



Danish Agribusiness Fund I K/S

c/o IFU
Fredericiagade 27
DK-1310 Copenhagen K
CVR No. 37398667

Annual report 2022

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

Nicolai Boserup
Chairman of the General Meeting

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Entity details

Entity

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

Business Registration No.: 37398667
Registered office: Copenhagen
Financial year: 01.01.2022 – 31.12.2022

General partner

DAF I GP P/S

Manager of the Partnership

IFU – Investment Fund for Developing Countries

Management of DAF I GP P/S

Nicolai Boserup, Chairman
Torben Huss
Niels Gravgaard Laursen

Auditors

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 Agribusiness 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 DAF I GP P/S

Nicolai Boserup
Chairman

Torben Huss

Niels Gravgaard Laursen

Independent auditor's report

To the limited partners of Danish Agribusiness Fund I K/S

Opinion

We have audited the financial statements of Danish Agribusiness 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
Profit/loss					
Profit/loss before financial income and expenses	9,873	96,003	37,927	15,869	(42,979)
Net financials	79	6	(37)	(10)	20
Net profit/loss for the year	9,952	(95,997)	37,890	15,859	(42,959)
Balance sheet					
Balance sheet total	354,746	345,642	447,337	411,665	654,507
Equity	354,646	344,694	445,142	407,252	643,753
Cash Flow					
Cash flows from operating activities	(4,873)	(698)	255	(4,620)	(16,679)
Cash flows from investing activities	30,027	(8,013)	(26,373)	(17,073)	(60,021)
Cash flows from financing activities	0	9,959	28,100	27,880	47,359
Change in the year	25,154	1,248	1,952	6,187	(29,341)
Financial ratios					
Return on assets	2.8%	(27.8%)	8.5%	3.9%	(6.6%)
Solvency ratio	100%	99.7%	99.5%	98.9%	98.4%
Return on equity	2.8%	(24.3%)	8.9%	3.0%	(6.0%)

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 Agribusiness 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 2016, the Danish Agribusiness Fund I K/S (DAF) was established as a public-private partnership. Including a subsequent second close, total capital committed to DAF reached DKK 800 million. Three institutional investors committed DKK 500 million. The Danish Government and IFU committed in total DKK 300 million.

DAF will invest in projects across the value chain from farm to fork based on Danish technology and know-how, e.g. primary production (crops and livestock etc.), processing of food and beverages and production of fertilizers. Projects co-financed by DAF must be commercially viable and offer an attractive return to its investors.

DAF is managed by IFU.

Due to the establishment of the Danish SDG Investment Fund, it was decided with the investors in DAF to end DAF's investment period ahead of schedule. Consequently, from 2019, DAF will not engage in any new investments. The fund can continue to make follow-up on investments in projects in the active portfolio. As a consequence, the commitment from investors has been lowered to DKK 450 million.

At the end of 2022, DAF had co-financed a total of seven projects. Of these, DAF was still participating in three investments. Total commitment to the seven projects amounts to DKK 410 million.

Investments in 2022

In 2022, DAF made additional financing for one ongoing project at a total of DKK 0.9 million.

Project name	Contracted investments in DKKm			Actual direct employment
	Country	Shares*	Loans**	
Scandinavian Farms Pig Industries	China		0.9	76
Total			0.9	76

*) Including overrun commitments

***) Including guarantees

Sustainability reporting

SUSTAINABILITY IN IFU'S INVESTMENT PROCESS

DAF 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.

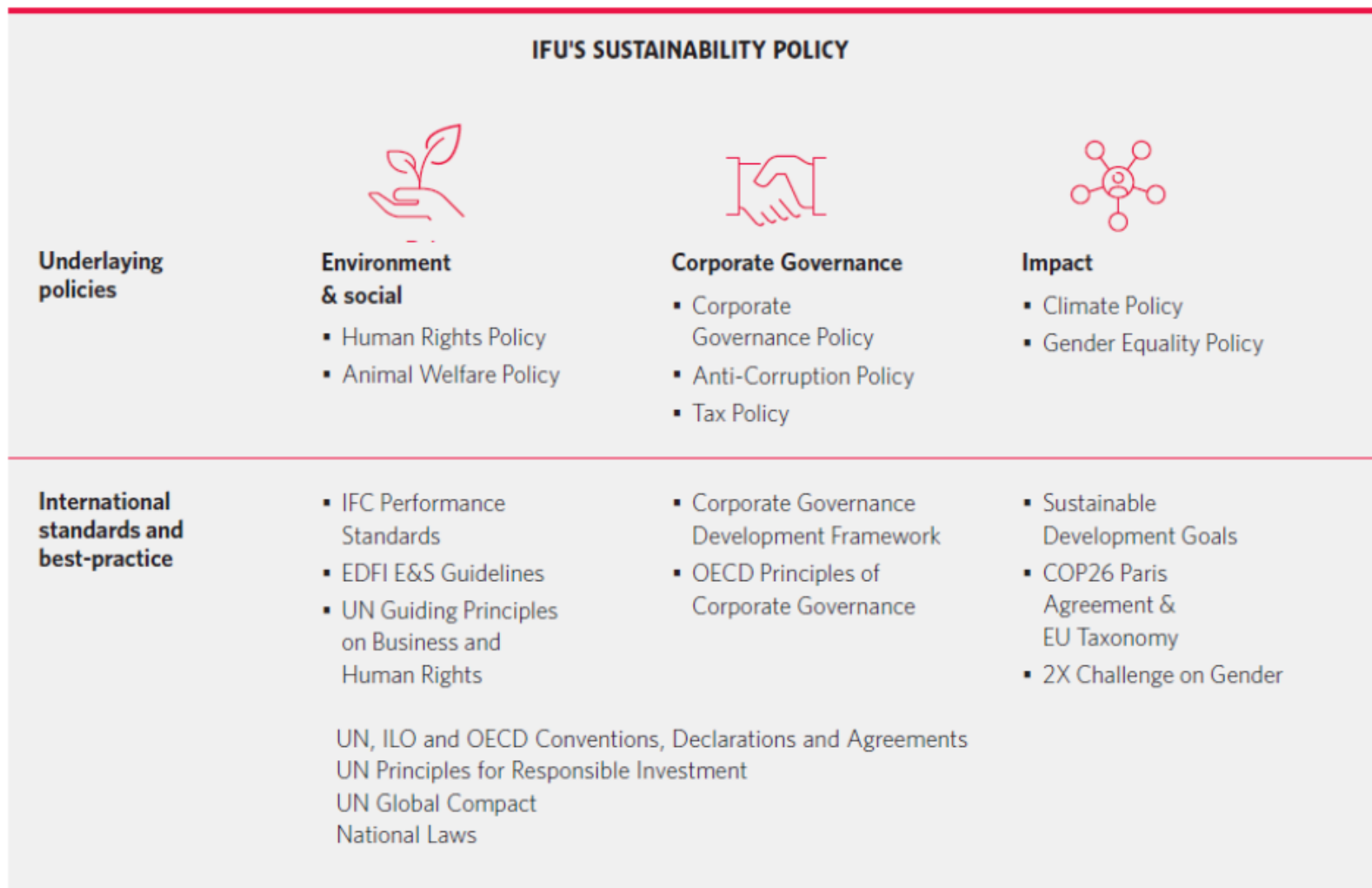
IFU has a comprehensive framework for managing sustainability risks and impacts as an integral part of the investment process for both direct investments and investments in funds and financial institutions. This ensures that the investments contribute to building green, just and inclusive societies and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

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 advice and 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.

Management's review

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 DAF are included in the impact reporting in IFU's Annual Report 2022.

Latest reported actual direct employment in the projects included in DAF's active portfolio was 2,077 people.

Operational framework

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

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

DAF revenues will consist of interest, dividends and profit from sale of shares.

Financial review 2022

DAF recorded net income of DKK 10 million in 2022 compared to net loss of DKK (96) million in 2021. A positive result was expected one year ago. The gross contribution from portfolio investments was DKK 15million against DKK (91) million in 2021. Operating expenses in the form of management fees and other expenses were unchanged compared to 2021 at DKK (5) million.

Capital position and capital resources

As at 31 December 2022, the investors had paid in DKK 336 million corresponding to 75 per cent of the lowered capital commitment of DKK 450 million. The undisbursed commitment is DKK 114 million. Accumulated distributions of DKK 20 million had been made to the investors a at 31 December 2022.

At year-end 2022, DAF's equity was DKK 241 million, excluding the undisbursed commitment.

Financial risks

DAF 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 DAF measures its investments at fair market value or recoverable amount, DAF's future results may fluctuate considerably. The risk exposure of DAF 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 DAF's financial position.

Outlook for 2023

DAF 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		15,066	(91,466)
Operating expenses, net		(5,193)	(4,537)
Gross profit/loss		9,873	(96,003)
Financial income, net		79	6
Profit/loss before tax		9,952	(95,997)
Net profit/loss for the year		9,952	(95,997)
Recommended appropriation of profit/loss			
Retained earnings		9,952	(95,997)

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	195,860	206,067
Loans	4	19,730	24,762
Total non-current assets		215,590	230,829
Undisbursed commitments		113,696	113,696
Prepayments		1,142	1,090
Cash		24,318	27
Total current assets		139,156	114,813
Total assets		354,746	345,642

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Paid-in capital		336,304	336,304
Undisbursed commitments		113,696	113,696
Total commitment		450,000	450,000
Repaid capital		(20,362)	(20,362)
Retained earnings		(74,992)	(84,944)
Total equity		354,646	344,694
Guarantees and loan commitments		0	0
Provision for losses		0	0
Drawn on bank credit facility		0	863
Payables to group enterprises		87	23
Other payables		13	62
Total current liabilities		100	948
Total liabilities		100	948
Total equity, provision for losses and liabilities		354,746	345,642

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Statement of changes in equity for 2022

	2022 DKK'000	2021 DKK'000
Paid-in capital beginning of year	336,304	321,894
Paid-in capital during the year	0	14,410
Paid-in capital end of year	336,304	336,304
Undisbursed commitments	113,696	113,696
Total committed capital	450,000	450,000
Repaid capital beginning of year	(20,362)	(15,911)
Repaid capital during the year	0	(4,451)
Repaid capital end of year	(20,362)	(20,362)
Paid-in capital end of year, net	429,638	429,638
Retained earnings beginning of year	(84,944)	11,053
Transferred from net income for the year	9,952	(95,997)
Retained earnings end of year	(74,992)	(84,944)
Total equity end of year	354,646	344,694

At 31 December 2022, the investors had paid in DKK 336.3 million corresponding to nearly 75% of the capital commitment of DKK 450 million. Thus, the remaining commitment is DKK 113.7 million.

Cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Net profit/loss for the year		9,952	(95,997)
Non-cash items	5	(14,788)	95,261
Change in working capital	6	(37)	38
Net cash from operating activities		(4,873)	(698)
Received from projects		31,572	0
Paid-out to investments and loans		(1,545)	(8,013)
Paid-in capital in subsidiaries		0	0
Net cash from/(to) investing activities		30,027	(8,013)
Paid-in capital from partners		0	14,410
Repaid capital to partners		0	(4,451)
Net cash from/(to) financing activities		0	9,959
Net change in cash		25,154	1,248
Cash beginning of year		(836)	(2,084)
Cash end of year		24,318	(836)
Shown as cash in current assets		24,318	27
Shown as drawn on bank credit facility		0	(863)

Notes

1 Contingent liabilities and other financial obligations

DAF has entered into the following commitments to investments:

	2022 DKK'000	2021 DKK'000
Undisbursed contracted commitments	34	1,059
Guarantees	7,765	6,614
Total undisbursed to investments	7,799	7,673

DAF has signed a management agreement with IFU, whereby IFU performs administration, monitoring and investment advice for DAF. The management agreement cannot be cancelled. For 2022, the payment amounts to DKK 4,382 thousand incl. VAT.

2 Related parties and ownership

DAF's related parties comprise the following:

- Pension Danmark
- PKA
- PFA
- IFU

Other related parties:

- DAF I GP P/S
- DAF I GP ApS

3 Investments

	2022 DKK'000	2021 DKK'000
Cost at beginning of year	233,333	227,815
Additions for the year	0	5,518
Disposal	(17,304)	0
Cost at 31 December	216,029	233,333
Accumulated value adjustment beginning of year	(27,266)	67,995
Value adjustments	7,097	(95,261)
Accumulated value adjustment end of year	(20,169)	(27,266)
Carrying amount at 31 December	195,860	206,067
Hereof associated companies:		
Share capital investment in projects end of year, at cost	81,926	99,230
Accumulated value adjustments end of year	13,927	22,939
	95,853	122,169

Associated companies

Name	Domicile	Form of company:	DAF K/S ownership interest (%)	Profit/loss	Equity
				According to the latest approved annual report	
Coexca S.A.	Chile	S.A.	25.93%	40,642	307,024

4 Loans

	2022 DKK'000	2021 DKK'000
Loans		
Cost at beginning of year	24,762	22,267
Additions for the year	1,545	2,495
Cost at 31 December	26,307	24,762
Accumulated value adjustments incl. allowance for impairment beginning of year	0	0
Value adjustments including allowance for impairment for the year	(6,577)	0
Accumulated value adjustments incl. allowance for impairment end of year	(6,577)	0
Carrying amount at 31. December	19,730	24,762

5 Cash flow statement - adjustments

	2022 DKK'000	2021 DKK'000
Value adjustments	(520)	95,261
Gain/loss on sale of shares	(14,268)	0
	(14,788)	95,261

6 Cash flow statement – changes in working capital

	2022 DKK'000	2021 DKK'000
Change in payables, etc.	(37)	38
	(37)	38

7 Financial risk management

Introduction

Through investments, DAF 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, DAF 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 DAF 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, DAF mitigates equity and credit risks by investing in a variety of countries and by limiting investments in a single project.

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

For some of DAF's share capital investments, DAF has the opportunity to sell the shares through pre-agreed exit agreements. In this way, DAF 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 DAF'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								
2	66,985	31	26,307	100	93,292	38	7,765	100
3	67,119	31	0	0	67,119	28	34	0
Not rated	81,925	38	0	0	81,925	34	0	0
	216,029	100	26,307	100	242,336	100	7,799	100

2021	Share capital investments		Project loans		Total		Commitments (off balance)	
	DKK'000	%	DKK'000	%	DKK'000	%	DKK'000	%
OECD								
2	66,985	29	24,762	100	91,747	35	7,641	100
3	84,423	36	0	0	84,423	33	32	0
Not rated	81,925	35	0	0	81,925	32	0	0
	233,333	100	24,762	100	258,095	100	7,673	100

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.

	2022 DKK'000	2021 DKK'000
Project loans (stage 3)	26,307	24,762
Total	26,307	24,762

The table below shows project loans according to stages.

2022

	Allowance for impairment %	Project loans at cost DKK'000	Accumulated allowance for impairment DKK'000	Project loans carrying amount 2022 DKK'000
Project loans (stage 3)	(25.0)	26,307	(6,577)	19,730
		26,307	(6,577)	19,730

2021

	Allowance for impairment %	Project loans at cost DKK'000	Accumulated allowance for impairment DKK'000	Project loans carrying amount 2021 DKK'000
Project loans (stage 3)	0.0	24,762	0	24,762
	0.0	24,762	0	24,762

Project loans at amortised cost before allowance for impairment

2022	Stage 1 DKK'000	Stage 2 DKK'000	Stage 3 DKK'000	Total DKK'000
Project loans beginning of year at cost	0	0	24,762	24,762
Disbursements during the year	0	0	1,545	1,545
Project loans end of year at cost before change of stages	0	0	26,307	26,307
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
Project loans end of year at cost	0	0	26,307	26,307

Accumulated value adjustments including allowance for impairment

2022	Stage 1 DKK'000	Stage 2 DKK'000	Stage 3 DKK'000	Total DKK'000
Accumulated value adjustments including allowance for impairment beginning of year	0	0	0	0
Value adjustments including allowance for impairment	0	0	(6,577)	(6,577)
Accumulated value adjustments including allowance for impairment end of year before change of stages	0	0	(6,577)	(6,577)
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
Accumulated value adjustments including allowance for impairment end of year	0	0	(6,577)	(6,577)

Project loans at amortised cost before allowance for impairment

2021	Stage 1 DKK'000	Stage 2 DKK'000	Stage 3 DKK'000	Total DKK'000
Project loans beginning of year at cost	0	22,267	0	22,267
Disbursements during the year	0	2,495	0	2,495
Project loans end of year at cost before change of stages	0	24,762	0	24,762
Change in loan value from stage 1	0	0	0	0
Change in loan value from stage 2	0	(24,762)	24,762	0
Change in loan value from stage 3	0	0	0	0
Project loans end of year at cost	0	0	24,762	24,762

Accumulated value adjustments including allowance for impairment

2021	Stage 1 DKK'000	Stage 2 DKK'000	Stage 3 DKK'000	Total DKK'000
Accumulated value adjustments including allowance for impairment beginning of year	0	0	0	0
Value adjustments including allowance for impairment	0	0	0	0
Accumulated value adjustments including allowance for impairment end of year before change of stages	0	0	0	0
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
Accumulated value adjustments including allowance for impairment end of year	0	0	0	0

Maximum exposure to credit risk

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

	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	19,730	26,307	24,762	24,762
Other receivables	1,142	1,142	1,090	1,090
Cash	24,318	24,318	27	27
Commitments	0	7,765	0	7,641
Total	45,190	59,532	25,879	33,520

9 Currency risk

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

DAF is exposed to currency risk through its investments that are denominated in currencies other than the functional currency (DKK). DAF 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. DAF 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 DAF 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 DAF 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
DKK	26,307	0	0	0	26,307	N/A	0
Total	26,307	0	0	0	26,307		

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
DKK	24,762	0	0	0	24,762	N/A	0
Total	24,762	0	0	0	24,762		

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 DAF'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 DAF will encounter difficulty in meeting financial obligations.

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

To meet these and other obligations, DAF depends on its limited partners being able to honour their commitments to DAF. A DKK 25 million credit facility is in place to cover unexpected negative short-term fluctuations in cash flows. At year-end, DKK 24 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
Assets							
Project loans	19,730	19,730	0	19,730	0	0	0
Other receivables	1,142	1,142	0	1,142	0	0	0
Cash and cash equivalents	24,318	24,318	24,318	0	0	0	0
Total assets	45,190	45,190	24,318	20,872	0	0	0
Liabilities							
Drawn on bank credit facility	0	0	0	0	0	0	0
Other current liabilities	100	100	0	100	0	0	0
Total liabilities	100	100	0	100	0	0	0
Off-balance							
Guarantees	0	7,765	0	0	0	0	7,765
Amounts payable on share capital and loan agreements	0	34	34	0	0	0	0
Total off-balance	0	7,799	34	0	0	0	7,765

2021

	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
Assets							
Project loans	24,762	24,762	0	24,762	0	0	0
Other receivables	1,090	1,090	0	1,090	0	0	0
Cash and cash equivalents	27	27	27	0	0	0	0
Total assets	25,879	25,879	27	25,852	0	0	0
Liabilities							
Drawn on bank credit facility	863	863	0	863	0	0	0
Other current liabilities	85	85	0	85	0	0	0
Total liabilities	948	948	0	948	0	0	0
Off-balance							
Guarantees	0	6,614	0	0	0	0	6,614
Amounts payable on share capital and loan agreements	0	1,059	1,059	0	0	0	0
Total off-balance	0	7,673	1,059	0	0	0	6,614

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 amortised cost DKK'000	Other liabilities at amortised cost DKK'000	Total DKK'000
Financial assets				
Share capital investment in projects	195,860	0	0	195,860
Project loans	0	19,730	0	19,730
Other receivables	0	1,142	0	1,142
Cash and cash equivalents	0	24,318	0	24,318
Total financial assets	195,860	45,190	0	241,050
Financial liabilities				
Current liabilities:				
Other current liabilities	0	0	100	100
Total financial liabilities	0	0	100	100

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
Financial assets				
Share capital investment in projects	206,067	0	0	206,067
Project loans	0	24,762	0	24,762
Other receivables	0	1,090	0	1,090
Cash and cash equivalents	0	27	0	27
Total financial assets	206,067	25,879	0	231,946
Financial liabilities				
Current liabilities:				
Other current liabilities	0	0	948	948
Total financial liabilities	0	0	948	948

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 DAF'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 DAF'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 DAF 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.

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.

2022	Level 1 DKK'000	Level 2 DKK'000	Level 3 DKK'000	Total DKK'000
Share capital investments				
Opening balance	0	0	206,067	206,067
Total gains/losses for the period included in profit or loss ¹	0	0	7,097	7,097
Paid-in share capital in projects	0	0	0	0
Disposal	0	0	(17,304)	(17,304)
Closing balance	0	0	195,860	195,860
Total recurring fair value measurements	0	0	195,860	195,860

2021	Level 1 DKK'000	Level 2 DKK'000	Level 3 DKK'000	Total DKK'000
Share capital investments				
Opening balance	0	0	295,810	295,810
Total gains/losses for the period included in profit or loss ¹	0	0	(95,261)	(95,261)
Paid-in share capital in projects	0	0	5,518	5,518
Disposal	0	0	0	0
Closing balance	0	0	206,067	206,067
Total recurring fair value measurements	0	0	206,067	206,067

1) Recognised in Contribution from share capital investments. Hereof DKK (7) million (2021: DKK (95) 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
Investments					
	0	Cost			
	195,860	Discounted cash flow	WACC	+10	(47,418)
			Growth in terminal value	-20	0
Share capital investments	195,860				

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
Investments					
	0	Cost			
	206,067	Discounted cash flow	WACC	+10	(43,439)
			Growth in terminal value	-20	(22,544)
Share capital investments	206,067				

Accounting policies

Reporting class

The annual report of Danish Agribusiness 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 DAF'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 DAF's special character as a limited partnership (long-term investments), the financial statements hereby provide the reader with the best possible clarity of DAF'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 DAF, and provided that the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when DAF 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 DAF, 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, DAF 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 DAF'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, DAF identifies transfers to and from the three levels of the fair value hierarchy by re-assessing the categorization, 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, loans and contribution from guarantees.

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

Contribution from guarantees includes fees related to guarantees issued to investments.

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, DAF is not an independent entity liable to taxation, which is why no current or deferred tax has been recognised in the financial statements. DAF'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 DAF 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 DAF. If a previous write-off is later recovered, the recovery is credited to "Contribution from project loans and guarantees".

Other receivables

Other receivables include dividends and prepayments.

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 DAF's cash flow from operating, investing and financing activities as well as DAF'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 DAF'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