

**Heartcore Capital Progression Fund Alpha K/S**  
**Frederiksgade 7, 3.**  
**1265 Copenhagen K**  
**Business Registration No 38437461**  
**Annual report 2022**

The Annual General Meeting adopted the annual report on 28.02.2023

## **Chairwoman of the General Meeting**

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Name: Signe Marie Sveinbjørnsson

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## **Fund details**

### **Fund**

Heartcore Capital Progression Fund Alpha K/S  
Frederiksgade 7, 3.  
DK-1265 Copenhagen K

Business Registration No: 38437461

Registered in: Copenhagen  
Financial year: 01.01.2022 – 31.12.2022

### **General Partner**

Heartcore Capital General Partner Alpha ApS

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

Christian Lindegaard Jepsen  
Jimmy Fussing Nielsen

### **Auditor**

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S

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

The Executive Board in Heartcore Capital General Partner Alpha ApS has today considered and approved the annual report of Heartcore Capital Progression Fund Alpha K/S (“the Fund”) for the financial year 01.01.2022 – 31.12.2022.

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 31.12.2022 and of the results of its operations and cash flows for the financial year 01.01.2022 – 31.12.2022.

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, 24.01.2023

**Executive Board in Heartcore Capital General Partner Alpha ApS**

Christian Lindegaard Jepsen

Jimmy Fussing Nielsen

## **Independent auditor's report**

### **To the General Partner and Limited Partners of Heartcore Capital Progression Fund Alpha K/S**

#### **Opinion**

We have audited the financial statements of Heartcore Capital Progression Fund Alpha K/S ("the Fund") for the financial year, 01.01.2022 – 31.12.2022 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 31.12.2022 and of the results of its operations and cash flows for the financial year 01.01.2022 – 31.12.2022 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, 24.01.2023

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

Michael Thorø Larsen  
State-Authorised Public Accountant  
Identification number (MNE) mne35823

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

## **Management commentary**

### **Primary activities**

Heartcore Capital Progression Fund Alpha K/S 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 17 July 2017. At the end of 2022, the Fund holds 4 active portfolio enterprises which are located in Europe.

The result for the year show a profit of DKK 24.0 million, primarily related to fair value gains from the investments in portfolio enterprises.

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

### **Development in selected portfolio enterprises**

Below descriptions do not include all portfolio enterprises within the Fund, but only selected portfolio enterprises, which are considered 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 company surpassed expectations for 2022 as travel recovered very positively in 2022. 2022 has been the best year ever for GetYourGuide.

Tink AB: Located in Stockholm, the company offers Europe's leading open banking platform that provides banks, fintechs and startups with the necessary infrastructure and smart data products that are needed to build financial services and products of the future. In 2021 Visa announced its intent to acquire Tink for EUR 1.8Bn contingent on regulatory approvals. The transaction was finalized in March 2022.

TravelPerk Inc: US company with its main offices in Barcelona, Spain, is a business travel booking platform. The company had a strong year and raised a USD 75 million round led by Kinnevik and General Catalyst with participation from existing investors.

### **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 the 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.

## Management commentary (continued)

For the current year, the General Partner has among others also taken into consideration the effects of the increasing inflation in the commodity prices, higher increasing interest rates all and decrease in listed stock markets during 2022. Furthermore, the effect of the war between Ukraine and Russia has been considered.

The Fund itself has not been affected by the above factors. However, the two factors have 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.

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.

### Unusual circumstances affecting recognition and measurement

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

### 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;
- 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 in accordance with the agreement allowing for the leverage.

### 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.

## **Management commentary (continued)**

### **Outlook**

Forthcoming results of Heartcore Capital Progression Fund Alpha K/S depend on the development in the value of the Fund's investment in portfolio enterprises. Due to the Funds nature, no range for future resultats can be estimated.

**Statement of comprehensive income**

	<u>Notes</u>	<u>2022 DKK'000</u>	<u>2021 DKK'000</u>
Income/loss from investments in portfolio enterprises	4	<u>26,284</u>	<u>244,931</u>
<b>Operating income/(loss)</b>		<b>26,284</b>	<b>244,931</b>
Administrative expenses	5	(2,108)	(2,307)
Other operating expenses	5	<u>(127)</u>	<u>(111)</u>
<b>Profit/loss before financial items (EBIT)</b>		<b>24,049</b>	<b>242,513</b>
Financial income		1	0
Financial expenses		<u>(16)</u>	<u>(15)</u>
<b>Profit/loss for the year</b>		<b><u>24,034</u></b>	<b><u>242,498</u></b>
<b>Other comprehensive income</b>		<b><u>0</u></b>	<b><u>0</u></b>
<b>Total comprehensive income/loss for the year</b>		<b><u><u>24,034</u></u></b>	<b><u><u>242,498</u></u></b>

**Statement of financial position**

	<u>Notes</u>	<u>31 Dec 2022 DKK'000</u>	<u>31 Dec 2021 DKK'000</u>
<b>Assets</b>			
Investments in portfolio enterprises	6	<u>316,567</u>	<u>508,198</u>
<b>Fixed asset investments</b>		<u><b>316,567</b></u>	<u><b>508,198</b></u>
<b>Non-current assets</b>		<u><b>316,567</b></u>	<u><b>508,198</b></u>
Other receivables	7	<u>24,447</u>	<u>0</u>
<b>Receivables</b>		<u><b>24,447</b></u>	<u><b>0</b></u>
<b>Cash</b>		<u><b>386</b></u>	<u><b>3,099</b></u>
<b>Current assets</b>		<u><b>24,833</b></u>	<u><b>3,099</b></u>
<b>Assets</b>		<u><u><b>341,400</b></u></u>	<u><u><b>511,297</b></u></u>

## Statement of financial position

	<u>Notes</u>	<b>31 Dec 2022 DKK'000</b>	<b>31 Dec 2021 DKK'000</b>
<b>Equity and liabilities</b>			
Limited Partners' contribution	8	335,085	306,250
Distributions to Limited Partners		(244,112)	(24,253)
Retained earnings		<u>250,273</u>	<u>226,239</u>
<b>Equity</b>		<b><u>341,246</u></b>	<b><u>508,236</u></b>
Other payables	9	129	124
Prepaid contributions from Limited Partners	9	<u>26</u>	<u>2,937</u>
<b>Current liabilities</b>		<b><u>154</u></b>	<b><u>3,061</u></b>
<b>Liabilities</b>		<b><u>154</u></b>	<b><u>3,061</u></b>
<b>Equity and liabilities</b>		<b><u><u>341,400</u></u></b>	<b><u><u>511,297</u></u></b>

## Statement of changes in equity

	<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 2021</b>	<b>260,480</b>	-	<b>(16,259)</b>	<b>244,221</b>
Contributions from Limited Partners	45,770	-	-	45,770
Distribution of share of proceeds from sale of portfolio enterprises	-	(24,253)	-	(24,253)
Comprehensive loss for the year	-	-	242,498	242,498
<b>Balance at 31 December 2021</b>	<b>306,250</b>	<b>(24,253)</b>	<b>226,239</b>	<b>508,236</b>
Contributions from Limited Partners	28,835	-	-	28,835
Distribution of share of proceeds from sale of portfolio enterprises	-	(219,859)	-	(219,859)
Comprehensive income for the year	-	-	24,034	24,034
<b>Balance at 31 December 2022</b>	<b>335,085</b>	<b>(244,112)</b>	<b>250,273</b>	<b>341,246</b>

## Statement of cash flows

	<u>Notes</u>	<u>2022</u> <u>DKK'000</u>	<u>2021</u> <u>DKK'000</u>
Profit/loss before financial items (EBIT)		24,049	242,513
Reversal of income/loss from investments in portfolio enterprises	4	(26,284)	(244,931)
Working capital changes	10	<u>5</u>	<u>4</u>
<b>Cash flows from ordinary primary activities</b>		<b><u>(2,230)</u></b>	<b><u>(2,414)</u></b>
Financial income received		1	0
Financial expenses paid		<u>(16)</u>	<u>(15)</u>
<b>Cash flows from operating activities</b>		<b><u>(2,245)</u></b>	<b><u>(2,429)</u></b>
Investments in portfolio enterprises		(26,392)	(47,250)
Net proceeds from sale of portfolio enterprises		<u>219,859</u>	<u>27,837</u>
<b>Cash flows from investing activities</b>		<b><u>193,467</u></b>	<b><u>(19,413)</u></b>
Contributions from Limited Partners		28,835	45,770
Distribution of share of proceeds from sale of portfolio enterprises		(219,859)	(24,253)
Prepaid contributions from Limited Partners		<u>(2,911)</u>	<u>2,096</u>
<b>Cash flows from financing activities</b>		<b><u>(193,935)</u></b>	<b><u>23,613</u></b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(2,713)</b>	<b>1,771</b>
Cash and cash equivalents at 1 January		<u>3,099</u>	<u>1,328</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u><u>386</u></u></b>	<b><u><u>3,099</u></u></b>

## Notes to the financial statements

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## Notes

### 1. Overview of business

Heartcore Capital Progression Fund Alpha 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 Progression Fund Alpha 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 Alpha ApS.

The Fund is classified as article 6 under the SFDR-legislation, and hence the SFDR appendix is not included. Further, the Investments underlying this Financial Product do not take into account the EU criteria for environmentally sustainable economic activities in accordance with article 6.

### 2. Accounting policies

The financial statements of Heartcore Capital Progression Fund Alpha K/S for 2022 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 Progression Fund Alpha 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 where the controlled subsidiaries are consolidated, and instead any controlled subsidiaries are accounted for at fair value through profit or loss.

## Notes

### 2. Accounting policies (continued)

Similarly, Heartcore Capital Progression Fund Alpha K/S may hold 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 enterprises at fair value through profit or loss no matter the ownership share.

#### **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 2022 have been assessed to have any impact on the financial reporting for Heartcore Capital Progression Fund Alpha K/S for 2022 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 being tax-transparent.

## Notes

### 2. Accounting policies (continued)

#### 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.

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 cost relating to incomplete investments and administrative expenses include management fee to management company, Heartcore Capital A/S.

##### Financial expenses

Other 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.

## Notes

### 2. Accounting policies (continued)

- 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.
- 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.

#### Receivables

Receivables, typically representing deferred payments from the divestment of an investment, are measured at amortised cost less write-downs for expected credit losses.

#### Cash

Cash comprises bank deposits

#### Other financial liabilities

Other financial liabilities comprise other payables and bank debt.

#### 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.

## Notes

### 2. Accounting policies (continued)

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 Progression Fund Alpha 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 6.

## Notes

### 4. Income/loss from investments in portfolio enterprises

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Realised gain	17,828	18,884
Fair value gain/loss	8,327	226,047
Adjustment of earn-out receivable	129	10
<b>Income/loss from investments in portfolio enterprises</b>	<b>26,284</b>	<b>244,931</b>

### 5. Expenses

The Fund had no employees during the financial year.

Administrative and Investment work is performed by Heartcore Capital A/S (see note 11).

Administrative expenses cover management fee to Heartcore Capital A/S of DKK 2,048 thousand (2021: DKK 2,262 thousand) and management fee to the General Partner of DKK 60 thousand (2021: DKK 45 thousand).

Other expenses cover audit and legal fees of totally DKK 127 thousand (2021: 111 thousand).

According to Article 22 of the AIFM Directive, alternative investment funds must disclose information about the total remuneration of the entire staff of the Fund Manager, including paid-out carried interest. Furthermore, remuneration to material risk-takers must be disclosed. For information about remuneration, please refer to [www.heartcore.com](http://www.heartcore.com).

According to the requirements in Article 22 in the AIFM Directive, further information about remuneration and realised carried interest can be received upon request from the Limited Partners of the respective funds.

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.

## Notes

	<b>2022</b>	<b>2021</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>6. Investments in portfolio enterprises</b>		
Cost at beginning of year	293,669	255,373
Additions	26,392	47,250
Disposals	<u>(65,683)</u>	<u>(8,954)</u>
<b>Cost at end of year</b>	<b><u>254,378</u></b>	<b><u>293,669</u></b>
Revaluations at beginning of year	214,529	(11,518)
Adjustment regarding previous year	(466)	0
Revaluations	8,327	244,931
Reversals regarding disposals	<u>(160,201)</u>	<u>(18,884)</u>
<b>Revaluation at end of year</b>	<b><u>62,189</u></b>	<b><u>214,529</u></b>
<b>Carrying amount at end of year</b>	<b><u>316,567</u></b>	<b><u>508,198</u></b>

\*The Fund has issued convertible bonds of DKK 14,084,101 as part of the carrying amount at end of year.

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.

<b>Portfolio enterprise</b>	<b>Corporate form</b>	<b>Registered in</b>	<b>Equity interest %</b>
Exporo	AG	Germany	6.4%
GetYourGuide	AG	Switzerland	1.4%
Lillydoo	GmbH	Germany	3.8%
Travelperk	Inc.	Spain	1.6%

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 financial statements.

## Notes

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

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.

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

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.

## Notes

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

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.

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

Portfolio enterprise	Corporate form	2022	2021
Other investments:			
Exporo	AG	Price of recent investment	Internal Valuation
GetYourGuide	AG	Fair value	Fair value
Lillydoo	GmbH	Cost	Cost
Travelperk	Inc.	Price of recent investment	Price of recent investment

#### 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) (not used in 2022)
- 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) (not used in 2022)
- 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.

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.

## Notes

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

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>2021</b>	<b>Level 3 DKK'000</b>	<b>Total investment DKK'000</b>	<b>Fair value gain DKK'000</b>
Fair value at 1 January 2021	243,855	243,855	-
Fair value adjustments	245,022	245,022	245,022
Exchange rate adjustments	(91)	(91)	(91)
Additions	47,250	47,250	-
Disposals	(27,838)	(27,838)	-
<b>Fair value at 31 December 2021</b>	<b>508,198</b>	<b>508,198</b>	<b>244,931</b>
<b>2022</b>	<b>Level 3 DKK'000</b>	<b>Total investment DKK'000</b>	<b>Fair value gain DKK'000</b>
Fair value at 1 January 2022	508,198	508,198	-
Adjustment regarding previous year	(466)	(466)	-
Follow-up investments	26,392	26,392	-
Fair value adjustments	8,401	8,401	8,401
Exchange rate adjustments	(74)	(74)	(74)
Disposals	(225,884)	(225,884)	-
<b>Fair value at 31 December 2022</b>	<b>316,567</b>	<b>316,567</b>	<b>8,327</b>

## Notes

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

#### Significant unobservable inputs for level 3

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

A significant un-observable 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 enterprises is also taken into account in connection with the valuation .

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Revenue-multiple used	3.38	5.89

#### Sensitivity analysis

The fair value of the Fund's investments is affected by developments in the applied discount rate, future earnings expectations for these investments and debt level within the portfolio enterprises. A decline or increase in the material unobservable inputs stated above and changes in macroeconomic conditions might have a direct effect on the valuation of the investments. As the value of the Fund's investments is based on different valuation methods, cost, fair value based on peers and price of recent investment, the sensitivity analysis would not give a fair result, why this is not included in the current financial statements.

### 7. Other receivables

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Receivables from sales of investments	<u>24,447</u>	<u>0</u>
	<b>24,447</b>	<b>0</b>

Receivables from sales of investments cover agreed deferred payments including escrow amounts expected to be released upon fulfillment of agreed terms or milestones. In 2022, the Fund has received payment of DKK 160k relating to sales in previous years, resulting in a positive adjustment of DKK 129k (see note 4).

## Notes

	<b>2022</b>	<b>2021</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>8. Limited Partners' contributions</b>		
Limited Partners' contributions at beginning of year	306,250	260,480
Contributions made during the year	<u>28,835</u>	<u>45,770</u>
<b>Limited Partners' contributions at end of year</b>	<b><u>335,085</u></b>	<b><u>306,250</u></b>

The contributed capital represents the Limited Partner's total equity contribution. The Fund's contributed capital comprises 99.64% A-shares and 0.36% B-shares. The Fund's A-shares are paid successively and pro rata and the B-shares are fully paid up. One of the share classes has a dividend preference attached when the realised return in the Fund exceeds a fixed minimum rate of return p.a. (hurdle rate) of the investors' contributed capital.

If the Funds delivers an annual compounded return of above 8% (IRR) based on realised investment the Preferred Partners class will receive carried interest based on the waterfall method agreed in the Limited Partners Agreement.

Above mentioned distribution of dividend is will on effect the distributions from equity, and will not affect the Statement of comprehensive income.

	<b>2022</b>	<b>2021</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>9. Other payables</b>		
Prepaid contributions from Limited Partners	26	2,937
Sundry accrued expenses	<u>129</u>	<u>124</u>
	<b><u>154</u></b>	<b><u>3,061</u></b>

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.

All payables fall due within 12 months.

	<b>2022</b>	<b>2021</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>10. Working capital changes</b>		
Change in other Payables	<u>5</u>	<u>4</u>
	<b><u>5</u></b>	<b><u>4</u></b>

## Notes

### 11. Financial risks and financial instruments

#### Categories of financial instruments:

Investments in portfolio enterprises	316,567	508,198
Other receivables	24,447	0
<b>Financial assets measured at fair value through profit/loss</b>	<b>341,014</b>	<b>508,198</b>
Cash	385	3,099
<b>Financial assets measured at amortised cost</b>	<b>385</b>	<b>3,099</b>
Other payables	129	124
Prepaid contributions from Limited Partners	26	2,937
<b>Financial liabilities measured at amortised cost</b>	<b>154</b>	<b>3,061</b>

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	124	-	-	124
Prepaid contributions from Limited Partners	2,937	-	-	2,937
<b>31 December 2021</b>	<b>3,061</b>	<b>-</b>	<b>-</b>	<b>3,061</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	129	-	-	129
Prepaid contributions from Limited Partners	26	-	-	26
<b>31 December 2022</b>	<b>154</b>	<b>-</b>	<b>-</b>	<b>154</b>

## Notes

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

#### 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 risks

The Fund's investments are exposed to changes in foreign currencies like USD, GBP, EUR and SEK. 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.

### 12. 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 Alpha ApS. Heartcore Capital A/S is related to Heartcore Capital General Partner Alpha ApS. See note 5.

### 13. Assets pledged and contingent liabilities etc.

The Fund has not pledged any assets or taken on any 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 0 thousand (2021: DKK 26,244 thousand). Payment may be conditional on the portfolio enterprises meeting pre-defined milestones.

### 14. Events after the reporting date

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

## Notes

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

At its Board meeting on 24.01.2023, 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 28.02.2023.