



## **Danish Climate Investment Fund I K/S**

c/o IFU  
Fredericiagade 27  
DK-1310 Copenhagen K  
CVR No. 35636706

## **Annual report 2022**

The Annual General Meeting adopted the annual report on 27 April 2023

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**Nicolai Boserup**  
Chairman of the General Meeting

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# Entity details

## Entity

Danish Climate Investment Fund I K/S  
c/o IFU  
Fredericiagade 27  
DK-1310 Copenhagen K  
Denmark

Business Registration No.: 35636706  
Registered office: Copenhagen  
Financial year: 01.01.2022 – 31.12.2022

## General partner

DCIF I GP P/S

## Manager of the Partnership

IFU – Investment Fund for Developing Countries

## Management of DCIF I GP P/S

Nicolai Boserup, Chairman  
Torben Huss  
Niels Gravgaard Laursen

## Auditor

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
DK-2300 Copenhagen S

# Statement by Management on the annual report

The undersigned have today considered and approved the annual report of Danish Climate Investment Fund I K/S for the financial year 01.01.2022- 31.12.2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.22 – 31.12.2022.

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

We recommend that the annual report for adoption at the annual general meeting.

Copenhagen, 27.04.2023

## Management of DCIF I GP P/S

**Nicolai Boserup**  
Chairman

**Torben Huss**

**Niels Gravgaard Laursen**

# Independent auditor's report

## To the limited partners of Danish Climate Investment Fund I K/ S

### Opinion

We have audited the financial statements of Danish Climate Investment Fund I K/S for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

#### **Statement on the Management's commentary**

Management is responsible for the Management's commentary.

Our opinion on the financial statements does not cover the Management's 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's review and, in doing so, consider whether the Management's commentary is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's 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's commentary.

Copenhagen, 27.04.2023

Deloitte  
Statsautoriseret revisionspartnerselskab  
CVR no. 33 96 35 56

Jens Ringbæk  
State Authorised Public Accountant  
Identification No (MNE) mne27735

Lars Hillebrand  
State Authorised Public Accountant  
Identification No (MNE) mne26712

# Management commentary

## Financial highlights

Seen over a five-year period, the development of the Fund can be described by the following financial highlights.

### Key figures

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
<b>Profit/loss</b>					
Profit/loss before financial income and expenses	(31,418)	(43,594)	(52,822)	38,426	18,120
Net financials	760	91	(105)	(66)	21
Net profit/loss for the year	(30,658)	(43,503)	(52,927)	38,360	18,141
<b>Balance sheet</b>					
Balance sheet total	1,007,787	1,114,771	1,178,035	1,242,456	1,230,205
Equity	1,006,818	1,114,650	1,177,899	1,242,118	1,228,243
<b>Cash Flow</b>					
Cash flows from operating activities	(4,900)	(4,676)	(7,376)	807	5,263
Cash flows from investing activities	106,902	9,288	(420)	(63,468)	(100,012)
Cash flows from financing activities	(64,266)	(9,166)	13,803	66,069	83,025
Change in the year	37,736	(4,554)	6,007	3,408	(11,724)
<b>Financial ratios</b>					
Return on assets	(3.1%)	(3.9%)	(4.5%)	3.1%	1.5%
Solvency ratio	99.9%	100.0%	100.0%	100.0%	99.8%
Return on equity	(2.9%)	(3.8%)	(4.4%)	3.1%	1.5%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see Accounting policies.

## Operating review

The Annual Report of the Danish Climate Investment Fund I K/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

## Main activity

In January 2014, the Danish Climate Investment I Fund K/S (DCIF) was established as a public private partnership. Including a subsequent second close in July 2014, total capital committed to DCIF reached DKK 1,290 million. Five institutional investors committed DKK 775 million and the Danish Government and IFU committed DKK 515 million.

The purpose of DCIF is to undertake investments with a positive climate impact in developing countries in order to reduce the emission of greenhouse gasses. Such investments will include commercially viable private sector projects within sustainable energy production, energy efficiency and production of related components, as well as in other areas such as transport and other activities with a substantial positive climate impact. Furthermore, DCIF can invest in adaption projects, i.e. projects that are primarily aimed at responding to the adverse consequences of climate change. Projects co-financed by DCIF must be commercially viable and offer an attractive return to its investors.

DCIF is managed by IFU.

DCIF's investment period ended early 2018. The fund can continue to make follow-up investments in projects in the active portfolio.

At the end of 2022, DCIF had co-financed a total of 18 projects. Of these, DCIF was still participating in nine investments, while nine had been exited or cancelled. Total commitment to the 18 projects amounted to DKK 1,067m or 83 per cent of the total fund.

## Investments in 2022

In 2022, DCIF made additional finance for one ongoing project at a total of DKK 3.9 million.

Project name	Contracted investments in DKKm			Actual direct employment
	Country	Shares*	Loans**	
NPP Coremas I-III	Brazil		3.9	26
Total			3.9	26

\*) Including overrun commitments

\*\*\*) Including guarantees

## Sustainability reporting

### SUSTAINABILITY IN IFU'S INVESTMENT PROCESS

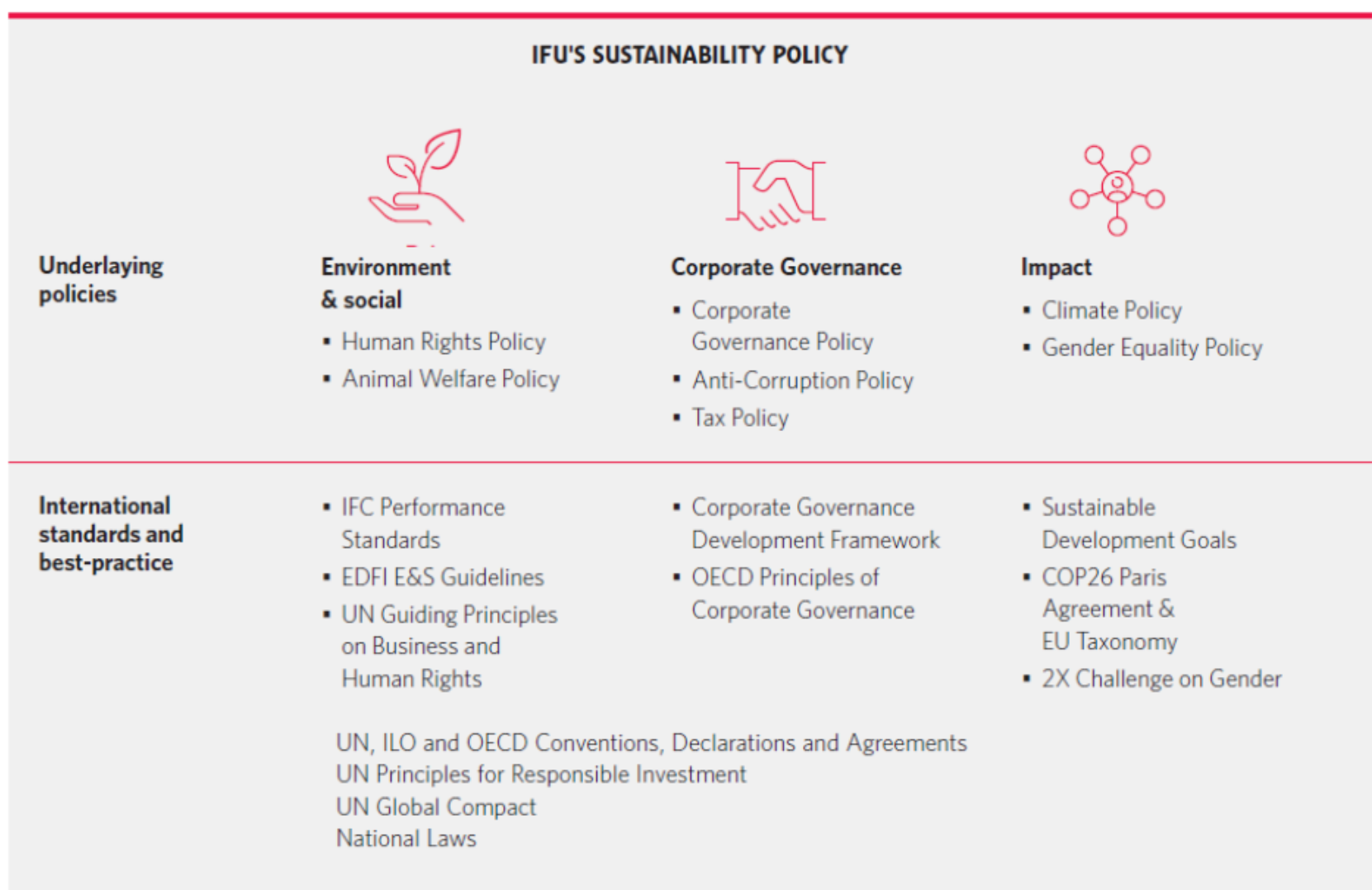
DCIF is applying IFU's sustainability policy and offering advice to project companies on how to implement it. IFU's sustainability policy can be found on IFU's website.

IFU has a comprehensive framework for managing sustainability risks and impacts as an integral part of the investment process for both direct investments and investments in funds and financial institutions. This ensures that the investments contribute to building green, just and inclusive societies and that environmental and social (E&S) risks and adverse impacts are mitigated.

**Sustainability policy framework**

IFU’s Sustainability Policy is the foundation that sets out IFU’s commitment to invest in sustainable development and to contribute to the realisation of the Sustainable Development Goals (SDGs). The policy highlights sustainability issues that IFU considers particularly relevant in order for investments to contribute to the SDGs. Furthermore, the policy has annexes with specific sustainability requirements for IFU’s direct investments in the form of equity and loans to project companies, as well as investments in private equity funds, financial institutions and other financial intermediaries. IFU’s commitments in relation to major global sustainability issues are clarified in underlying policies, which further explain how IFU implements responsible business conduct measures.

This section describes IFU’s current sustainability policy. Since the inception of the DCIF Fund, IFU’s sustainability policy has gradually been developed to include new requirements, standards and policies. Accordingly, the policies forming the basis for the due diligence of the individual investments were those applicable at the time the investments were made.



**Sustainability in the Investment process**

IFU’s investment process follows four main phases that are aligned with the standards adopted by the European Development Finance Institutions (EDFIs). The process will therefore be applied in a similar way when co-financing among EDFIs occurs.

During appraisal, IFU assesses and approves investments according to a gradually increased engagement level passing several approval stages from the initial screening phase, through a thorough due diligence phase to final approval. Subsequently, IFU performs active ownership throughout the investment period.

**Sustainability in the investment process**

 <p><b>SCREENING</b></p>	<ul style="list-style-type: none"> <li>• Exclusion list</li> <li>• First gate impact screening against investment strategy</li> <li>• Identification of project-related sustainability risks and opportunities, and impact potential</li> <li>• Categorisation of projects according to environmental and social risk level</li> <li>• Pre-assessment of potential adverse impacts on human rights</li> <li>• Creation of impact hypothesis</li> </ul>
 <p><b>DUE DILIGENCE</b></p>	<ul style="list-style-type: none"> <li>• UN Global Compact Self Assessment for low-risk projects</li> <li>• Environmental and Social Impact Assessment (ESIA) for high-risk projects</li> <li>• Complementary assessment of severe adverse human rights impacts</li> <li>• Development of impact areas aligned with the SDGs in a results framework</li> <li>• Site visit, including stakeholder identification and engagement for high-risk projects</li> </ul>
 <p><b>APPROVAL</b></p>	<ul style="list-style-type: none"> <li>• Binding commitment to IFU's sustainability requirements and to an environmental and social action plan as well as an impact and value creation plan</li> <li>• Agreement on results framework with indicators and targets for reporting</li> </ul>
 <p><b>ACTIVE OWNERSHIP</b></p>	<ul style="list-style-type: none"> <li>• Ongoing monitoring of sustainability performance</li> <li>• Follow-up on the environmental and social action plan as well as the impact value and creation plan</li> <li>• Annual sustainability status report, including impact reporting</li> </ul>

**DCIF climate change contribution**

IFU has established a methodology for assessing absolute and avoided GHG emissions from its investments based on internationally recognised methodologies, such as the GHG protocol. Emissions avoided by a project will be calculated as the difference between baseline emissions and project emissions.

The baseline emissions refer to the emissions that would probably occur in a reference scenario if the project was not implemented. The reference scenario is chosen on a case-by-case basis using the most appropriate methodology for each project, which can be justified.

In 2022, no assessments were made as DCIF did not make any new investments.

In total, the estimated GHG emission avoidance during project lifetime in the 18 contracted projects in DCIF is 25.6m tCO<sub>2e</sub>.

The fund has not invested in any adaptation projects.

IFU used UK based consultant Trucost to set up the methodology and to make the specific assessment of GHG emission avoidance at project level.

### Development impact

In order to create sustainable societies in the developing world, private capital and investments are vital. This is the reason for IFU and IFU managed funds to offer risk capital to private investors and companies wishing to do business in developing countries.

IFU and IFU managed funds have focus on creating green, just and inclusive societies and contributing to the realisation of the 17 UN Sustainable Development Goals by promoting investments which support sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner.

To get funding, projects must have measurable, beneficial development impact in the investment country and be deemed commercially viable. Commercial viability ensures that the business is making a profit on invested capital and can continue to operate, creating decent jobs, producing important goods and services and paying taxes to society.

The spin-off is increased income for workers, transfer of knowledge, company-sponsored employee training, interaction with local business and funding for the public sector in the host country, which can be invested in for example education, healthcare and infrastructure.

Projects contracted by DCIF are included in the impact reporting in IFU's Annual Report 2022.

Latest reported actual direct employment in the projects included in DCIF's active portfolio was 517 people.

The renewable energy projects in DCIF's portfolio produced 1,938 GWh and avoided GHG emissions of a total of 1.31 million tco2e in 2021, which is the latest year for which reporting have been received.

### Operational framework

As a minority investor, DCIF is prepared to participate with risk capital in the range of typically EUR 2m to EUR 15m in a single project.

For projects to qualify for co-investment by DCIF, Danish investors or Danish know-how, services or technology must be included.

DCIF's revenues will consist of interest, dividends and profit from sale of shares.

### Financial review

DCIF recorded a net loss of DKK (31) million in 2022 compared to DKK (44) million in 2021. Given the tragic Russian invasion of Ukraine and DCIF's exposure to Ukraine on 24 February 2022 – as also cautioned in last year's report, the expected result for the year was subject to considerable uncertainty, and the invasion and the consequences hereof ended up having a significant negative effect on the carrying value of the loan investment from DCIF to a wind energy project in Ukraine. The total negative contribution from this project in 2022 included in the result for DCIF was DKK (56)m. Excluding this contribution, the result would have been a profit of DKK 25m, meaning that the portfolio outside Ukraine overall performed reasonably well, especially when considering the wider adverse market development in 2022, affecting many countries.

At the gross level, the portfolio contributed negatively with DKK (23)m in 2022 compared to DKK (34)m in 2021. Operating expenses in the form of management fees and other expenses were unchanged at DKK (9) million, whereas financial income rose to DKK 1m in 2022.

### **Capital position and capital resources**

As at 31 December 2022, the investors had paid in DKK 838 million corresponding to 65 per cent of the capital commitment of DKK 1,290 million. The undisbursed commitment is DKK 452 million. DKK 77m was distributed to the investors during the year with accumulated distributions being DKK 184 million as at 31 December 2022.

At year-end 2022, DCIF's equity was DKK 555 million, excluding the undisbursed commitment.

### **Financial risks**

DCIF makes investments in developing countries, where political and economic conditions may be volatile, and the investments are often subject to high commercial risks. As a result, and as DCIF measures its investments at fair market value or recoverable amount, DCIF's future results may fluctuate considerably. The risk exposure of DCIF is further elaborated in the notes to the financial statements.

### **Uncertainty regarding recognition and measurement**

In preparing the financial statements, Management makes a number of estimates and assumptions of future events that will affect the carrying amount of assets and liabilities. The area where estimates and assumptions are most critical to the financial statements is the fair value measurement of share capital investments and the assessment of the need for specific allowances for impairment on project loans. The notes to the financial statements provide more details.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date, which have materially affected DCIF's financial position.

### **Outlook for 2023**

DCIF may make follow-up investments. A positive result is expected for 2023. however subject to added uncertainty as the wider geopolitical and economic volatility seen in 2022 may continue into 2023, especially in developing countries.

# Income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Contribution from investments		(23,034)	(34,174)
Operating expenses, net		(8,384)	(9,420)
<b>Gross profit/loss</b>		<b>(31,418)</b>	<b>(43,594)</b>
Financial income, net		760	91
<b>Profit/loss before tax</b>		<b>(30,658)</b>	<b>(43,503)</b>
<b>Net profit/loss for the year</b>		<b>(30,658)</b>	<b>(43,503)</b>
<b>Recommended appropriation of profit/loss</b>			
<b>Retained earnings</b>		<b>(30,658)</b>	<b>(43,503)</b>

The net profit/loss for the year has been transferred to equity.

# Balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK'000	2021 DKK'000
Investments	3	282,453	377,637
Loans	4	221,071	236,778
<b>Total non-current assets</b>		<b>503,524</b>	<b>614,415</b>
Undisbursed commitments		452,243	465,151
Prepayments		1,655	2,555
Other receivables		8,920	28,939
Cash		41,445	3,711
<b>Total current assets</b>		<b>504,263</b>	<b>500,356</b>
<b>Total assets</b>		<b>1,007,787</b>	<b>1,114,771</b>

**Equity and liabilities**

	Notes	2022 DKK'000	2021 DKK'000
Paid-in capital		837,757	824,849
Undisbursed commitments		452,243	465,151
<b>Total commitment</b>		<b>1,290,000</b>	<b>1,290,000</b>
Repaid capital		(183,876)	(106,702)
Retained earnings		(99,306)	(68,648)
<b>Total equity</b>		<b>1,006,818</b>	<b>1,114,650</b>
Guarantees and loan commitments		0	0
<b>Provision for losses</b>		<b>0</b>	<b>0</b>
Drawn on bank credit facility		0	2
Payables to group enterprises		28	43
Other payables		941	76
<b>Total current liabilities</b>		<b>969</b>	<b>121</b>
<b>Total liabilities</b>		<b>969</b>	<b>121</b>
<b>Total equity, provision for losses and liabilities</b>		<b>1,007,787</b>	<b>1,114,771</b>

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# Statement of changes in equity for 2022

	2022 DKK'000	2021 DKK'000
Paid-in capital beginning of year	824,849	814,269
Repaid capital during the year	12,908	10,580
<b>Paid-in capital end of year</b>	<b>837,757</b>	<b>824,849</b>
Undisbursed commitments	452,243	465,151
<b>Total committed capital</b>	<b>1,290,000</b>	<b>1,290,000</b>
Repaid capital beginning of year	(106,702)	(86,956)
Repaid capital during the year	(77,174)	(19,746)
<b>Repaid capital end of year</b>	<b>(183,876)</b>	<b>(106,702)</b>
<b>Total capital end of year, net</b>	<b>1,106,124</b>	<b>1,183,298</b>
Retained earnings beginning of year	(68,648)	(25,145)
Transferred from net income for the year	(30,658)	(43,503)
<b>Retained earnings end of year</b>	<b>(99,306)</b>	<b>(68,648)</b>
<b>Total equity end of year</b>	<b>1,006,818</b>	<b>1,114,650</b>

At 31 December 2022, the investors had paid in DKK 837.8 million corresponding to nearly 65% of the capital commitment of DKK 1,290 million. Thus, the remaining commitment is DKK 452.2 million.

# Cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Net profit/loss for the year		(30,658)	(43,503)
Adjustments	5	61,777	69,052
Change in working capital	6	(36,019)	(30,225)
<b>Net cash from operating activities</b>		<b>(4,900)</b>	<b>(4,676)</b>
Received from projects		114,478	16,968
Paid-out to investments and loans		(7,576)	(7,680)
<b>Net cash from/(to) investing activities</b>		<b>106,902</b>	<b>9,288</b>
Paid-in capital from partners		12,908	10,580
Repaid capital to partners		(77,174)	(19,746)
<b>Net cash from/(to) financing activities</b>		<b>(64,266)</b>	<b>(9,166)</b>
Net change in cash		37,736	(4,554)
Cash beginning of year		3,709	8,263
<b>Cash end of year</b>		<b>41,445</b>	<b>3,709</b>
Shown as cash in current assets		41,445	3,711
Shown as drawn on bank credit facility		0	(2)

# Notes

## 1 Contingent liabilities and other financial obligations

DCIF has entered into the following commitments to investments:

	2022 DKK'000	2021 DKK'000
Undisbursed contracted commitments	33,916	96,561
Guarantees	42,815	37,877
<b>Total undisbursed to investments</b>	<b>76,731</b>	<b>134,438</b>

DCIF has signed a management agreement with IFU, whereby IFU performs administration, monitoring and investment advice for DCIF. The management agreement cannot be cancelled. For 2022, the payment amounts to DKK 7,076 thousand incl. VAT.

## 2 Related parties and ownership

DCIF's related parties comprise the following:

- Pension Danmark
- PKA
- Paedagogernes Pensionskasse
- Dansk Vaekstkapital
- Aage V. Jensens Fonde
- IFU

### Other related parties:

- DCIF I GP P/S
- DCIF I GP Komplementar ApS

## 3 Investments

	2022 DKK'000	2021 DKK'000
Cost at beginning of year	353,275	357,753
Additions for the year	2,258	10
Disposal	(109,980)	(4,488)
<b>Cost at 31 December</b>	<b>245,553</b>	<b>353,275</b>
Accumulated value adjustment beginning of year	24,362	58,031
Value adjustments	12,538	(33,669)
<b>Accumulated value adjustment end of year</b>	<b>36,900</b>	<b>24,362</b>
<b>Carrying amount at 31 December</b>	<b>282,453</b>	<b>377,637</b>
<b>Hereof associated companies:</b>		
Share capital investment in projects end of year, at cost	139,193	284,761
Accumulated value adjustments end of year	(13,561)	(61,965)
	<b>125,632</b>	<b>222,796</b>

**Associated companies**

<b>Name</b>	<b>Domicile</b>	<b>Form of company:</b>	<b>DCIF K/S ownership interest (%)</b>	<b>Profit/loss</b>	<b>Equity</b>
				According to the latest approved annual report	
Danish Energy Efficiency Partners P/S	Denmark	P/S	49.00%	1,659	22,095
Nordic Power Partners P/S	Denmark	P/S	49.00%	(677)	5,838
NPP Brazil 1 K/S	Denmark	K/S	49.00%	(33,152)	(102,297)
NPP Brazil 2 K/S	Denmark	K/S	49.00%	(33,152)	(102,297)
Pampa Elvira Solar SpA	Chile	SpA	45.00%	356	26,188
Roserve Enviro Private Limited	India	Ltd.	48.98%	1,525	36,276
Sainshand Windpark Holding GmbH*	Germany	GmbH	59.27%	2,918	158,190

\*) DCIF has joint control through Joint Venture Agreement.

**4 Loans**

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Loans</b>		
Cost at beginning of year	341,879	320,330
Additions for the year	5,318	7,670
Conversions	28,611	24,749
Repayments	(21,974)	(12,480)
Exchange rate adjustments	398	1,610
Write-offs during the year	(1,880)	0
<b>Cost at 31 December</b>	<b>352,352</b>	<b>341,879</b>
Accumulated value adjustments incl. allowance for impairment beginning of year	(105,101)	(69,684)
Value adjustments including allowance for impairment for the year	(26,180)	(35,417)
<b>Accumulated value adjustments incl. allowance for impairment end of year</b>	<b>(131,281)</b>	<b>(105,101)</b>
<b>Carrying amount at 31. December</b>	<b>221,071</b>	<b>236,778</b>
<b>Herof project loans at amortised cost</b>		
Project loans at amortised cost end of year at cost	59,467	341,879
Accumulated allowance end of year	(37,558)	(105,101)
	<b>21,909</b>	<b>236,778</b>

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Herof project loans at fair value:</b>		
Project loans at fair value end of year at cost	292,885	0
Accumulated value adjustments end of year	(93,723)	0
	<b>199,162</b>	<b>0</b>

## 5 Cash flow statement – adjustments

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Value adjustments	61,777	69,052
	<b>61,777</b>	<b>69,052</b>

## 6 Cash flow statement – changes in working capital

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Change in current assets	(37,770)	(30,344)
Change in payables, etc.	1,751	119
	<b>(36,019)</b>	<b>(30,225)</b>

## 7 Financial risk management

### Introduction

Though investments, DCIF is exposed to financial risks such as equity and credit risk on investments, currency risk, interest rate risk and liquidity risk. A number of limits have been established to avoid excessive concentration of risks, and through its investment policy and due diligence procedures, DCIF further seeks to identify and mitigate the equity risk.

## 8 Equity and credit risks

### Equity risk

Equity risk arises from changes in the fair values of share capital investments in projects.

### Credit risk

Credit risk is the risk that DCIF will incur a financial loss due to a counterparty not fulfilling its obligations. These credit exposures occur from project loans and other transactions.

### Managing equity and credit risks

At the portfolio level, DCIF mitigates equity risk and credit risk by investing in a variety of countries and by limiting the investment in a single project.

DCIF assesses concentration of risk on the basis of total commitments to the Fund. Furthermore, DCIF assesses, through the due diligence process, the specific risks for each share capital investment and project loan and seeks to mitigate associated equity and credit risks.

For some of DCIF's share capital investments, DCIF has the opportunity to sell the shares through pre-agreed exit agreements. In this way, DCIF mitigates the risk of not being able to exit the investments. See note 13 for fair value measurement basis.

On an ongoing basis, the credit quality of the projects is assessed based on among other things:

- Specific terms as agreed
- Current and expected operational results of the Company
- Expected sales value and pledges, if any
- Historical records of debt service

The table below shows the distribution of the cost of DCIF's investments by the OECD country risk classification.

This classification takes into account the political and economic environment of each country, including risk of force majeure such as war, etc. The classification of each country is updated twice a year.

2022	Share capital investments		Project loans		Total		Commitments (off balance)	
	DKK'000	%	DKK'000	%	DKK'000	%	DKK'000	%
OECD								
0	7,642	3	0	0	7,642	1	0	0
2	74,170	30	0	0	74,170	12	230	0
3	20,199	8	0	0	20,199	3	9,082	12
5	29	0	292,885	83	292,914	50	42,815	56
6	0	0	51,101	15	51,101	9	0	0
7	127,224	52	4,422	1	131,646	22	24,604	32
DAC	16,289	7	3,944	1	20,233	3	0	0
<b>Total</b>	<b>245,553</b>	<b>100</b>	<b>352,352</b>	<b>100</b>	<b>597,905</b>	<b>100</b>	<b>76,731</b>	<b>100</b>

2021	Share capital investments		Project loans		Total		Commitments (off balance)	
	DKK'000	%	DKK'000	%	DKK'000	%	DKK'000	%
OECD								
0	32,077	9	20,097	6	52,174	8	1	0
2	131,345	37	0	0	131,345	19	230	0
3	17,940	5	0	0	17,940	3	11,677	9
5	29	0	260,374	76	260,403	36	39,914	30
6	68,514	19	54,606	16	123,120	18	18,249	14
7	87,081	25	2,858	1	89,939	13	21,717	16
DAC	16,289	5	3,944	1	20,233	3	42,650	31
<b>Total</b>	<b>353,275</b>	<b>100</b>	<b>341,879</b>	<b>100</b>	<b>695,154</b>	<b>100</b>	<b>134,438</b>	<b>100</b>

### Credit quality/impairment

All outstanding project loans have been classified into three stages:

- Stage 1 includes project loans with no credit deterioration and no specific allowance for impairment. The allowance for impairment according to IFRS 9 is based on IFU's historical annual credit loss.
- Stage 2 includes project loans where payments are delayed with more than 30 days at the end of year, but without specific allowance for impairment.
- Stage 3 includes project loans with only specific allowance for impairment.

The table below shows the project loans at cost according to stages.

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Project loans (stage 1)	22,284	61,408
Project loans (stage 3)	37,183	280,471
<b>Total</b>	<b>59,467</b>	<b>341,879</b>

The table below illustrates the credit quality by OECD Country risk for project loans in stage 1.

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
OECD 6	13,919	54,606
OECD 7	4,422	2,858
DAC	3,943	3,944
<b>Total</b>	<b>22,284</b>	<b>61,408</b>

The table below shows the project loans according to stages

#### 2022

	<b>Allowance for impairment %</b>	<b>Project loans at cost DKK'000</b>	<b>Accumulated allowance for impairment DKK'000</b>	<b>Project loans carrying amount 2022 DKK'000</b>
Project loans (stage 1)	(1.7)	22,284	(375)	21,909
Project loans (stage 3)	(100.0)	37,183	(37,183)	0
<b>Total</b>		<b>59,467</b>	<b>(37,558)</b>	<b>21,909</b>

#### 2021

	<b>Allowance for impairment %</b>	<b>Project loans at cost DKK'000</b>	<b>Accumulated allowance for impairment DKK'000</b>	<b>Project loans carrying amount 2021 DKK'000</b>
Project loans (stage 1)	(2.7)	61,408	(1,638)	59,770
Project loans (stage 3)	(36.9)	280,471	(103,463)	177,008
<b>Total</b>		<b>341,879</b>	<b>(105,101)</b>	<b>236,778</b>

**Project loans at amortised cost before allowance for impairment**

<b>2022</b>	<b>Stage 1 DKK'000</b>	<b>Stage 2 DKK'000</b>	<b>Stage 3 DKK'000</b>	<b>Total DKK'000</b>
Project loans beginning of year at cost	61,408	0	280,471	341,879
Disbursements during the year	1,409	0	0	1,409
Interest and fees converted into project loans during the year	0	0	0	0
Repayments during the year	(3,505)	0	(18,470)	(21,975)
Exchange rate adjustments, project loans	155	0	243	408
Write-offs during the year	0	0	(1,880)	(1,880)
Transferred to loans at fair value	0	0	(260,374)	(260,374)
<b>Project loans end of year at cost before change of stages</b>	<b>59,467</b>	<b>0</b>	<b>0</b>	<b>59,467</b>
Change in loan value from stage 1	(37,183)	0	37,183	0
Change in loan value from stage 2	0	0	0	0
Change in loan value from stage 3	0	0	0	0
<b>Project loans end of year at cost</b>	<b>22,284</b>	<b>0</b>	<b>37,183</b>	<b>59,467</b>

**Accumulated value adjustments including allowance for impairment**

<b>2022</b>	<b>Stage 1 DKK'000</b>	<b>Stage 2 DKK'000</b>	<b>Stage 3 DKK'000</b>	<b>Total DKK'000</b>
Accumulated value adjustments allowance for impairment beginning of year	(1,638)	0	(103,463)	(105,101)
Value adjustments including allowance for impairment	(35,919)	0	4,520	(31,399)
Transferred to loans at fair value	0	0	98,942	98,942
<b>Accumulated value adjustments allowance for impairment end of year before change of stages</b>	<b>(37,557)</b>	<b>0</b>	<b>(1)</b>	<b>(37,558)</b>
Change in loan value from stage 1	37,182	0	(37,182)	0
Change in loan value from stage 2	0	0	0	0
Change in loan value from stage 3	0	0	0	0
<b>Accumulated value adjustments allowance for impairment end of year</b>	<b>(375)</b>	<b>0</b>	<b>(37,183)</b>	<b>(37,558)</b>

**Project loans at amortised cost before allowance for impairment**

<b>2021</b>	<b>Stage 1 DKK'000</b>	<b>Stage 2 DKK'000</b>	<b>Stage 3 DKK'000</b>	<b>Total DKK'000</b>
Project loans beginning of year at cost	72,452	0	247,878	320,330
Disbursements during the year	1,293	0	6,377	7,670
Interest and fees converted into project loans during the year	0	0	24,749	24,749
Repayment during the year	(12,478)	0	0	(12,478)
Exchange rate adjustments, project loans	141	0	1,467	1,608
<b>Project loans end of year at cost before change of stages</b>	<b>61,408</b>	<b>0</b>	<b>280,471</b>	<b>341,879</b>
Change in loan value from stage 1	0	0	0	0
Change in loan value from stage 2	0	0	0	0
Change in loan value from stage 3	0	0	0	0
<b>Project loans end of year at cost</b>	<b>61,408</b>	<b>0</b>	<b>280,471</b>	<b>341,879</b>

**Accumulated value adjustments including allowance for impairment**

<b>2021</b>	<b>Stage 1 DKK'000</b>	<b>Stage 2 DKK'000</b>	<b>Stage 3 DKK'000</b>	<b>Total DKK'000</b>
Accumulated value adjustments including allowance for impairment beginning of year	(1,829)	0	(67,855)	(69,684)
Value adjustments including allowance for impairment	191	0	(35,608)	(35,417)
<b>Accumulated value adjustments including allowance for impairment end of year before changes of stages</b>	<b>(1,638)</b>	<b>0</b>	<b>(103,463)</b>	<b>(105,101)</b>
Change in loan value from stage 1	0	0	0	0
Change in loan value from stage 2	0	0	0	0
Change in loan value from stage 3	0	0	0	0
<b>Accumulated value adjustments including allowance for impairment end of year</b>	<b>(1,638)</b>	<b>0</b>	<b>(103,463)</b>	<b>(105,101)</b>

**Maximum exposure to credit risk**

The following table shows the maximum exposure to credit risk for DCIF.

	2022		2021	
	Carrying amount DKK'000	Maximum credit exposure (contractual cash flow) DKK'000	Carrying amount DKK'000	Maximum credit exposure (contractual cash flow) DKK'000
Project loans	221,071	352,352	236,778	341,879
Interest receivables related to projects	8,920	8,920	28,939	28,939
Other receivables	1,655	1,655	2,555	2,555
Cash	41,445	41,445	3,711	3,711
Commitments	0	43,022	0	40,167
	<b>273,091</b>	<b>447,394</b>	<b>271,983</b>	<b>417,251</b>

**Description of collateral held and fair value hereof (accessibility of pledged assets for project loans)**

In a number of cases DCIF has received securities to minimise credit exposure. DCIF has received the following types of securities:

- Pledges

The fair value of the pledges is DKK 2 million (2021: DKK 17 million).

**9 Currency risk**

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates.

DCIF is exposed to currency risk through its investments that are denominated in currencies other than the functional currency (DKK). DCIF does not hedge currency exposure in share capital investments, as timing of cash flow is uncertain and investments are typically exposed to local currencies where hedging costs are normally very high. By way of operation, some investments may have a natural built-in hedge, e.g. export-oriented businesses. Normally, DCIF does not hedge its foreign currency loan investments as these are typically provided pro rata with share capital investments or otherwise carries risk associated with share capital. DCIF does not hedge commitments to disburse either, as timing and amounts are often difficult to foresee.

### Currency exposure and sensitivity

The following table indicates the currencies to which DCIF had significant exposure as of 31 December on its financial assets and liabilities, excluding share capital investments. The analysis calculates the effect of a reasonably likely movement of the currency rate against DKK on profit or loss with all other variables held constant. There is no sensitivity effect on equity as DCIF has no assets classified as available-for-sale.

#### 2022

	Project loans DKK'000	Interest receivables DKK'000	Other project related receivables DKK'000	Other project related debt DKK'000	Net exposure DKK'000	Increase in foreign exchange rates %	Effect on profit of loss DKK'000
USD	4,422	760	0	0	5,182	10	518
EUR	323,995	0	0	0	323,995	1	3,240
DKK	23,935	8,160	0	0	32,095	N/A	0
<b>Total</b>	<b>352,352</b>	<b>8,920</b>	<b>0</b>	<b>0</b>	<b>361,272</b>		

#### 2021

	Project loans DKK'000	Interest receivables DKK'000	Other project related receivables DKK'000	Other project related debt DKK'000	Net exposure DKK'000	Increase in foreign exchange rates %	Effect on profit of loss DKK'000
USD	22,954	1,555	0	0	24,509	10	2,451
EUR	296,754	21,394	0	0	318,148	1	3,181
DKK	22,171	5,990	0	0	28,161	N/A	0
<b>Total</b>	<b>341,879</b>	<b>28,939</b>	<b>0</b>	<b>0</b>	<b>370,818</b>		

### 10 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

None of DCIF's investments in project loans carry variable interbank interest rates, thus changes in interest rates will not affect future cash flows and income.

### Interest rate exposure and sensitivity

The annual effect of changes in the interest rate only affects the fair value of fixed rate loans.

### 11 Liquidity risk

Liquidity risk is defined as the risk that DCIF will encounter difficulty in meeting financial obligations.

DCIF's primary exposure to liquidity risk arises from commitments to disburse share capital investments and project loans.

To meet these and other obligations, DCIF depends on its limited partners being able to honour their commitments to DCIF. A DKK 50 million credit facility is in place to cover unexpected negative short-term fluctuations in cash flows. At year-end, DKK 50 million was available for drawing. For information of commitments from the limited partners, see note 1.

**Contractual maturities**

The contractual maturities based on undiscounted contractual cash flows are shown below for financial assets, liabilities, guarantees and commitments.

**2022**

	Carrying amount DKK'000	Contractual cash flows DKK'000	On demand DKK'000	0-1 year DKK'000	1-5 years DKK'000	Over 5 years DKK'000	No fixed maturity DKK'000
<b>Assets</b>							
Project loans	221,071	352,352	10,568	45,280	296,504	0	0
Interest receivables related to projects	8,920	8,920	8,920	0	0	0	0
Other receivables	1,655	1,655	0	1,655	0	0	0
Cash and cash equivalents	41,445	41,445	41,445	0	0	0	0
<b>Total assets</b>	<b>273,091</b>	<b>404,372</b>	<b>60,933</b>	<b>46,935</b>	<b>296,504</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>							
Drawn on bank credit facility	0	0	0	0	0	0	0
Other current liabilities	969	969	0	969	0	0	0
<b>Total liabilities</b>	<b>969</b>	<b>969</b>	<b>0</b>	<b>969</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Off-balance</b>							
Guarantees	0	42,815	0	0	0	0	42,815
Amounts payable on share capital and loan agreements	0	33,916	33,916	0	0	0	0
<b>Total off-balance</b>	<b>0</b>	<b>76,731</b>	<b>33,916</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42,815</b>

**2021**

	<b>Carrying amount DKK'000</b>	<b>Contractual cash flows DKK'000</b>	<b>On demand DKK'000</b>	<b>0-1 year DKK'000</b>	<b>1-5 years DKK'000</b>	<b>Over 5 years DKK'000</b>	<b>No fixed maturity DKK'000</b>
<b>Assets</b>							
Project loans	236,778	341,879	24,612	42,900	267,287	7,080	0
Interest receivables related to projects	28,939	28,939	28,939	0	0	0	0
Other receivables	2,555	2,555	0	2,555	0	0	0
Cash and cash equivalents	3,711	3,711	3,711	0	0	0	0
<b>Total assets</b>	<b>271,983</b>	<b>377,084</b>	<b>57,262</b>	<b>45,455</b>	<b>267,287</b>	<b>7,080</b>	<b>0</b>
<b>Liabilities</b>							
Drawn on bank credit facility	2	2	0	2	0	0	0
Other current liabilities	119	119	0	119	0	0	0
<b>Total liabilities</b>	<b>121</b>	<b>121</b>	<b>0</b>	<b>121</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Off-balance</b>							
Guarantees	0	37,877	0	0	0	0	37,877
Amounts payable on share capital and loan agreements	0	96,561	96,561	0	0	0	0
<b>Total off-balance</b>	<b>0</b>	<b>134,438</b>	<b>96,561</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,877</b>

## 12 Classification of financial instruments

The following table provides a reconciliation between line items in the balance sheet and categories of financial instruments.

### 2022

	Designated at fair value through profit and loss DKK'000	Loans and receivables at fair value DKK'000	Other liabilities at amortised cost DKK'000	Total DKK'000
<b>Financial assets</b>				
Share capital investment in projects	282,453	0	0	282,453
Project loans	0	21,909	0	221,071
Interest receivable related to projects	0	8,920	0	8,920
Other receivables	0	1,655	0	1,655
Cash and cash equivalents	0	41,445	0	41,445
<b>Total financial assets</b>	<b>282,453</b>	<b>73,929</b>	<b>0</b>	<b>555,544</b>
<b>Financial liabilities</b>				
Current liabilities:				
Other current liabilities	0	0	969	969
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>969</b>	<b>969</b>

### 2021

	Designated at fair value through profit and loss DKK'000	Loans and receivables at amortised cost DKK'000	Other liabilities at amortised cost DKK'000	Total DKK'000
<b>Financial assets</b>				
Share capital investment in projects	377,637	0	0	377,637
Project loans	0	236,778	0	236,778
Interest receivable related to projects	0	28,939	0	28,939
Other receivables	0	2,555	0	2,555
Cash and cash equivalents	0	3,711	0	3,711
<b>Total financial assets</b>	<b>377,637</b>	<b>271,983</b>	<b>0</b>	<b>649,620</b>
<b>Financial liabilities</b>				
Current liabilities:				
Other current liabilities	0	0	121	121
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>121</b>	<b>121</b>

The carrying amount of project loans with fixed interest terms amounts to DKK 198 million (2021: 198 million). The fair value of these project loans amount to DKK 182 million (2021: DKK 196 million) measured as the net present value of the future cash flow. The inputs used to measure the fair value for project loans are all level 3 inputs in the fair value hierarchy, for more information see disclosure on fair value measurement, note 13. For other loans and receivables and other liabilities, the carrying amount is measured at amortised cost.

### 13 Fair value measurement basis

The calculation of fair value is based on a fair value hierarchy that reflects the level of judgement associated with the inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 inputs are unobservable inputs that have been applied in valuing the respective assets or liabilities.

In the following sections, a short description of the overall principle for DCIF's calculation of fair value is provided. For all investments, the value determined by using the methods described below will be adjusted, if considered necessary and appropriate, by taking the following factors into account:

1. Current and expected operating results of the project company
2. Risk of remittance, if any
3. Specific circumstances relating to the partners, project, country, region and/or sector
4. Current market conditions
5. Tax issues

#### Share capital investments

All of DCIF's fair value estimates are based on unobservable market data (level 3). Investments are valued as follows:

- In the initial phase, all investments are valued at cost price less any impairment adjustment, as this is deemed to provide a good indication of fair value. Hereafter, investments will be valued at either the Discounted Cash Flow method (DCF), by earnings multiple if appropriate and reliable transaction/earnings multiples are available, or by the net assets methodology, if appropriate.
- If during the 12-month period prior to the reporting date, DCIF has received a binding offer in writing from a third party or a significant transaction has taken place, the shares will normally be valued based on the offer or the recent transaction.

The following general assumptions are applied when performing DCF or earnings multiple calculations:

- For DCF calculations, budgets and forecasts for the investments form the basis for the valuation.
- A weighted average cost of capital based on the cost of equity and the cost of debt weighted by the targeted financial leverage from the industry. Growth in terminal period is based on the estimated long-term inflation rate of the country.
- An illiquidity discount is applied and other specific adjustments may be applied where relevant for both DCF and earnings multiple calculations.

Valuing private investments in developing countries at fair values involves a large inherent uncertainty. Due to these uncertainties, a degree of caution is applied when exercising judgements and making the necessary estimates.

Some share capital investments include a pre-agreed exit agreement. In these cases, the value of the exit agreements is taken into consideration as part of the fair value calculation. Investments valued according to exit agreements are disclosed in the table below together with investments valued based on a recent binding offer or transaction.

### Project loans

Project loans, which do not meet the “SPPI” test (solely payments of principal and interest), e.g. loans which include equity features such as profit participation or equity conversion options, are measured at fair value.

In the initial phase all loans valued at cost price less any impairment adjustment, as this is deemed to provide a good indication of fair value. Hereafter loans will be valued by the DCF method based on updated assumptions for future cash flow including equity features.

Valuing project loans in developing countries at fair value involves a large inherent uncertainty. For smaller project loans (cost price of loan below DKK 25m) uncertainties are deemed to be even higher and therefore these will be valued at amortised cost less an allowance for impairment. These project loans constitute a minor part of IFU’s portfolio.

### Fair value measurements and reconciliation

The following table shows financial instruments recognised at fair value by level in the fair value hierarchy and a reconciliation of all movements in the fair value of items categorised within level 3.

<b>2022</b>	<b>Level 1 DKK’000</b>	<b>Level 2 DKK’000</b>	<b>Level 3 DKK’000</b>	<b>Total DKK’000</b>
<b>Share capital investments</b>				
Opening balance	0	0	377,637	377,637
Total gains/losses for the period included in profit or loss <sup>1</sup>	0	0	12,538	12,538
Paid-in share capital in projects	0	0	2,258	2,258
Disposal	0	0	(109,980)	(109,980)
<b>Closing balance</b>	<b>0</b>	<b>0</b>	<b>282,453</b>	<b>282,453</b>
<b>Total recurring fair value measurements</b>	<b>0</b>	<b>0</b>	<b>282,453</b>	<b>282,453</b>

<b>2022</b>	<b>Level 1 DKK’000</b>	<b>Level 2 DKK’000</b>	<b>Level 3 DKK’000</b>	<b>Total DKK’000</b>
<b>Project loans at fair value</b>				
Opening balance	0	0	0	0
Transfer into the level	0	0	260,374	260,374
Transfers out of the level	0	0	0	0
Exchange rate adjustments	0	0	(9)	(9)
Interest and fees converted into project loans during the year	0	0	28,612	28,612
Total gains/ losses for the period included in profit or loss	0	0	(93,723)	(93,723)
Disbursement of project loans	0	0	3,908	3,908
Disposal	0	0	0	0
<b>Closing balance</b>	<b>0</b>	<b>0</b>	<b>199,162</b>	<b>199,162</b>
<b>Total recurring fair value measurements</b>	<b>0</b>	<b>0</b>	<b>481,615</b>	<b>481,615</b>

1) Recognised in Contribution from share capital investments. Hereof DKK 41 million (2021: DKK (34) million) is attributable to assets held at 31 December for level 3.

<b>2021</b>	<b>Level 1 DKK'000</b>	<b>Level 2 DKK'000</b>	<b>Level 3 DKK'000</b>	<b>Total DKK'000</b>
<b>Share capital investments</b>				
Opening balance	0	0	415,784	415,784
Total gains/losses for the period included in profit or loss <sup>1</sup>	0	0	(33,669)	(33,669)
Paid-in share capital in projects	0	0	10	10
Disposal	0	0	(4,488)	(4,488)
<b>Closing balance</b>	<b>0</b>	<b>0</b>	<b>377,637</b>	<b>377,637</b>
<b>Total recurring fair value measurements</b>	<b>0</b>	<b>0</b>	<b>377,637</b>	<b>377,637</b>

<b>2021</b>	<b>Level 1 DKK'000</b>	<b>Level 2 DKK'000</b>	<b>Level 3 DKK'000</b>	<b>Total DKK'000</b>
<b>Project loans at fair value</b>				
Opening balance	0	0	0	0
Transfer into the level	0	0	0	0
Transfers out of the level	0	0	0	0
Exchange rate adjustments	0	0	0	0
Interest and fees converted into project loans during the year	0	0	0	0
Total gains/ losses for the period included in profit or loss	0	0	0	0
Disbursement of project loans	0	0	0	0
Disposal	0	0	0	0
<b>Closing balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total recurring fair value measurements</b>	<b>0</b>	<b>0</b>	<b>377,637</b>	<b>377,637</b>

1) Recognised in Contribution from share capital investments. Hereof DKK 41 million (2021: DKK (34) million) is attributable to assets held at 31 December for level 3.

Valuation techniques and unobservable inputs used measuring fair value of level 3 fair value measurements.

## 2022

Type of investment	Fair value at 31.12.2022 DKK'000	Valuation technique	Unobservable inputs	Reasonable possible shift in %	Change in fair value DKK'000
<b>Investments</b>					
	0	Cost			
	156,159	Binding offers/ transaction/exit terms			
	85,354	Discounted cash flow	WACC	+10	(18,444)
			Growth in terminal valua	-20	(593)
	40,940	Net assets value			
<b>Share capital investments</b>	<b>282,453</b>				
<b>Project loans at fair value</b>	<b>199,162</b>	Discounted Cash Flow	Discount rate	+10	(12,789)
<b>Total investments at fair value</b>	<b>481,615</b>				

## 2021

Type of investment	Fair value at 31.12.2021 DKK'000	Valuation technique	Unobservable inputs	Reasonable possible shift in %	Change in fair value DKK'000
<b>Investments</b>					
	0	Cost			
	211,036	Binding offers/ transaction/exit terms			
	155,277	Discounted cash flow	WACC	+10	(23,471)
			Growth in terminal valua	-20	(5,210)
	11,324	Net assets value			
<b>Share capital investments</b>	<b>377,637</b>				
<b>Project loans at fair value</b>	<b>0</b>	Discounted Cash Flow	Discount rate	+10	0
<b>Total investments At fair value</b>	<b>377,637</b>				

# Accounting policies

## Reporting class

The annual report of Danish Climate Investment Fund I K/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

## Presentation and classification

To better reflect DCIF's activities, the presentation of the income statement and balance sheet as well as the order of the line items in the income statement deviate from the standard tables in the Danish Financial Statements Act. By presenting the primary statements on the basis of DCIF's special character as a limited partnership (long-term investments), the financial statements hereby provide the reader with the best possible clarity of DCIF's activities. The deviation is in accordance with section 23(4) of the Danish Financial Statements Act.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to DCIF, and provided that the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when DCIF 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 DCIF, and the value of the liability can be measured reliably.

On initial recognition, financial assets and liabilities are measured at fair value, which is generally equivalent to cost. Adjustment subsequent to initial recognition is affected as described below for each item.

In accordance with Section 37 (5) in the Danish Financial Statements Act, DCIF applies the International Financial Reporting Standards (IFRS) as regards measurement of financial assets and financial liabilities (IFRS 9) and related disclosures (IFRS 7).

Information brought to DCIF's attention before the time of finalising the presentation of the annual report that evidence affairs and conditions existing at the balance sheet date is taken into consideration at recognition and measurement.

Income other than value adjustments is recognised in the income statement when earned, just as costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as value adjustments.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

## Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the as-

set in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances.

For assets and liabilities that are measured at fair value on a recurring basis, DCIF identifies transfers to and from the three levels of the fair value hierarchy by re-assessing the categorisation and deems transfers to have occurred at the beginning of each reporting period.

### **Foreign currency adjustment**

Foreign currency transactions are initially recognised in DKK using the exchange rate at the transaction date. Loans, receivables, payables and other monetary items denominated in foreign currencies, which have not been settled at the balance sheet date are converted into DKK using the exchange rate at the balance sheet date. All exchange rate adjustments, including those that arise at the payment date, are recognised in the income statement as contribution from investments or financial income and financial expenses, depending on their nature.

### **Non-monetary items**

Monetary balance sheet items are translated at the exchange rates prevailing at the balance sheet date, whereas non-monetary items are translated at transaction date rates.

### **Income statement**

#### **Contribution from investments**

Contribution from investments consists of contribution from share capital investments and contribution from loans.

Contribution from share capital investments includes declared dividends (after tax), contributions from divested share capital investments and value adjustments in relation to the outstanding portfolio at year-end.

Contribution from loans includes interest, value adjustments, including provisions for impairment, exchange rate adjustments in relation to the portfolio, the effect of derivatives and other value adjustments, principally of interest receivables.

#### **Operating expenses, net**

The Investment Fund for Developing Countries (IFU) manages the administration and accounting of the Company. Operating expenses, net, comprise fees to the Manager and external costs.

#### **Financial income, net**

Financial income, net, comprises interest income on cash, interest expenses, exchange rate adjustments on cash and bank charges.

#### **Tax on profit for the year**

As a limited partnership, DCIF is not an independent entity liable to taxation, which is why no current or deferred tax has been recognised in the financial statements. DCIF's profit/loss is taxed at the partners of this limited partnership in accordance with applicable taxation rules.

## Balance sheet

### Share capital investments in projects

Share capital investments are recognised when they are disbursed. Share capital investments are measured at fair value both at initial recognition and throughout the investment period with changes recognised through profit or loss as contribution from share capital investments.

Share capital investments where DCIF has significant influence are associates and are accounted for as share capital investments.

### Project loans

Project loans are designated as loans and receivables and are recognised when they are disbursed. Project loans are initially recognised at fair value and are subsequently measured at amortised cost less any allowance for impairment.

The allowance for impairment is measured in accordance with IFRS 9 by applying the simplified approach, whereby the expected loss in the remaining life of the loan is recognised irrespective of whether the loan is allocated to stage 3 (credit impaired), stage 2 (significant increase in credit risk) or stage 1 (all other loans).

The expected loss is measured loan by loan by applying an estimated loss percentage based on IFU's past experience, current expectations and internal rating of the individual project loans.

Provisions for losses on guarantees and loan commitments are calculated in the same way as the allowance for impairment of project loans.

Impaired project loans, together with the associated allowance amount, are written off when there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to DCIF. If a previous write-off is later recovered, the recovery is credited to "Contribution from project loans and guarantees".

### Other receivables

Other receivables include interest receivables on loans, other project related receivables and administrative receivables.

Interest receivables related to investments and other receivables are designated as receivables and are recognised over the period when they are earned. Interest receivables related to investments and other receivables are recognised at nominal value less any allowance for impairment.

### Current liabilities

Current liabilities are initially recognised at fair value, and are subsequently measured at amortised cost. Current liabilities primarily consist of payable management fees.

### Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method and shows DCIF's cash flow from operating, investing and financing activities as well as DCIF's cash position at the beginning and end of the year.

Cash comprises cash at hand less short-term bank debt.

**Contingent liabilities**

Undisbursed commitments to investments comprise undisbursed contractual commitments and binding commitments not yet contracted. The existence of such liabilities will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within DCIF's control.

**Financial ratios**

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on assets:

Profit before financials x 100

Total assets

Solvency ratio:

Equity at year end x 100

Total assets at year end

Return on equity:

Net profit for the year x 100

Average equity