reflected upon.

The Fund itself has not been affected by the above factors. However, they have affected – both positively and negatively - the operations of many of the Fund's portfolio enterprises, which have been regarded in resolving the fair value of investments in portfolio enterprises.

As the Fund invests in unlisted equity investments within the venture environment, the valuation may be uncertain because of the industry and current macroeconomic conditions. The valuation also depends on execution of strategy by the individual companies; furthermore, in times of high economic uncertainty, valuation will also be more precarious.

Unusual circumstances affecting recognition and measurement

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

Risk Management

Financial risks are predominantly linked to the value of Heartcore Capital fund II K/S's ("Fund) portfolio

enterprises and escrow account from exited companies. The Fund invests in private companies, where there is limited marketability (liquidity risk) and valuations fluctuate sometimes synchronous with the public market comparables and sometimes delayed to public market (volatility risk). During the Fund's holding period of the portfolio enterprises there are a number of commercial risks that cannot be eliminated despite active portfolio management. The commercial risks often depend on the general market conditions. Due to the high-growth profile of the Fund's portfolio enterprises they are often cash-flow negative and rely on access to further funding from new third-party investors (funding risk). Portfolio enterprises may fail to develop the relevant technology (technology risk), developing products that meets the needs of customers (product risk) or may fail to execute on the addressable market opportunity (market risk). The commercial risks are dependent on the general market conditions and the macro-economic environment.

Market risks

The marketability and value development of the investments made by the Fund depend upon many factors, which are outside Heartcore's control. Generally, the nature of Fund's investments requires long holding periods prior to realization and proceed distributions to investors. The investments can be illiquid for periods of time due to the absence of an established market or adverse market conditions for such securities as well as legal, contractual or other restrictions on their resale by the Fund.

Companies in which the Fund have invested may be sensitive to general downward swings in the overall economy or in a particular area of activity. In addition, factors specific to a portfolio company may have an adverse effect on Fund's investment in such company. A major recession or adverse developments in the securities markets might have an impact on some or all of Fund investments. Heartcore may rely upon its own or a portfolio company's projections concerning the portfolio company's future performance in making investment decisions. Such projections are inherently subject to uncertainty and factors beyond the control of the portfolio company and Heartcore.

Commercial risks

The environment for venture capital investments is increasingly competitive and involves a great number of risks and uncertainties, some of which are outside Heartcore's control.

The Fund invests in companies with a high-risk growth profile that are often cash-flow negative for a large part of the Fund's holding period. Portfolio enterprises might, due to market conditions or company specific developments, fail to raise additional capital, and hence some investments are written off. Write-downs early in the Fund's lifetime are expected as part of the capital allocation philosophy. Heartcore has implemented a capital allocation model that once a quarter ranks the portfolio and allocates capital accordingly. The capital allocation framework has led to relatively low cash loss-ratio, but material changes in market dynamics may lead to a larger percent of write-downs. Generally, a major part of venture capital fund returns is generated from relatively few successful portfolio enterprises, which means that the value development is dependent on fewer assets as the Fund matures.

Individual companies may fail to execute on technology or product or may fail to address the market opportunity. Failed execution may eventually lead to lower exit value, write-offs or longer holdings periods than originally anticipated.

Intellectual capital resources

The Fund has no intellectual capital resources, as the Fund has no staff. However, through the management agreement with Heartcore Capital A/S, it has access to the collective experience and knowledge of the investment management and operation teams.

The Heartcore teams have significant investment experience, as the investment team has led or participated in over 100 portfolio enterprises since 2007. The team members have complementary backgrounds and are able to draw on a large network in the technology and financial sectors.

Every investment professional has unique entrepreneurial, corporate or investment experience in an international environment. This experience base not only generates respect among entrepreneurs it also enables the team to rapidly identify and evaluate key issues associated with an opportunity and to provide active sparring once an investment has been made.

Prior to any final investment recommendation, the investment team is offered an opportunity to meet the target company, and any investment requires final investment approval from the General Manager. The investment is always subject to negotiations of terms, and remaining diligence. Care is taken to minimize personal biases, granting all partners sufficient freedom to operate to ensure outlier potential in the portfolio.

Staff

Not applicable; please refer to Intellectual Capital Resources above.

Environment and climate

The Fund is committed to taking measures to protect the environment, through the management company Heartcore Capital A/S.

Heartcore Capital A/S was in 2020 a founding member of the Leaders for Climate Change program in Denmark, and through that started measuring the environmental impact of the company. It is an area of focus for Heartcore Capital A/S going forward.

Statutory report on corporate social responsibility

The Fund considers such matters as human rights, social aspects, environment and anticorruption as important elements of the investment strategy and activities.

It is therefore part of the investment policy of the Fund, that no investments can be made into portfolio enterprises linked to the arms industry and arms trading, gambling industry, tobacco industry, and/or human cloning.

The Fund has adopted a corporate social responsibility policy, stipulating that Heartcore will comply with Invest Europe's Code of Conduct and Corporate Governance Guidelines. Furthermore, Heartcore commit to using their best endeavours to not engage in transactions or financing of activities which may be legal but promote violent conflicts or has as a main purpose to be a vehicle of tax evasions or production or promotion of pornographic material.

[Information according to the Alternative Investment Fund Managers Directive](#)

According to Article 22 of the Alternative Investment Fund Managers Directive, Alternative Investment Funds (AIF) must make certain disclosures to investors in connection with the presentation of financial statements.

During the financial period covered by the financial statements, there have been no significant changes in the matters below:

- The Fund's Investment strategy;
- Valuation principles of the Fund's investments;

- The percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature;
- New arrangements for managing the Fund's liquidity;
- The Fund's risk profile and the risk management systems implemented by the Fund Manager used to manage the Fund's risks;
- There have been no amendments to the maximum level of leverage which the Fund Manager can use on behalf of the Fund. Nor has there been any changes in the right to use collateral or any guarantee accordance with the agreement allowing for the leverage.

Events after the balance sheet date

No events have occurred after the balance sheet date till now, which would influence the evaluation of annual report at hand.

Outlook

Forthcoming results of Heartcore Capital Fund II K/S depend on the portfolio companies performance and the stock market development in general for which it is not possible to estimate the development in the stockmarket. Therefore it is not possible to provide forward looking statements on the investment result.

The operating expenses for 2025 are expected to be in the level DKK 318 thousand which is in the same range as in 2024.

Periodic disclosure for Article 6 financial product

The investment underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Independent auditor's report

To the shareholders of Heartcore Capital Fund II K/S

Opinion

We have audited the financial statements of Heartcore Capital Fund II K/S for the financial period 01.01.2024 to 31.12.2024, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the IFRS Accounting 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 31.12.2024 of the results of its operations and cash flows for the financial period 01.01.2024 to 31.12.2024 in accordance with the IFRS Accounting 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 Company 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.

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 the IFRS Accounting 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.

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](#)

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, 30.01.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Thorø Larsen
State Authorised Public Accountant
Identification No (MNE) mne35823

Statement of comprehensive income

	Notes	2024 DKK'000	2023 DKK'000
Realised gains/(losses) from financial assets at fair value		44,408	0
Net increase/(decrease) in unrealised gains/(losses) from financial assets at fair value		371,573	295,402
Operating income/(loss)		415,981	295,402
Administrative expenses	3	(60)	(3,729)
Other operating expenses	4	(258)	(377)
Operating expenses		(318)	(4,106)
Operating profit/(loss) (EBIT)		415,663	291,296
Financial income		852	845
Financial expenses		(8)	(8)
Increase / (decrease) in net assets attributable to Limited Partners		416,507	292,133
Comprehensive income		416,507	292,133

Statement of financial position as at 31.12.2024

Assets

	Notes	2024 DKK'000	2023 DKK'000
Investments in portfolio companies	5	1,535,394	1,180,208
Other receivables	6	15,638	19,280
Investments		1,551,032	1,199,488
Non-current assets		1,551,032	1,199,488
Cash and cash equivalents		20,316	25,894
Current assets		20,316	25,894
Total assets		1,571,348	1,225,382

Net assets and liabilities

	Notes	2024 DKK'000	2023 DKK'000
Limited partnership capital	7	696,827	696,827
Retained earnings		2,741,731	2,325,224
Distributions		(1,868,386)	(1,798,066)
Net assets attributable to Limited Partners	1,570,172	1,223,985	
Other payables	8	1,176	1,397
Current liabilities		1,176	1,397
Total liabilities		1,176	1,397
Total liabilities and net assets attributable to Limited Partners		1,571,348	1,225,382

Statement of changes in net assets attributable to the Limited Partners

	Limited partnership capital DKK'000	Retained earnings DKK'000	Distributions DKK'000	Total DKK'000
Net assets 01.01.2024	696,827	2,325,224	(1,798,066)	1,223,985
Distributions to Limited Partners	0	0	(70,320)	(70,320)
Profit/(loss) for the period	0	416,507	0	416,507
Net assets 31.12.2024	696,827	2,741,731	(1,868,386)	1,570,172

	Limited partnership capital DKK'000	Retained earnings DKK'000	Distributions DKK'000	Total DKK'000
Net assets 01.01.2023	692,577	2,033,092	(1,666,739)	1,058,930
Contributions from Limited Partners	4,250	0	0	4,250
Distributions to Limited Partners	0	0	(131,327)	(131,327)
Profit/(loss) for the period	0	292,132	0	292,132
Net assets 31.12.2023	696,827	2,325,224	(1,798,066)	1,223,985

The Partners have committed themselves to contributing up to DKK 702,020 thousand into the Fund, as and when new capital is required for making investments, paying fund costs etc. Of the total committed capital, the Partners have paid-in net DKK 696,827 thousand at 31.12.2024 and the remaining contribution balance is DKK 5,193 thousand. Distributions to Partners comprise return of capital and realized gains.

Refer to note 8 for further information regarding the rights, preferences and restrictions attached to the limited partnership capital.

Statement of cash flows

	Notes	2024 DKK'000	2023 DKK'000
Operating profit/(loss) (EBIT)		415,663	291,296
Net increase/(decrease) in unrealised gains/(losses) from financial assets at fair value through profit or loss		(371,573)	(295,402)
Realised gains/(losses) from financial assets at fair value		(44,408)	0
Working capital changes		(221)	(863)
		(539)	(4,969)
Received financial income		852	845
Paid financial expenses		(8)	(8)
Cash flows from operating activities		305	(4,132)
Investments in portfolio companies	5	0	(7,163)
Net proceeds from sale of portfolio enterprises		64,437	131,327
Cash flows from investing activities		64,437	124,164
Cash flows from operating and investing activities		64,742	120,032
Contributions from Limited Partners		0	4,250
Distributions to Limited Partners		(70,320)	(131,327)
Cash flows from financing activities		(70,320)	(127,077)
Increase/decrease in cash and cash equivalents		(5,578)	(7,045)
Cash beginning of year		25,894	32,939
Cash end of year		20,316	25,894

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Notes to the financial statements

1 Accounting policies

Reporting class

The financial statements are prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act governing reporting class C (medium) enterprises.

Heartcore Capital Fund II K/S is a Limited Partnership based in Denmark.

The financial period runs from 1 January to 31 December each year. The accounting policies applied to these financial statements are consistent with those applied last year.

The financial statements are presented in ~~DKK~~, ~~DKK~~ is the functional currency of the Fund.

The Fund is determined to be an investment entity in accordance with IFRS 10, Consolidated Financial Statements, and has therefore accounted for subsidiaries as well as investments in associates and joint ventures as investments designated at fair value through profit or loss where the relevant criteria under IFRS 10 are met.

The financial statements are presented on the basis of going concern.

The financial statements are presented on the basis of historical cost, except for the investments and receivables from investments, which are measured at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets.

All amounts in the financial statements are presented in whole ~~thous DKK~~ Every figure is rounded off separately and, for that reason, minor differences between the stated totals and the sum of underlying figures may occur.

Judgements made by the General Partner in the application of the IFRS Accounting Standards that have had significant effects on the financial statements are disclosed, where applicable, in the relevant notes to the financial statements

Defining materiality

If a line item is not individually material, it is aggregated with other items and notes of a similar nature in the financial statements or in the notes. There are substantial disclosure requirements throughout the IFRS Accounting Standards. Disclosures required by the IFRS Accounting Standards are provided unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not applicable.

The most significant accounting policies are set out below.

Report on the exemption of preparation of consolidated financial statements

Heartcore Capital Fund II K/S has omitted to prepare consolidated financial statements under the provisions of IFRS 10, Consolidated Financial Statements, as the Limited Partnership qualifies as an investment entity. The definition of an investment entity is an entity that:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- Measures and evaluates the performance of substantially all its investments on a fair value basis.

In view of the circumstances described below, the General Partner believes that the Fund satisfies the typical criteria of an investment entity that:

- The Fund has more than one investment.
- The Fund has more than one investor and its investors are not related parties.
- The Fund's investments take the form of equity instrument or similar investments (portfolio companies).

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

Standards and Interpretations not yet in force

All of the new and amended Standards and Interpretations which are relevant to the Fund, and which came into force with effect for financial years beginning 01.01.2024 have been applied when preparing the financial statements.

These Standards have not had an impact on the Fund's Annual Accounts.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit and loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation

IFRS 18 amendments are effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will apply retrospectively.

It is expected that the application of these amendments may have an impact on the Fund's financial statements in future periods.

There are no other Standards, Interpretations or amendments to existing Standards that are not yet effective that would be expected to have an impact on the Fund.

Significant accounting judgment and estimates

As part of the preparation of the financial statements, the General Partner made judgements and estimates which affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. The most significant accounting judgements and estimates are evident from note 2 to the financial statements.

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 Fund, and the value of the asset can be measured reliably. Assets are derecognised in the balance sheet when it is no longer probable that future economic benefits will flow to the Fund.

Liabilities are recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of an event prior to or on the balance sheet date, and it is probable that future economic benefits will flow out of the Fund, and the value of the liability can be measured reliably. Liabilities are derecognised in the balance sheet when it is no longer probable that economic benefits will have to be given up to settle the liability.

Financial assets are recognised at fair value through profit or loss when the Fund becomes party to the contractual provisions of the instrument. Recognition takes place on the trade date when the Fund purchases or sells an investment under a contract whose terms require delivery of the investment within the time frame established by the market.

Financial assets are derecognised when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

On initial recognition, assets and liabilities are measured at cost, however, investment assets are measured at fair value on initial recognition, typically equalling cost exclusive of directly incurred expenses (direct transaction costs). Subsequent to initial recognition, all financial assets, and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net increase/(decrease) in unrealised gains/(losses) from financial assets and liabilities at fair value at fair value in the period in which they arise.

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

All financial liabilities are subsequently measured at amortised cost.

Foreign currency translation

The functional currency reflects the currency in which the Limited Partners have committed themselves to the Fund as well as the currency in which the Fund pays the Fund Manager for carrying out investment related services. Investments and loans are carried out in different currencies and hence considered less relevant in terms of influencing the choice of functional currency. The financial statements of the Fund are presented in the currency unit DKK which is the Fund's functional and presentation currency.

On initial recognition, foreign currency transactions 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 rate 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.

Statement of comprehensive income

Income from Investments in portfolio companies

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.

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

Other operating expenses include general costs, investment costs relating to incomplete investments and administrative expenses include management fee to the management company.

Financial income and expenses

Financial income and expenses comprise interest income and various expenses, and net exchange rate adjustments on transactions in foreign currencies.

Interest income and interest expenses are recognised on an accrual basis.

Taxation

Under current Danish law governing the Fund, it is not independently taxable because the Fund's profit/loss for the year is included in the Limited Partners' taxable income.

Balance sheet

Investments in and loans to portfolio companies

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

The fair value of the unlisted investments is determined in accordance with IPEV's Valuation Guidelines, according to which the fair value – depending the type and maturity of the investment – is determined to be equal to cost (typically applied for new investments) or multiple-based calculations based on industry bench-marks.

For further information about the measurement of fair values, please refer to note 11.

Other receivables (Non-current)

Receivables from sales of investments cover agreed deferred payments including escrow amounts expected to be released upon fulfillment of agreed terms or milestones. Furthermore, in certain instances the sales price may cover future additional payments upon fulfillment of milestones. Such potential future variables payments are

capitalized using the risk adjusted net present value method, and the assumptions used in calculating such values are reviewed regularly for any changes, and the related value changes are treated as a fair value gain/loss included in profit/loss.

Cash and cash equivalents

Cash comprises cash in bank deposits.

Other financial liabilities

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

Cash flow statement

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

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items and working capital changes.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of investment.

Cash flows from financing activities comprise cash changes in the size or composition of the contributed capital and cash payment of distributions to the Limited Partners.

Cash comprises cash in bank deposits.

Significant accounting estimates, assumptions, and uncertainties

Heartcore Capital Fund II 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.

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.

As the Fund invests in unlisted equity investments within the venture environment, the valuation is characterised by uncertainty as a result of the industry in general and current macroeconomic conditions. As a result, the valuation is associated with uncertainty, just as the valuation is dependent on the future execution of the strategy by the individual companies. In periods of high economic uncertainty, the uncertainty surrounding the valuation will also be greater.

Methods and assumptions for determining the fair value of investments in unlisted portfolio enterprises are further described in note 11.

3 Administrative expenses

The Fund has no employees.

	2024	2023
	DKK'000	DKK'000
Management fee	0	3,669
General partner fee	60	60
Administrative expenses	60	3,729

According to Article 107 of the AIFMD Level 2 Regulation and paragraph 61 section 3 (5 and 6) of the Alternative Investment Fund Managers etc. Act, alternative investment funds must disclose information about the total remuneration of the entire staff of the Fund Manager and the number of beneficiaries. Furthermore, remuneration to material risk-takers must be disclosed.

The Fund Manager must also disclose the information necessary to provide an understanding of the risk profile of the Fund and the measures that the Fund Manager takes to avoid or manage conflicts of interest between the Fund Manager and the Limited Partners. The Board of Directors has adopted a remuneration policy in order to ensure that the employees and Management are remunerated according to the Danish Executive Order on remuneration policy and disclosure requirements on remuneration for managers of alternative investment funds, etc.

The remuneration policy ensures, among other matters, that the following is applied in relation to remuneration at the Fund Manager:

- Promoting of sound and effective risk management, which does not encourage excessive risk-taking.
- Consistency with the principles regarding the protection of the Limited Partners and measures in order to avoid conflicts of interest.

In accordance with paragraph 61 section 3 (5 and 6) of the Alternative Investment Fund Managers etc. Act, information regarding salaries paid to employees of the fund manager is disclosed in the Annual Report for for Heartcore Capital A/S (CVR no 33858663).

2024

The profit of the Fund is reallocated between the Limited Partners based on the ownership model. Carried interest is paid out by the Fund during the financial period. Please refer to note for further.

Fee paid to auditors appointed at the annual general meeting

	2024	2023
	DKK'000	DKK'000
Fee regarding statutory audit	50	40
Tax assistance	10	0
Other services	23	27
	83	67

4 Other operating expenses

Other operating expenses cover cost for investments that did not materialize, regulatory costs, cost for the fund's advisory and investment board and fees to other advisors.

5 Investments

	Investments in portfolio companies 2024 DKK'000	Investments in portfolio companies 2023 DKK'000
Cost at beginning of period	286,269	286,478
Additions	0	7,163
Divestments	(34,689)	(7,372)
Cost at end of period	251,580	286,269
Fair value adjustments at beginning of period	893,939	629,056
Divestments	30,733	7,372
Exchange rate regulations	(156)	2,155
Fair value adjustments	359,298	255,356
Fair value at end of period	1,283,814	893,939
Carrying amount at end of period	1,535,394	1,180,208

Equity investments include both direct Equity investments as well as convertible bonds, which have been entered into and converted to Equity instruments by subsequent capital rounds in the underlying portfolio enterprises.

Investments via convertible bonds are normal practice within the venture fund, and are entered into solely for the purpose of future Equity conversions. As a result, it is considered most fair to show these together, just as the instruments have the same risk profile as the rest of the portfolio.

The convertible bonds have a fixed interest rate, which is according to normal practice in the industry. The convertible bonds are not recognised on an ongoing basis due to the fact that the interest income cannot be calculated reliably, and the Fund's ability to repay principal and accrued interest will depend on new investment rounds of capital.

Investments	Corporate form	Registered in	Equity interest %	Valuation method 2024	Valuation method 2023	
BLAST		Aps	Denmark	1.85	Fair value based on peer group analysis	Fair value based on peer group analysis
CapitalAid DK		ApS	Denmark	8.00	Written off	Internal valuation
Corti		Aps	Denmark	9.72	Price of recent investment	Price of recent investment
Crate.io		Inc.	United States	198.00	Written off	Written off
GetYourGuide		AG	Switzerland	2.66	Fair value based on peer group analysis	Fair value based on peer group analysis
HeyJobs		GmbH	Germany	16.48	Fair value based on peer group analysis	Fair value based on peer group analysis
Kaisa.io (fka. Freespee)		AB	Sweden	23.58	Internal valuation	Price of recent investment
Kontakt		Inc.	Poland	15.87	Price of recent investment	Cost
Natural Cycles		AB	Sweden	18.51	Price of recent investment	Fair value based on peer group analysis

Equity interest percentage is based on the General Partners' latest information.

Consistently with the accounting policies, the Fund regularly adjusts the value of the investments to the best estimate of fair value. This means that the proportionate share of operating profit or loss for the Companies is not recognised in profit or loss of the Fund, but rather a fair value adjustment of the investment.

The methods applied by the Fund to measure investments are evident from note to the financial statements.

6 Other receivables (Non-current)

Receivables from sales of investments include agreed deferred payments, such as escrow amounts, which are expected to be released upon the fulfillment of specified terms or milestones. In 2024, the Fund received a payment of DKK 30,165 thousand related to sales from prior years, resulting in a realized gain of DKK 14,092 thousand. Additionally, the Fund reassessed the fair value of receivables from investment sales, leading to a positive value adjustment of DKK 12,431 thousand.

7 Limited partnership capital

	2024 DKK'000	2023 DKK'000
Limited Partners' contribution at beginning of year	696,827	692,577
Contributions from Limited partners	0	4,250
Limited Partners' contribution at end of year	696,827	696,827

The Limited Partnership is owned by the Limited Partners in proportion to their respective capital commitments. Specific Limited Partnership interest classes have an associated right to receive carried interest. In total there is

ultimately 16 participants holding interests with such rights through jointly owned companies. Refer to the description regarding carried interest below for further.

Carried interest

Holder of carried interest (Limited Partnership capital) receives a return on their investment that is dependent on the yield of the underlying investments throughout the lifecycle of the fund. The amount allocated to carried interest is based on the principle that the investments are realised at the balance date at a price corresponding to the estimated fair value of the assets.

Some specific commitment classes have an associated special right to receive carried interest which is calculated based on the overall performance net of cost and expenses of the portfolio of all investments as 20% of net cash flows exceeding the agreed 8% minimum return (the Hurdle Rate). Carried interest is paid out with ordinary distributions based on adjusted economic rights which reflect an annual allocation of carried interest as if such carried interest had been reinvested into the Fund.

Except for entitlement to carried interest, the investments by the Limited Partners with specific commitment classes are made at the same time and on the same commercial terms as the other Limited Partners, provided that no Management Fee or carried interest are payable by those Limited Partners with specific commitment classes.

Distributions of carried interest to the specific commitment classes are subject to provision as defined in the Limited Partnership Agreement. Carried interest will be allocated to specific commitment classes on the basis of the carrying value of the investments at year end. However, distributions of carried interest are not paid to the specific commitment classes until the sale of investments are realised.

A total of DKK 13,924 thousand in carried interest was paid out during the financial period.

8 Other payables

	2024	2023
	DKK'000	DKK'000
Auditor and other advisors	137	218
Other liabilities	1,039	1,179
Other payables	1,176	1,397

The carrying amount of payables relates to legal fees, auditor's fees, travel costs etc. The amount recognised is equal to the fair value of the liabilities.

Other liabilities consist of a 20% holdback on outstanding commitments, retained in connection with carry payments. The retained 20% is intended to cover any carry amounts that may have been overpaid if the remaining commitments are drawn and cannot be repaid.

Other payables fall due for payment within 12 months.

9 Financial instruments

Categories of financial instruments:

	2024	2023
	DKK'000	DKK'000
Equity investments	1,535,394	1,180,208
Financial assets measured at fair value through profit or loss	1,535,394	1,180,208
Other payables	1,176	1,397
Financial liabilities measured at amortised cost	1,176	1,397

All financial liabilities are due for payment within 12 months.

10 Financial risk management

The General Partner is ultimately responsible for the overall risk management within the Fund but has delegated the responsibility to the Fund Manager.

The Fund pursues an investment strategy approved by the Limited Partners and invests in early stage technology ventures. 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.

The Fund's risk management processes include identification, measurement, monitoring, reporting and mitigation of the identified risks to minimise the potential negative effects at fund level.

Key financial risk factors and exposure regarding the financial statements 2024 can be categorised as follows:

Financial risk factors

Liquidity risks

	Less than 1 year DKK'000	Between 1 year and 5 years DKK'000	After 5 years DKK'000	Total DKK'000
Other payables	1,176	0	0	1,176
31.12.2024	1,176	0	0	1,176

	Less than 1 year DKK'000	Between 1 year and 5 years DKK'000	After 5 years DKK'000	Total DKK'000
Other payables	1,397	0	0	1,397
31.12.2023	1,397	0	0	1,397

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

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.

Currency risk

The Fund's investments are exposed to changes in the foreign currency USD. 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 Financial instruments measured at fair value

The fair value of the investments is measured on a quarterly basis, or more frequently if significant changes occur.

The Fund Manager has implemented procedures and methodology to ensure that the valuation is carried out consistently over time and across investments.

Methods applied in and assumptions underlying the determination of fair values of investments

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

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.

In cases where the portfolio company is performing in line with its original business case, and there have been no significant market movements as reflected by the CAPM (Capital Asset Pricing Model), the General Partner

consider that cost remains the best estimate for fair value. This is based on the assessment that there are no factors indicating a material change in the underlying value of the portfolio company.

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.

Peer group multiple

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. Factors as size and liquidity are also taken into consideration when applied these methods.

The calculated EV /revenue is then capitalised on the basis of a normalised revenue for the individual portfolio companies which, by adjustment for net interest-bearing debt, yield the value of the investments. In using the method, the Fund assesses which multiples can be used and assesses the determination of normal earnings in the portfolio companies, including assessing the sensitivity of the values when changing the model's variables.

Description of the valuation process

The valuation process is carried out in connection with the preparation of internal reporting to investors and in connection with the preparation of the Fund's annual report. The valuation assesses the portfolio investments at the end of the accounting period and must reflect the fair value of each portfolio company, based on reasonable valuation methods and assumptions.

Individual investments are assessed separately at the end of the accounting period and are in most cases assessed on the basis of the market situation as follows: (i) determination of the Enterprise Value (EV) estimated on the basis of a hypothetical sale of the investment at the time of the balancesheet date, based on one or more of the valuation methods mentioned above, and (ii) calculation of the value of the equity investment by adjusting EV for net debt and NWC adjustments as well as any equity related waterfall structures, including dilution effect where relevant.

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.

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

Below, financial instruments measured at fair value are classified using the fair value hierarchy:

- 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)

All investments are classified as Level 3 investments and there have not been any transfers between the levels during the financial year.

Material unobservable inputs for Level 3

Financial instruments measured at fair value in the balance sheet are based on valuation techniques that include material unobservable input. Material unobservable inputs mean in this context that the valuation is dependent on a return requirement that contains a number of components that cannot be observed on trading markets, for example project-specific risks and illiquidity prices.

	Level 1 DKK'000	Level 2 DKK'000	Level 3 DKK'000	Total DKK'000
2024				
Fair value at 1 January	0	0	1,199,488	1,199,488
Disposals	0	0	(20,029)	(20,029)
Fair value adjustments	0	0	371,729	371,729
Exchange rate adjustments	0	0	(156)	(156)
Financial assets measured at fair value through profit or loss	0	0	1,551,032	1,551,032

	Level 1 DKK'000	Level 2 DKK'000	Level 3 DKK'000	Total DKK'000
2023				
Fair value at 1 January	0	0	1,028,251	1,028,251
Follow-up investments	0	0	7,163	7,163
Disposal	0	0	(131,327)	(131,327)
Fair value adjustments	0	0	293,246	293,246
Exchange rate adjustments	0	0	2,155	2,155
Financial assets measured at fair value through profit or loss	0	0	1,199,488	1,199,488

Material unobservable inputs

Unlisted companies that are measured at fair value in the balance sheet are based on valuation methods that include significant unobservable inputs.

A significant unobservable assumption in connection with the valuation is the revenue-multiples used, just as expectations for the future earnings of the portfolio companies are included in the valuation. The multiples used in the valuation, are on level with peer groups and comparable companies. In addition, net interest-bearing debt in the portfolio companies is also taken into account in connection with the valuation.

Range for multiple implied

	2024	2023
Range of revenue-multiples used	3.21 - 4.45	2.17 – 4.46
Range of revenue-multiples used (after illiquidity, size, spread)	2.10 - 3.44	1.41 – 3.35

Sensitivity analysis

The fair value of the Fund's investments is affected by developments in the applied revenue multiples, future earnings expectations for these investments and debt level within the portfolio companies. A decrease or increase in the above significant non-observable inputs will have a direct impact on the valuation of portfolio companies.

In addition, the fair value of the Fund's portfolio companies is affected by the development in a number of macroeconomic conditions in which reliable sensitivity analyses cannot be prepared.

A change in the non-observable inputs used will have the following effects on the fair value of portfolio companies.

Portfolio sensitivity	Variable change in input	Approximately impact on Fund
A reduction in the applied valuation multiples	(+ / - 10%)	T.DKK 74,570 (2023: T.DKK 89,700)

The inputs above are considered the most material unobservable input due to the nature of the investments.

12 Related parties

Related parties with a controlling interest

The Limited Partnership has no investors or related parties with a controlling interest.

Related party transactions

		2024 DKK'000	2023 DKK'000
The General Partner receives a fee for its obligation towards Fund II K/S as per limited partnership agreement	Heartcore Capital		
Payment to the General Partner		60	60
Fund Manager (the Fund Manager) is considered a related party of the Fund due to its role as being Fund Manager			
Management fee		0	3,669

Management fee is calculated as a percentage of the total committed capital to the Fund.

13 Assets charged

The fund has not pledged any assets.

14 Contingent liabilities

At the balance sheet date, the Fund has assumed obligations to make further investments in portfolio enterprises or otherwise assumed obligations towards the portfolio enterprises by an amount of up to totally DKK 7,460 thousand (2023: DKK 0). Payment may be conditional on the portfolio enterprises meeting predefined milestones.

No provisions for expected credit loss have been recognised. Please refer to note for further description related hereto.

15 Events after the balance sheet date

No events have occurred after the reporting date, which would materially influence the evaluation of this annual report.

16

[Authorisation of the annual report for issue](#)

At its Board meeting on 30.01.2025, 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 27.02.2025.