

**Heartcore Capital Fund III K/S**  
**Frederiksgade 7, 3.**  
**1265 Copenhagen K**  
**Business Registration No 37239305**  
**Annual report 2023**

The Annual General Meeting adopted the annual report on 27.02.2024

**Chairwoman of the General Meeting**

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Name: Signe Marie Sveinbjørnsson

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## **Fund details**

### **Fund**

Heartcore Capital Fund III K/S

Frederiksgade 7, 3.

DK-1265 Copenhagen K

Business Registration No: 37239305

Registered in: Copenhagen

Financial year: 01.01.2023 – 31.12.2023

### **General Partner**

Heartcore Capital General Partner III ApS

### **Fund Manager**

Heartcore Capital A/S

Manager of Alternative Investment Funds (Danish FTID number: 23074)

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

Christian Lindegaard Jepsen

Jimmy Fussing Nielsen

### **Auditor**

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

## **Statement by management on the annual report**

The Executive Board have today considered and approved the annual report of Heartcore Capital Fund III K/S (“the Fund”) for the financial year 01.01.2023 – 31.12.2023.

The financial statements are prepared in accordance with IFRS Accounting 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 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 – 31.12.2023.

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

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

Copenhagen, 25.01.2024

**On behalf of the Executive Board in Heartcore Capital General Partner III ApS**

Christian Lindegaard Jepsen

Jimmy Fussing Nielsen

## **Independent auditor's report**

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

#### **Opinion**

We have audited the financial statements of Heartcore Capital Fund III K/S ("the Fund") for the financial year 01.01.2023 - 31.12.2023, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in net asset value, the statement of cash flows, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with 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 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with 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 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 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.

## 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

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 25.01.2024

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

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

Rikke Frydkjær Hansen  
State Authorised Public Accountant  
Identification number (MNE) mne46616

## Management commentary

### Primary activities

Heartcore Capital Fund III 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 11 April 2016. At the time of publication of this annual report, the Fund holds 17 active portfolio enterprises of which four are located in Denmark. The rest are located in Sweden, UK, Germany, France, Spain and USA.

The result for the year showed a loss of DKK 131.2 million, primarily related to unrealised fair value gain from the investments in portfolio enterprises.

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

### Development in selected portfolio enterprises

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

**BLAST ApS:** Danish company that is the organizer of the BLAST Pro Counterstrike league. The company progress well and 2023 was a record year and will see further growth in 2024.

**Finn GmbH:** German company located in Munich, offers a car subscription (full service, mid-term lease period) for the German market. The company progressed very well during the year and raised a EUR 70 million round led by Planet First Partners with participation of existing investors.

**La Fourche SAS:** French company located in Paris, is an online grocery that sells organic grocery products at a discount to its community of members. La Fourche had a strong year and closed an internal funding round to keep the growth trajectory.

**Orbital Express Launch Ltd (Orbex):** Located in Denmark and London, UK, is a European micro-launcher company developing orbital rockets targeting the launch of small, micro and nano-satellites. The company had a good year and progressed well in their development.

**Podimo ApS:** Located in Copenhagen, Denmark, is a consumer podcast platform offering a combination of free, licensed and original podcast content. The company had a good year and raised EUR 30 million from existing investors plus EUR 13 million from EIFO.

## Management commentary (continued)

Taster Ltd.: Located in London, UK, Taster is a next generation fast food franchise. They create virtual restaurants brands and license them to a network of franchise partners who operate them on delivery platforms. The company had a record revenue growth year and raised EUR 5 million from existing investors.

TravelPerk Inc: US company with its main offices in Barcelona, Spain, is a business travel booking platform. The company had another record year.

Zolar GmbH: German company located in Berlin, is an online and direct to consumer provider of solar installations for single and multi-family houses. The company had a record year despite the German economy.

### **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 2023 in interest rates, stock markets and the effect of the wars between Ukraine and Russia, and Hamas and Israel has 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.

## **Management commentary (continued)**

### **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.

### **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.

### **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 III 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 results can be estimated.

## Statement of comprehensive income

	Notes	<b>2023</b> <b>DKK'000</b>	<b>2022</b> <b>DKK'000</b>
Income from investments in portfolio enterprises	4	(118,125)	74,893
<b>Operating income</b>		<b>(118,125)</b>	<b>74,893</b>
Administrative expenses	5	(12,526)	(13,233)
Other operating expenses	5	(528)	(471)
<b>Profit/loss before financial items (EBIT)</b>		<b>(131,179)</b>	<b>61,189</b>
Financial income		20	1
Financial expenses		(7)	(67)
<b>Profit/loss for the year</b>		<b>(131,166)</b>	<b>61,123</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(131,166)</b>	<b>61,123</b>

## Statement of financial position

	Notes	2023 DKK'000	2022 DKK'000
<b>Assets</b>			
Investments in portfolio enterprises	6	<u>1,630,949</u>	<u>1,759,266</u>
<b>Fixed asset investments</b>		<b><u>1,630,949</u></b>	<b><u>1,759,266</u></b>
<b>Non-current assets</b>		<b><u>1,630,949</u></b>	<b><u>1,759,266</u></b>
<b>Cash</b>		<u>10,664</u>	<u>591</u>
<b>Current assets</b>		<b><u>10,664</u></b>	<b><u>591</u></b>
<b>Total assets</b>		<b><u><u>1,641,613</u></u></b>	<b><u><u>1,759,857</u></u></b>

## Statement of financial position

	Notes	<b>2023</b> <b>DKK'000</b>	<b>2022</b> <b>DKK'000</b>
<b>Net assets and liabilities</b>			
Limited Partners' contributions	7	798,710	785,885
Retained earnings		<u>842,411</u>	<u>973,577</u>
<b>Net assets attributable to Limited Partners</b>		<b><u>1,641,121</u></b>	<b><u>1,759,462</u></b>
Other payables	8	277	185
Prepaid contributions from Limited Partners		<u>215</u>	<u>210</u>
<b>Current liabilities</b>		<b><u>492</u></b>	<b><u>395</u></b>
<b>Total Liabilities</b>		<b><u>492</u></b>	<b><u>395</u></b>
<b>Total net assets attributable to Limited Partners and liabilities</b>		<b><u>1,641,613</u></b>	<b><u>1,759,857</u></b>

## Statement of changes in net assets attributable to the limited Partners' Capital

	Limited Partners' contribution DKK'000	Retained earnings DKK'000	Total DKK'000
Net assets at 1 January 2022	755,374	912,454	1,667,828
Contributions from Limited Partners	30,511	0	30,511
Comprehensive income the year	<u>0</u>	<u>61,123</u>	<u>61,123</u>
Net assets at 31 December 2022	<u>785,885</u>	<u>973,577</u>	<u>1,759,462</u>
Contributions from Limited Partners	12,825	0	12,825
Comprehensive income for the year	<u>0</u>	<u>(131,166)</u>	<u>(131,166)</u>
Net assets at 31 December 2023	<u>798,710</u>	<u>842,411</u>	<u>1,641,121</u>

The Partners have committed themselves to contributing up to DKK 834,718 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 798,710 thousand, and the remaining contribution balance is DKK 36,008 thousand. Distributions to Partners comprise return of capital and realized gains.

Refer to note 7 for further information regarding the rights, preferences and restrictions attached to the limited partnership capital.

## Statement of cash flows

	Notes	2023 DKK'000	2022 DKK'000
Profit/loss before financial items (EBIT)		(131,179)	61,189
Reversal of income from investments in portfolio enterprises	4	118,125	(74,893)
Working capital changes	9	92	4
<b>Cash flows from ordinary primary activities</b>		<b>(12,962)</b>	<b>(13,700)</b>
Financial expenses received		20	1
Financial expenses paid		(7)	(67)
<b>Cash flows from operating activities</b>		<b>(12,949)</b>	<b>(13,766)</b>
Interest income from portfolio enterprises		0	0
Investments in portfolio enterprises		10,192	(17,402)
<b>Cash flows from investing activities</b>		<b>10,192</b>	<b>(17,402)</b>
Change in bank debt		0	0
Contributions from Limited Partners		12,825	30,511
Change in prepaid contributions from Limited Partners		5	(17)
<b>Cash flows from financing activities</b>		<b>12,830</b>	<b>30,494</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>10,073</b>	<b>(674)</b>
Cash and cash equivalents at beginning of year		591	1,265
<b>Cash and cash equivalents at 31 December</b>		<b>10,664</b>	<b>591</b>

## Notes to the financial statements

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## Notes

### 1. Overview of business

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

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

Heartcore Capital Fund III 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 III ApS.

### 2. Accounting policies

The financial statements of Heartcore Capital Fund III K/S for 2023 are prepared in accordance with IFRS Accounting 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 Fund's investments are not subject to IFRS 9. The Fund has no material assets or liabilities subject to IFRS 9.

The Fund's income consists of value increases on investments, and the Fund has no contracts covered by IFRS 15. The Fund has not entered into any lease contracts covered by IFRS 16.

Where relevant, assessments made by Management when applying IFRS and which have had a significant impact on the financial statements are presented in the relevant notes to the financial statements.

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

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

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

With reference to IFRS 10, the General Partner of Heartcore Capital Fund III 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.

## Notes

### 2. Accounting policies (continued)

- 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.

Similarly, Heartcore Capital Fund III K/S holds investments in portfolio enterprises, which meet the definition of an associate over which the Fund has significant influence. Such investments are also accounted for at fair value through profit or loss whereby all investments are treated as investments in portfolio 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 2023 have been assessed to have any impact on the financial reporting for Heartcore Capital Fund III K/S for 2023 or future years.

At the time of publication of the financial statements, new or changed standards and interpretations have not yet become effective. It is the General Partner's assessment that these new 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.

## Notes

### 2. Accounting policies (continued)

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.

#### 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 or sale 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, 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.

## Notes

### 2. Accounting policies (continued)

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

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

#### **Net assets attributable to Partners**

Net assets attributable to Partners are classified as a financial liability under International Accounting Standards IAS 32 Financial Instruments: Presentation, due to the finite life and the requirement to pay amounts pursuant to contractual payment provisions within limited partners agreement and are measured at the present value of the redemption amounts.

#### **Other financial liabilities**

Other financial liabilities comprise prepayments from Limited Partners, other payables and bank loans.

#### **Statement of cash flows**

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

## Notes

### 2. Accounting policies (continued)

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

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

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

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

Heartcore Capital Fund III 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>2023</b>	<b>2022</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
Urealised fair value gain	(120,687)	74,893
Realised income/dividend	<u>2,562</u>	<u>0</u>
<b>Income/(Loss) from investments in portfolio enterprises</b>	<b><u>(118,125)</u></b>	<b><u>74,893</u></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 12,466 thousand (2022: DKK 13,173 thousand) and management fee to the General Partner of DKK 60 thousand (2022: DKK 60 thousand).

Other expenses cover audit and legal fees of DKK 528 thousand (2022: DKK 471 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

	<u>2023</u> <u>DKK'000</u>	<u>2022</u> <u>DKK'000</u>
<b>6. Investments in portfolio enterprises</b>		
Cost at beginning of year	636,467	651,836
Adjustment regarding previous years (earlier years disposals)	0	(31,116)
Additions	0	17,402
Disposals	<u>(2,867)</u>	<u>(1,655)</u>
<b>Cost at end of year</b>	<b><u>633,600</u></b>	<b><u>636,467</u></b>
Revaluations at beginning of year	1,122,800	1,015,135
Adjustment regarding previous years (earlier years disposals)	0	31,116
Revaluations	(120,687)	74,893
Reversals regarding disposals	<u>(4,764)</u>	<u>1,655</u>
<b>Revaluation at end of year</b>	<b><u>997,349</u></b>	<b><u>1,122,799</u></b>
<b>Carrying amount at end of year*</b>	<b><u>1,630,949</u></b>	<b><u>1,759,266</u></b>

\*The Fund has issued convertible bonds of DKK 0 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.

## Notes

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

Portfolio enterprise	Corporate form	Registered in	Equity interest %
Active investments			
Blast	ApS	Denmark	11.63%
Digital Assets, ('Ana Luisa')	Inc.	United States	8.93%
Exporo	AG	Germany	10.91%
FastTravel Games	AB	Sweden	8.84%
Finn	GmbH	Germany	4.50%
Forecast	ApS	Denmark	14.60%
Formel Skin	GmbH	Germany	9.38%
Herzsache	GmbH	Germany	9.05%
Italic	Inc.	United States	3.67%
Kaia Health Software	GmbH	Germany	11.27%
La Fourche	SAS	France	13.21%
Lillydoo	GmbH	Germany	11.19%
Mojiworks	Ltd.	United Kingdom	14.68%
Orbital Express Launch	Ltd.	United Kingdom	13.15%
Podimo	ApS	Denmark	7.85%
Taster	Ltd.	United Kingdom	11.26%
Travelperk	S.L	Spain	4.33%
Werlabs	AB	Sweden	14.79%
Zolar	GmbH	Germany	9.93%
Non-active investments			
Aire Labs	Ltd.	United Kingdom	5.62%
Another.ai	Inc.	United States	*0.0%
Aula Education	Ltd.	United Kingdom	8.69%
Grandhood	ApS	Denmark	17.27%
Cherryz	Ltd.	United Kingdom	6.40%

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

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

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.

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.

## Notes

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

#### 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, 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.

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

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.

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.

## Notes

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

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.

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

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

## Notes

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

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

Portfolio enterprise	Corporate form	2023	2022
Aire Labs	Ltd.	Written off	Written off
Another.ai	Inc.	Written off	Written off
Aula Education	Ltd.	Written off	Written off
BLAST (RFRSH)	ApS	Fair Value based on peer multiples	Price of recent investment
Cherryz	Ltd.	Written off	Price of recent investment
Digital Assets, ('Ana Luisa')	Inc.	Cost	Cost
Exporo	AG	Price of Recent Investment	Price of recent investment
FastTravel Games	AB	Price of Recent Investment	Price of recent investment
Finn	GmbH	Price of Recent Investment	Price of recent investment
Forecast	ApS	Price of Recent Investment	Price of recent investment
Formel Skin	GmbH	Price of Recent Investment	Price of recent investment
Grandhood	ApS	Written off	Cost
Herzsache	GmbH	Price of Recent Investment	Price of recent investment
Italic	Inc.	Written off	Price of recent investment
Kaia Health Software	GmbH	Price of Recent Investment	Price of recent investment
La Fourche	SAS	Price of Recent Investment	Price of recent investment
Lillydoo	GmbH	Price of Recent Investment	Price of recent investment
Mojeworks	Ltd.	Written off	Cost
Orbital Express Launch	Ltd.	Price of Recent Investment	Price of recent investment
Podimo	ApS	Price of Recent Investment	Price of recent investment
Taster	Ltd.	Price of Recent Investment	Price of recent investment
Travelperk	Inc.	Price of Recent Investment	Price of recent investment
Werlabs	AB	Price of Recent Investment	Price of recent investment
Zolar	GmbH	Fair Value based on peer multiples	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)
- Quoted prices in active markets for similar assets or liabilities or other valuation methods under which all material inputs are based on observable market data (level 2)
- Valuation techniques under which any material inputs are not based on observable market data (level 3).

The measurement of investments in portfolio enterprises classified according to level 3 is based on measurement methods, in which material non-observable inputs are included such as assessment of which method best reflects fair value, assessment of the performance of each portfolio enterprise, determination of multiples and

## Notes

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

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. Management believes that the multiples applied are on a par with the market for comparable Danish businesses.

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

	<b>Level 3 DKK'000</b>	<b>Total investment DKK'000</b>	<b>Fair value gain DKK'000</b>
<b>2022</b>			
<b>Fair value at 1 January 2022</b>	<b>1,666,970</b>	<b>1,666,970</b>	<b>0</b>
Follow-up investments	17,402	17,402	0
Fair value adjustments	78,539	78,539	78,539
Exchange rate adjustments	(3,645)	(3,645)	(3,645)
<b>Fair value at 31 December 2022</b>	<b>1,759,266</b>	<b>1,759,266</b>	<b>74,894</b>
<b>2023</b>			
<b>Fair value at 1 January 2023</b>	<b>1,759,267</b>	<b>1,759,267</b>	<b>0</b>
Disposals	(7,629)	(7,629)	0
Fair value adjustments	(121,958)	(121,958)	(121,958)
Exchange rate adjustments	1,271	1,271	1,271
<b>Fair value at 31 December 2023</b>	<b>1,630,949</b>	<b>1,630,949</b>	<b>(120,687)</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 unobservable assumption in connection with the valuation is the multiples used, just as expectations for the future earnings of the portfolio enterprises 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.

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Range of revenue-multiples used	2.17 - 3.14	-
Range of revenue-multiples used (after illiquidity, size, spread)	1.41 - 2.04	-

#### 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 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.

<b>2023</b>		<b>Approximately</b>
<b>Portfolio sensitivity</b>	<b>Variable change in input</b>	<b><u>impact on fund</u></b>
A reduction in the applied valuation multiples	(+ / - 10%)	T.DKK 33,449

## Notes

	<b>2023</b>	<b>2022</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>7. Limited Partners' contributions</b>		
Limited Partners' contributions at beginning of year	785,885	755,374
Contributions made during the year	<u>12,825</u>	<u>30,511</u>
<b>Limited Partners' contributions at end of year</b>	<b><u>798,710</u></b>	<b><u>785,885</u></b>

The contributed capital represents the Limited Partner's total net assets contribution. The Fund's contributed capital comprises 40.08% A-shares, 0.02% B-shares, 59.87% C-shares and 0.03% D-shares. The Fund's A-shares and C-shares are paid successively and pro rata and the B-shares and D-shares are fully paid up. Two of the share classes have dividend preferences attached when the realised return in the Fund exceeds a fixed minimum rate of return p.a. (hurdle rate) of the Limited Partner's contributed capital. Carried interest is accounted for based on the ownership model under IFRS and hence a distribution between the A-shares and B-shares classes in the Net Asset Value Statement.

If the Fund 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.

	<b>2023</b>	<b>2022</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>8. Other payables</b>		
Sundry accrued expenses	<u>277</u>	<u>185</u>
	<b><u>277</u></b>	<b><u>185</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>2023</b>	<b>2022</b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>9. Working capital changes</b>		
Change in other payables	<u>92</u>	<u>4</u>
	<b><u>92</u></b>	<b><u>4</u></b>

## Notes

	<u>2023</u> <u>DKK'000</u>	<u>2022</u> <u>DKK'000</u>
<b>10. Financial risks and financial instruments</b>		
<b>Categories of financial instruments:</b>		
Investments in portfolio enterprises	1,630,949	1,759,266
<b>Financial assets measured at fair value through profit/loss</b>	<u><b>1,630,949</b></u>	<u><b>1,759,266</b></u>
Cash	10,664	591
<b>Financial assets measured at amortised cost</b>	<u><b>10,664</b></u>	<u><b>591</b></u>
Other payables	277	185
Prepaid contributions from Limited Partners	215	210
<b>Financial liabilities measured at amortised cost</b>	<u><b>492</b></u>	<u><b>395</b></u>

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.

	<u>Within</u> <u>1 year</u> <u>DKK'000</u>	<u>Between</u> <u>1 and 5 years</u> <u>DKK'000</u>	<u>After</u> <u>5 years</u> <u>DKK'000</u>	<u>Total</u> <u>DKK'000</u>
Other payables	185	0	0	185
Prepaid contributions from Limited Partners	210	0	0	210
<b>31 December 2022</b>	<u><b>395</b></u>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>395</b></u>
	<u>277</u>	<u>0</u>	<u>0</u>	<u>277</u>
Other payables	277	0	0	277
Prepaid contributions from Limited Partners	215	0	0	215
<b>31 December 2023</b>	<u><b>492</b></u>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>492</b></u>

## Notes

### 10. 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.

### 11. Related party transactions

#### Related parties with control

No single Limited Partner has control over the Fund.

#### Transactions with related parties

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

### 12. 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 no obligations or commitments towards portfolio enterprises or other types of contingent liabilities.

### 13. Events after the reporting date

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

## Notes

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

At its Board meeting held on 25.01.2024, 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 27.02.2025.