



## **IFU Investment Partners K/S**

c/o IFU  
Fredericiagade 27  
DK-1310 Copenhagen K  
CVR No. 34453969

## **Annual report 2023**

The Annual General Meeting adopted the annual report on 30 April 2024

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**Nicolai Boserup**  
Chairman of the General Meeting

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# Entity details

## Entity

IFU Investment Partners K/S  
c/o IFU  
Fredericiagade 27  
DK-1310 Copenhagen K  
Denmark

Business Registration No.: 34453969  
Registered office: Copenhagen  
Financial year: 01.01.2023 – 31.12.2023

## General partner

IFU Investment Partners GP P/S

## Manager of the Partnership

IFU – Investment Fund for Developing Countries

## Management of IFU Investment Partners GP P/S

Nicolai Boserup, Chairman  
Søren Peter Andreasen  
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 IFU Investment Partners K/S for the financial year 01.01.2023- 31.12.2023.

The annual report has been prepared in accordance with information required by relevant law and regulations.

It is our opinion that the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.23 – 31.12.2023.

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, 30.04.2024

## Management of IFU Investment Partners GP P/S

**Nicolai Boserup**  
Chairman

**Søren Peter Andreasen**

**Niels Gravgaard Laursen**

# Independent auditor's report

## To the limited partners of IFU Investment Partners K/S

### Opinion

We have audited the financial statements of IFU Investment Partners K/S for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 re-quired by relevant law and regulations.

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

Copenhagen, 30.04. 2024

**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

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Profit/loss</b>					
Profit/loss before financial income and expenses	(10,751)	1,567	10,142	3,315	(17,076)
Net financials	261	(47)	(41)	(48)	(93)
Net profit/loss for the year	(10,490)	1,520	10,101	3,267	(17,169)
<b>Balance sheet</b>					
Balance sheet total	398,724	411,068	408,151	397,663	395,021
Equity	398,350	408,840	407,320	397,219	393,961
<b>Cash Flow</b>					
Cash flows from operating activities	(1,094)	(1,426)	(426)	(1,365)	(1,207)
Cash flows from investing activities	21,954	0	0	9	0
Cash flows from financing activities	0	0	0	1,967	3,525
Change in the year	20,860	(1,426)	(426)	611	2,318
<b>Financial ratios</b>					
Return on assets	(2,7%)	0,4%	2,5%	0,8%	(4,3%)
Solvency ratio	99,9%	99,5%	99,8%	99,9%	99,7%
Return on equity	(5,1%)	0,4%	2,5%	0,8%	(4,3%)

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 IFU Investment Partners K/S (IIP) for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

## Main activity

In March 2012, the IFU Investment Partners K/S was established as a public-private partnership and capitalised by the two pension funds Pensionskassernes Administration A/S (PKA) and Pensionskassen for Børne- og Ungdomspædagoger (PBU). The total capital committed to IIP was DKK 500 million.

IIP is managed by IFU.

The purpose of IIP is to participate as a co-investor in large IFU projects together with Danish companies. The projects co-financed by IIP must be commercially viable and offer an attractive return to its investors.

At the end of 2022, IIP had co-financed a total of five projects. Of these, IIP was still participating in three investments, while two had been exited or cancelled. IIP's investment period ended on 31 December 2017. Total commitment to the five projects amounts to DKK 255m.

## Investments in 2022

IIP made no investments in 2023.

## Sustainability reporting

### SUSTAINABILITY IN IFU'S INVESTMENT PROCESS

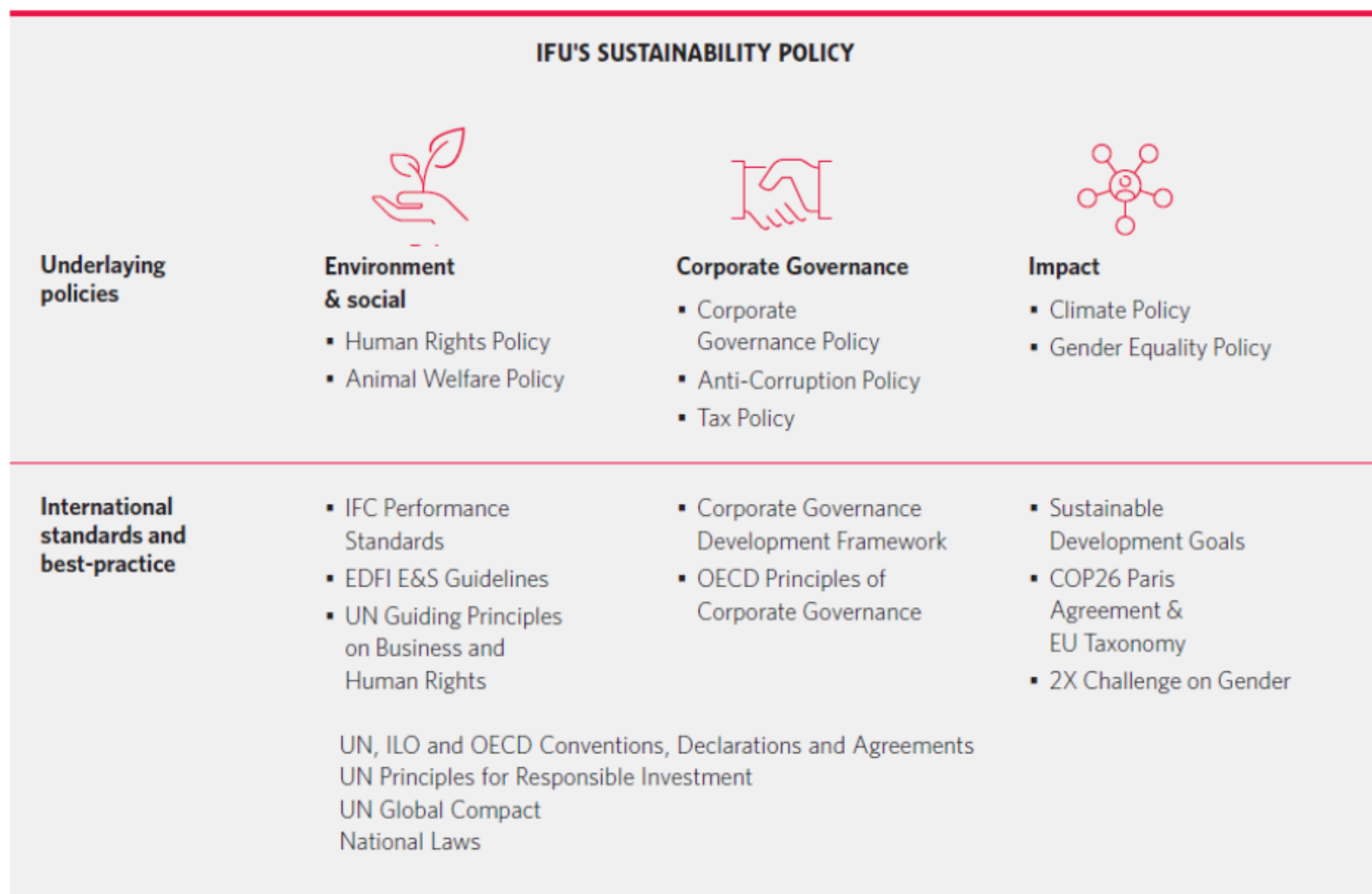
IIP is applying IFU's sustainability policy and offering advice to project companies on how to implement it. IFU's sustainability policy can be found on IFU's website.

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 IIP 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



- 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



- 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



- 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



- 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.

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 IIP are included in the impact reporting in IFU's Annual Report 2023.

Latest reported actual direct employment in the projects included in IIP's active portfolio was 1,908 people.

### **Operational framework**

Normally, IIP, together with IFU, invests between 5 and 49 per cent of the share capital in a project.

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

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

### **Financial review**

IIP recorded a net loss of DKK (10) million in 2023 compared to a net income of DKK 2 million in 2022. Gross contribution from the three investments in the portfolio was DKK (9)m in 2022 against DKK 3m in 2021. Management fees and expenses were unchanged at DKK (1) million.

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

As of at 31 December 2023, the investors had paid in DKK 160 million, corresponding to 32 per cent of the capital commitment of DKK 500 million. The undisbursed commitment was DKK 340 million. Accumulated distributions of DKK 69 million had been made to the investors as of 31 December 2023.

At year-end 2023, IIP's equity was DKK 58 million excluding the undisbursed commitment.

### **Financial risks**

IIP 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 IIP measures its investments at fair market value, IIP's future results may fluctuate considerably.

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

When preparing the financial statements, Management makes a number of estimates about future conditions that may affect the financial value of assets and liabilities. The area mostly affected by the estimates made by Management is the valuation of share capital investments at fair market value.

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

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

### **Outlook for 2023**

Currently, no follow-up investments are expected. A positive result is expected in 2024, however subject to uncertainty given the risks highlighted above.

# Income statement for 2023

	<b>Notes</b>	<b>2023</b> DKK'000	<b>2022</b> DKK'000
Contribution from investments		(9,434)	2,907
Operating expenses, net		(1,316)	(1,340)
<b>Gross profit/loss</b>		<b>(10,751)</b>	<b>1,567</b>
Financial income, net		261	(47)
<b>Profit/loss before tax</b>		<b>(10,490)</b>	<b>1,520</b>
<b>Net profit/loss for the year</b>		<b>(10,490)</b>	<b>1,520</b>
<b>Recommended appropriation of profit/loss</b>			
<b>Retained earnings</b>		<b>(10,490)</b>	<b>1,520</b>

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

# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK'000	2022 DKK'000
Investments	3	39,701	71,088
<b>Total non-current assets</b>		<b>39,701</b>	<b>71,088</b>
Undisbursed commitments		339,943	339,943
Prepayments		7	10
Cash		19,073	27
<b>Total current assets</b>		<b>359,024</b>	<b>339,980</b>
<b>Total assets</b>		<b>398,724</b>	<b>411,068</b>

## Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Paid-in capital		160,057	160,057
Undisbursed commitments		339,943	339,943
<b>Total commitment</b>		<b>500,000</b>	<b>500,000</b>
Repaid capital		(68,890)	(68,889)
Retained earnings		(32,761)	(22,271)
<b>Total equity</b>		<b>398,350</b>	<b>408,840</b>
Drawn on bank credit facility		0	1,814
Payables to group enterprises		346	414
Other payables		28	0
<b>Total current liabilities</b>		<b>374</b>	<b>2,228</b>
<b>Total liabilities</b>		<b>374</b>	<b>2,228</b>
<b>Total equity and liabilities</b>		<b>398,724</b>	<b>411,068</b>

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# Statement of changes in equity for 2023

	2023	2022
	DKK'000	DKK'000
Paid-in capital beginning of year	160,057	160,057
Paid-in capital during the year	0	0
<b>Paid-in capital end of year</b>	<b>160,057</b>	<b>160,057</b>
Undisbursed commitments	339,943	339,943
<b>Total committed capital</b>	<b>500,000</b>	<b>500,000</b>
Repaid capital beginning of year	(68,890)	(68,889)
Repaid capital during the year	0	0
<b>Repaid capital end of year</b>	<b>(68,890)</b>	<b>(68,889)</b>
<b>Total capital end of year, net</b>	<b>431,110</b>	<b>431,111</b>
Retained earnings beginning of year	(22,271)	(23,791)
Transferred from net income for the year	(10,490)	1,520
<b>Retained earnings end of year</b>	<b>(32,761)</b>	<b>(22,271)</b>
<b>Total equity end of year</b>	<b>398,350</b>	<b>408,840</b>

At 31 December 2023, the investors had paid in DKK 160 million corresponding to 32% of the capital commitment of DKK 500 million. Thus, the remaining commitment is DKK 339,9 million.

# Cash flow statement for 2023

	<b>Notes</b>	<b>2023</b> DKK'000	<b>2022</b> DKK'000
Net profit/loss for the year		(10,490)	1,520
Adjustments	4	9,434	(2,907)
Change in working capital	5	(39)	(39)
<b>Net cash from operating activities</b>		<b>(1,094)</b>	<b>(1,426)</b>
Received from projects		21,954	0
<b>Net cash from/(to) investing activities</b>		<b>21,954</b>	<b>0</b>
Net change in cash		20,860	(1,426)
Cash beginning of year		(1,787)	(361)
<b>Cash end of year</b>		<b>19,073</b>	<b>(1,787)</b>
Shown as cash in current assets		19,073	27
Shown as drawn on bank credit facility		0	(1,814)

# Notes

## 1 Contingent liabilities and other financial obligations

IIP has entered into the following commitments to investments:

	2023	2022
	DKK'000	DKK'000
Undisbursed contracted commitments	9,894	10,228
<b>Total undisbursed to investments</b>	<b>9,894</b>	<b>10,228</b>

IIP has signed a management agreement with IFU, whereby IFU performs administration, monitoring and investment advice for IIP. The management agreement cannot be cancelled. For 2023, the payment amounts to DKK 466 thousand incl. VAT.

## 2 Related parties and ownership

The following are recorded in the Company's register of limited partners:

- Pensionskassernes Administration A/S (limited partner)
- Pensionskassen for Børne og Ungdomspædagoger (limited partner)

**Other related parties:**

- IFU Investment Partners GPP/S
- IFU Investments Komplementar ApS
- IFU (manager)

## 3 Investments

	2023	2023
	DKK'000	DKK'000
Cost at beginning of year	79,436	79,436
Disposal	(15,636)	0
<b>Cost at 31 December</b>	<b>63,800</b>	<b>79,436</b>

Accumulated value adjustment beginning of year	(8,348)	(11,255)
Value adjustments	(15,751)	2,907
<b>Accumulated value adjustment end of year</b>	<b>(24,100)</b>	<b>(8,348)</b>

<b>Carrying amount at 31 December</b>	<b>39,701</b>	<b>71,088</b>
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**Hereof associated companies:**

Share capital investment in projects end of year, at cost	15,637	31,273
Accumulated value adjustments end of year	7,193	17,495
	<b>22,830</b>	<b>48,768</b>

## Associated companies

<u>Name</u>	<u>Domicile</u>	<u>Form of company:</u>	<u>IIP K/S ownership interest (%)</u>	<u>Profit/loss</u>	<u>Equity</u>
				According to the latest approved annual report	
Danper Agrícola Olmos S.A.C	Peru	S.A.C	25%	(9,631)	165,063

## 4 Cash flow statement - adjustments

	<b>2023</b>	<b>2022</b>
	DKK'000	DKK'000
Value adjustments	15,752	(2,907)
Gain/loss on sale of shares	(6,317)	0
	<b>9,434</b>	<b>(2,907)</b>

## 5 Cash flow statement – changes in working capital

	<b>2023</b>	<b>2022</b>
	DKK'000	DKK'000
Change in current assets	(67)	(8)
Change in payables, etc,	28	(31)
	<b>(39)</b>	<b>(39)</b>

## 6 Financial risk management

### Introduction

Though investments, IIP is exposed to financial risks such as equity and credit risk on investments, currency 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, IIP further seeks to identify and mitigate the equity risk.

### 7 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 IIP will incur a financial loss due to a counterparty not fulfilling its obligations.

#### Managing equity and credit risks

At the portfolio level, IIP mitigates equity risk and credit risk by investing in a variety of countries and by limiting the investment in a single project. IIP assesses concentration of risk on the basis of total commitments to the Fund. Furthermore, IIP assesses, through the due diligence process, the specific risks for each share capital investment and seeks to mitigate associated equity risks. For some of IIP's share capital investments, IIP has the opportunity to sell the shares through pre-agreed exit agreements. In this way, IIP

mitigates the risk of not being able to exit the investments. See note 12 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 IIP'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.

2023	Share capital investments		Commitments (off balance)	
	DKK'000	%	DKK'000	%
<b>OECD</b>				
2	16,425	26%	0	0%
3	15,637	25%	9,894	100%
7	31,738	50%	0	0%
	<b>63,800</b>	<b>100%</b>	<b>9,894</b>	<b>100%</b>

2022	Share capital investments		Commitments (off balance)	
	DKK'000	%	DKK'000	%
<b>OECD</b>				
2	16,425	21	0	0
3	31,273	39	10,228	100
7	31,738	40	0	0
	<b>79,436</b>	<b>100</b>	<b>10,228</b>	<b>100</b>

### Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk for IIP,

	2023		2022	
	Carrying amount DKK'000	Maximum credit exposure (contractual cash flow) DKK'000	Carrying amount DKK'000	Maximum credit exposure (contractual cash flow) DKK'000
Other receivables	7	7	10	10
Cash	19,073	19,073	27	27
	<b>19,081</b>	<b>19,081</b>	<b>37</b>	<b>37</b>

## 8 Currency risk

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

IIP is exposed to currency risk through its investments that are denominated in currencies other than the functional currency (DKK). IIP does not hedge currency exposure in share capital investments, as the 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, IIP does not hedge commitments to disburse either, as timing and amounts are often difficult to foresee.

### **Currency exposure and sensitivity**

In 2023, there is no currency risk besides share capital investments.

## 9 Liquidity risk

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

IIP's primary exposure to liquidity risk arises from commitments to disburse share capital investments.

To meet these and other obligations, IIP depends on its limited partners being able to honour their commitments to IIP. A DKK 25 million credit facility is in place to cover unexpected negative short-term fluctuations in cash flows. At year-end, DKK 23 million was available for drawing.

For information of commitments from the limited partners, see note 2.

**Contractual maturities**

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

**2023**

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>On demand</b>	<b>0-1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>No fixed maturity</b>
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Assets</b>							
Other receivables	7	7	0	7	0	0	0
Cash and cash equivalents	19,073	19,073	19,073	0	0	0	0
<b>Total assets</b>	<b>19,081</b>	<b>19,081</b>	<b>19,073</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Liabilities**

Drawn on bank credit facility	-	-	-	-	-	-	-
Other current liabilities	374	374	0	374	0	0	0
<b>Total liabilities</b>	<b>374</b>	<b>374</b>	<b>0</b>	<b>374</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Off-balance**

Amounts payable on share capital and loan agreements	0	9,894	9,894	0	0	0	0
<b>Total off-balance</b>	<b>0</b>	<b>9,894</b>	<b>9,894</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**2022**

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>On demand</b>	<b>0-1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>No fixed maturity</b>
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Assets</b>							
Other receivables	10	10	0	10	0	0	0
Cash and cash equivalents	27	27	27	0	0	0	0
<b>Total assets</b>	<b>37</b>	<b>37</b>	<b>27</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Liabilities**

Drawn on bank credit facility	1,814	1,814	0	1,814	0	0	0
Other current liabilities	414	414	0	414	0	0	0
<b>Total liabilities</b>	<b>2,228</b>	<b>2,228</b>	<b>0</b>	<b>2,228</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Off-balance**

Amounts payable on share capital and loan agreements	0	10,228	10,228	0	0	0	0
<b>Total off-balance</b>	<b>0</b>	<b>10,228</b>	<b>10,228</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 10 Classification of financial instruments

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

<b>2023</b>	<b>Designated at fair value through profit and loss</b>	<b>Loans and receivables at amortised cost</b>	<b>Other liabilities at amortised cost</b>	<b>Total</b>
	DKK'000	DKK'000	DKK'000	DKK'000
<b>Financial assets</b>				
Share capital investment in projects	39,701	0	0	39,701
Other receivables	0	7	0	7
Cash and cash equivalents	0	19,073	0	19,073
<b>Total financial assets</b>	<b>39,701</b>	<b>19,081</b>	<b>0</b>	<b>58,781</b>
<b>Financial liabilities</b>				
Current liabilities:				
Other current liabilities	0	0	374	374
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>374</b>	<b>374</b>

<b>2022</b>	<b>Designated at fair value through profit and loss</b>	<b>Loans and receivables at amortised cost</b>	<b>Other liabilities at amortised cost</b>	<b>Total</b>
	DKK'000	DKK'000	DKK'000	DKK'000
<b>Financial assets</b>				
Share capital investment in projects	71,088	0	0	71,088
Other receivables	0	10	0	10
Cash and cash equivalents	0	27	0	27
<b>Total financial assets</b>	<b>71,088</b>	<b>37</b>	<b>0</b>	<b>71,125</b>
<b>Financial liabilities</b>				
Current liabilities:				
Other current liabilities	0	0	2,228	2,228
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>2,228</b>	<b>2,228</b>

### 11 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 IIP'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 IIP'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 an 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, IIP 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.

<b>2023</b>	<b>Level 1</b> DKK'000	<b>Level 2</b> DKK'000	<b>Level 3</b> DKK'000	<b>Total</b> DKK'000
<b>Share capital investments</b>				
Opening balance	5,713	0	65,375	71,088
Total gains/losses for the period included in profit or loss <sup>1</sup>	317	0	(16,069)	(15,752)
Proceeds from divestment of shares	0	0	(15,637)	(15,637)
<b>Closing balance</b>	<b>6,030</b>	<b>-0</b>	<b>33,669</b>	<b>39,700</b>
<b>Total recurring fair value measurements</b>	<b>6,030</b>	<b>0</b>	<b>33,669</b>	<b>39,700</b>

<b>2022</b>	<b>Level 1</b> DKK'000	<b>Level 2</b> DKK'000	<b>Level 3</b> DKK'000	<b>Total</b> DKK'000
<b>Share capital investments</b>				
Opening balance	9,521	0	58,660	68,181
Total gains/losses for the period included in profit or loss <sup>1</sup>	(3,808)	0	6,715	2,907
<b>Closing balance</b>	<b>5,713</b>	<b>0</b>	<b>65,375</b>	<b>71,088</b>
<b>Total recurring fair value measurements</b>	<b>5,713</b>	<b>0</b>	<b>65,375</b>	<b>71,088</b>

1) Recognised in Contribution from share capital investments.

Hereof DKK (16) million (2022: DKK 7 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.

### 2023

Type of investment	Fair value at 31.12.2023 DKK'000	Valuation technique	Unobservable inputs	Reasonable possible shift in %	Change in fair value DKK'000
<b>Investments</b>					
	22,830	Binding offers/ transactions/exit terms			
	10,841	Discounted cash flow	WACC	+10%	(1,728)
			Growth in terminal value	- 20%	(249)
<b>Share capital investments</b>	<b>33,670</b>				

### 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>					
	48,786	Binding offers/ transactions/exit terms			
	16,589	Discounted cash flow	WACC	+10	(2,539)
			Growth in terminal value	-20	(735)
<b>Share capital investments</b>	<b>65,375</b>				

# Accounting policies

## Reporting class

The annual report of IFU Investment Partners K/S for 2023 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 IIP'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 IIP's special character as a limited partnership (long-term investments), the financial statements hereby provide the reader with the best possible clarity of IIP'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 IIP, and provided that the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when IIP 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 IIP, 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, IIP 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 IIP'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 asset 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, IIP 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 and declared dividends (after tax), contributions from divested share capital investments and value adjustments in relation to the outstanding portfolio at year-end.

#### **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, IIP is not an independent entity liable to taxation, which is why no current or deferred tax has been recognised in the financial statements. IIP'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 IIP has significant influence are associates and are accounted for as share capital investments.

**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 IIP's cash flow from operating, investing and financing activities as well as IIP's cash position at the beginning and end of the year.

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

**Contingent liabilities**

Undisbursed commitments to investments comprise of 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 IIP's control.

**Financial ratios**

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

Return on assets:

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Solvency ratio:

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity:

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$