

Heartcore Capital Web3 Fund I K/S

Annual Report 2024

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The Annual General Meeting adopted the data on
28.02.25

Signe Marie Sveinbjørnsson
Chairwoman of the General Meeting

Heartcore Capital Web3 Fund I K/S
Frederiksgade 7,3 1265 København K
CVR No. 43386069

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2024	8
Balance sheet at 31.12.2024	9
Statement of changes in equity for 2024	11
Notes	12
Accounting policies	14

Entity details

Entity

Heartcore Capital Web3 Fund I K/S
Frederiksgade 7, 3.
1265 København K

Business Registration No.: 43386069
Registered office: København
Financial year: 01.01.2024 - 31.12.2024

Executive Board

Christian Lindegaard Jepsen
Jimmy Fussing Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of Heartcore Capital Web3 Fund I K/S for the financial year 01.01.2024 - 31.12.2024.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 28.02.2025

Executive Board

Christian Lindegaard Jepsen

Jimmy Fussing Nielsen

Independent auditor's report

To the shareholders of Heartcore Capital Web3 Fund I K/S

Opinion

We have audited the financial statements of Heartcore Capital Web3 Fund I K/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.02.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Thorø Larsen

State Authorised Public Accountant
Identification No (MNE) mne35823

Management commentary

Primary activities

The primary activities for the Fund is owning shares in Heartcore Capital Web3 Fund I Holding Limited that are monitoring, developing, and realizing investments in digital assets, including fungible tokens, non-fungible tokens and simple agreements for future tokens as well as equity and equity related instruments such as simple agreements for future equity, issued by companies, foundations and protocols.

The Fund has had no employees during the year.

Development in activities and finances

The Income statement for 2024 shows a profit of EUR 6,010 thousand and at December 31 2024, the balance sheet of the company shows equity of EUR 24,104.

Use of financial instruments

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

Statutory report on corporate governance

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.

Income statement for 2024

	Notes	2024 EUR'000	2022/23 EUR '000
Other external expenses	1	(48)	(279)
Gross profit/loss		(48)	(279)
Other operating expenses	2	(621)	(199)
Operating profit/loss		(669)	(478)
Income from investments in group enterprises		6,651	170
Other financial income		28	77
Profit/loss for the year		6,010	(231)
Proposed distribution of profit and loss:			
Retained earnings		6,010	(231)
Proposed distribution of profit and loss		6,010	(231)

Balance sheet at 31.12.2024

Assets

	Notes	2024 EUR'000	2022/23 EUR'000
Investments in group enterprises		24,021	6,670
Financial assets	3	24,021	6,670
Fixed assets		24,021	6,670
Other receivables		0	2
Receivables		0	2
Cash		545	2,582
Current assets		545	2,584
Assets		24,566	9,254

Equity and liabilities

	Notes	2024 EUR'000	2022/23 EUR'000
Contributed capital		18,325	7,467
Reserve for net revaluation according to the equity method		6,821	170
Retained earnings		(1,042)	(401)
Equity		24,104	7,236
Other payables		462	2,018
Current liabilities other than provisions		462	2,018
Liabilities other than provisions		462	2,018
Equity and liabilities		24,566	9,254

Related parties with controlling interest

4

Statement of changes in equity for 2024

	Contributed capital EUR'000	Reserve for net revaluation according to the equity method EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	7,467	170	(401)	7,236
Increase of capital	10,858	0	0	10,858
Profit/loss for the year	0	6,651	(641)	6,010
Equity end of year	18,325	6,821	(1,042)	24,104

The total committed capital to the fund is EUR 24,433,827 divided into 24,433,827 limited partnership shares, of which 21,060,364 are class A shares and 136,183 are class B shares. Class B shares are voteless. Class B shares have certain preference rights in case of distribution of proceeds and liquidation as set out in the limited partnership agreement.

Total outstanding commitment is EUR 6,108,457.

Notes

1 Other external expenses

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

2 Other operating expenses

The Fund had no employees during the financial year.

Administrative expenses cover management fee to Heartcore Capital A/S of EUR 615 thousand and management fee to General Partner of EUR 6 thousand.

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

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

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

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

In accordance with paragraph 61 section 3 (5 and 6) of the Alternative Investment Fund Managers etc. Act, information regarding salaries paid to employees of the fund manager is disclosed in the Annual Report for 2024 for Heartcore Capital A/S (CVR no. 33858663).

No carried interest was paid out by the Fund during the financial period.

3 Financial assets

	Investments in group enterprises EUR'000
Cost beginning of year	6,500
Additions	10,700
Cost end of year	17,200
Revaluations beginning of year	170
Share of profit/loss for the year	6,651
Revaluations end of year	6,821
Carrying amount end of year	24,021

Investments in subsidiaries	Registered in	Corporate form
Heartcore Capital Web3 Fund I Holding Limited	Guernsey	Ltd.

The subsidiary has investments in listed cryptocurrencies as well as unlisted equity investments in portfolio companies.

When measuring the equity value of the subsidiary, the measurement is based on the fair value of the assets and liabilities included in the underlying entity, as stated in the audited annual reports. The fair value in the subsidiary is determined using recognized valuation methods, including the International Private Equity and Venture Capital (IPEV) valuation guidelines, which are substantially consistent with the recognition and measurement principles in IFRS 13. A significant portion of the subsidiary's assets consists of listed cryptocurrencies, where the fair value is determined based on listed prices.

Since the valuation in the subsidiary relies on assumptions about, among other things, future earnings in underlying companies owned by the subsidiary and the development of market multiples, the valuation is inherently uncertain. This uncertainty will naturally be greater during periods of volatility in the financial markets, where market multiples and, therefore, the valuation will be influenced by factors such as the development of illiquidity premiums and the ability to sell underlying companies in the subsidiary,

4 Related parties with controlling interest

The General Partner is Heartcore Capital General Partner Web3 ApS, Copenhagen

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Non-comparability

The financial year 2022/2023 comprises the period 05.07.2022 - 31.12.2023. As a result, the financial years 2024 and 2022/2023 are not directly comparable.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

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

Income statement

Other external expenses

Other external expenses include include general administration costs.

Other operating expenses

Other operating expenses comprise management fee to the management company, Heartcore Capital A/S.

Income from investments in group enterprises

Income from investments from group enterprises consist the pro rata share of the individual group enterprises profit/loss.

Other financial income

Other financial expenses comprise interest expenses and currency losses, which are not related to value adjustments of investments in portfolio companies.

Balance sheet**Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value. Reference is made to note 3.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities, are measured at amortised cost and comprises other payables.