Half-Year Report

First Half of 2023

Contents

Financial highlights and ratios

Amounts in DKK million	The EIFO group 1st half of 2023
Activity	
Participations in funds	
Commitments, funds, number	12
Commitments, funds, DKK million	699
Equity investments	
Number of investments	8
Investments in DKK million	331
Export credits and working capital guarantees	
Export credit finance	
Number issued	73
Amount issued in DKK million	5.915
Financing of growth, entrepreneurship and the green transition in Denmark	
Number issued	183
Amount issued in DKK million	191
Loans	
Export credit finance	
Number issued	1
Amount issued in DKK million	3.912
Financing of growth, entrepreneurship and the green transition in Denmark	
Number of payments	252
Payments in DKK million	699
Financial highlights	
Operating income	708
Net profit/loss for the period	473
Equity	25.355
Balance sheet total	68.842
Off-balance sheet items, before reinsurance	102.870
Off-balance sheet items, after reinsurance	51.375
Financial highlights and ratios, %	
Rate of return (result for period/balance sheet total)	0,7%
Return on equity (result for period/initial equity)	1,9%

The Export and Investment Fund of Denmark

In June 2022, a majority in the Danish Parliament agreed to merge Vaekstfonden, EKF Denmark's Export Credit Agency and Denmark's Green Investment Fund in order to create the Export and Investment Fund of Denmark (EIFO). With its financing offers, EIFO's purpose is to promote growth and innovation in Danish business, strengthen Danish exports and contribute to a sustainable and green transition.

EIFO provides a single point of access for all Danish companies and delivers a cohesive and internationally-oriented financing initiative. The merger has laid the groundwork for strengthening services for Danish business and speeding up the transition to greater sustainability.

EIFO's financial report is structured around the topics of "Export credit finance", "Financing of growth, entrepreneurship and the green transition in Denmark" and EIFO's underlying finance offerings, which consist of:

Participations in funds, which involve long-term investments in funds focusing on unlisted companies with potential for growth and scaling.

Equity investments, which consist of long-term "patient" investments in young, innovative companies with ambitions to scale up.

Export credits and working capital guarantees, which consist of underlying guarantees for customers and banks providing direct financing to end customers.

Loans, which consist of loans to Danish startups with a short track record, to mature companies with investment plans and to foreign buyers of Danish exports.

The three funds whose activities now continue as part of EIFO

Vaekstfonden invested directly in startups and private funds as well as providing loans and guarantees to small and medium-sized businesses.

EKF Denmark's Export Credit Agency helped Danish exports to raise financing and insured companies and banks against the potential financial and political risks of trading with other countries.

Denmark's Green Investment Fund co-financed investments that promoted the green transition of Danish society.

Management's review

A lot of activity, profit and a merger

In the first half of 2023, EIFO has been involved in a high level of financing activity, realised a surplus of DKK 473 million and further developed the business following the merger of the three funds

Developments in the international economy are still characterised by considerable uncertainty, primarily due to the uncertain global macroeconomic situation and the tightening of financial conditions. This challenges the investment plans of many companies, but is also a situation in which EIFO seeks to use its financing solutions to assist Danish businesses in resolving these challenges in a way that benefits their development and the green transition.

Significant activities in the first half of 2023

EIFO's first six months were characterised by a lot of activity. There was great interest in EIFO's financing options, and we helped to finance a number of exciting new projects. A couple are highlighted below:

Power-to-X
With an agreement on the financing of Topsoe's first factory for the supply of electrolysis units, EIFO undertook its first Power-to-X business in the spring.

The factory is being built in Herning, and the guarantee from EIFO is for DKK 333 million. The electrolysis units will mainly go to the export markets and will be part of Power-to-X projects. The factory is expected to be fully operational by 2025 with an annual capacity of 500 MW electrolysis units with further projects in the pipeline. In addition to creating growth and jobs in Denmark, it will put Topsoe in an even stronger position in the Power-to-X value chain.

765 km transmission line
EIFO will contribute to the financing of a new 765 km electricity line which will transport electricity equivalent to the annual electricity consumption of 1.4 million households. The electricity line, which runs between Denmark and Great Britain, will provide more efficient use of renewable energy, access to a sustainable energy supply and increased security of supply.

The project is also on the EU's priority list of important infrastructure projects that contribute to the interconnection of the European power grids.

We have also been busy with a number of other activities during the past six months:

The Ukraine Fund
In March 2023, a broad majority of parties represented in the Danish Parliament agreed to establish a Ukraine Fund of approximately DKK 7 billion. In addition to providing military and civilian support to Ukraine, the fund will provide support to Danish business initiatives that support Danish companies' opportunities to contribute to the reconstruction of Ukraine. In connection with this, a government loan and guarantee scheme was established as part of EIFO, which will provide long-term financing worth DKK 1 billion.

The financing will go toward the reconstruction of critical infrastructure, such as the supply of water, heat and electricity, as well as the development of Ukrainian trade and industry. Financed projects must contain a significant element of Danish exports.

By the end of the first half of 2023, commitments had been made to the first two agricultural investment projects, and there was a large pipeline of projects.

Guarantees worth millions for the green transition

With access to capital on favourable terms via guarantees through the European Investment Fund (EIF), part of the European Investment Bank, EIFO is one of the first agencies in Denmark to help Danish companies in their journey toward the green transition.

The sustainability guarantee, which will support new financing for small and medium-sized enterprises and thus contribute to Europe's green transition, enables EIFO to issue loans worth up to DKK 575 million to Danish companies.

By the end of the first half of 2023, loans had been issued or commitments given to two companies. There is also a substantial pipeline.

Digitisation of SMEs

EIFO has entered into a new agreement with EIF which brings in extra loan capital through a loss guarantee of DKK 318 million.

With the agreement – aimed at Danish companies working on digitisation – EIFO is able to provide loan capital associated with greater risk for more Danish companies, allowing them to speed up the development of new digital solutions while they grow.

Merger

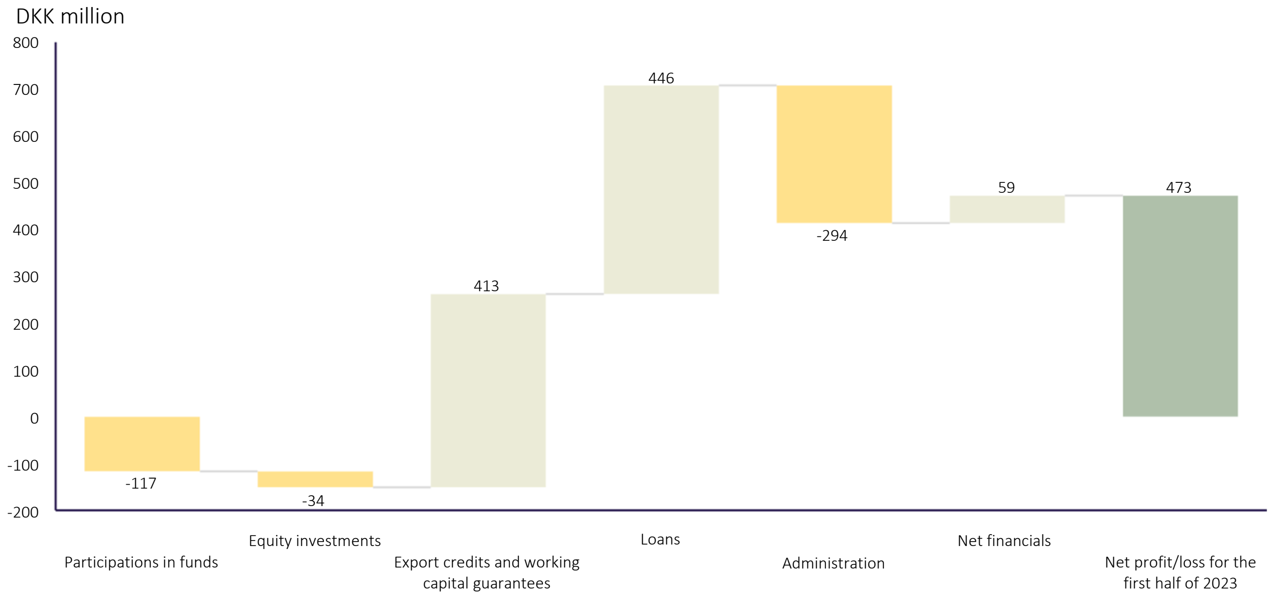
As expected, in the first half of 2023 we have been busy with the merger, which brought together three organisations with their own systems and cultures, and required both the business and organisation to evolve while keeping customers at the centre of what we do.

EIFO has come a long way, but our work on making EIFO even more valuable than the sum of the three earlier funds continues. A major milestone will be the autumn move to our new headquarters in Orienthuset, where all Copenhagen employees will be based.

Net profit/loss for the period

EIFO's net profit for the first half of 2023 totalled DKK 473 million – an amount that we regard as satisfactory, particularly in light of general economic and geopolitical unrest.

Below is a summary of the net profit/loss for the first half of 2023:



Participations in funds in the first half of 2023 produced a result of DKK -117 million, a development that should be viewed in light of the fact that the market for venture capital investments has become more difficult thanks to interest rate increases in the past couple of years. There have also been negative unrealised value adjustments for the funds' more mature investments in listed companies.

Equity investments also showed a deficit totalling DKK -34 million in the first half of 2023. This was primarily driven by negative value adjustments for unlisted companies, but the spread within the portfolio was considerable. On the other hand, there were positive value adjustments for the listed portfolio, where the ownership stake in Zealand Pharma in particular made a positive contribution.

The profit in the first half of the year was primarily driven by profits in EIFO's debt financing in the form of export credits, working capital guarantees and loans.

Export credits and working capital guarantees showed a profit of DKK 413 million. This activity is primarily related to the financing of exports, which contributes stable premium income. There have also been no new write-downs overall. Write-downs were increased by a nine-digit amount for two major projects, offset partly by full repayment on a large commitment involving large write-downs. In addition, EIFO's updated model for calculating the accounting estimate for write-downs on export credits and working capital guarantees entailed a reduction of write-downs by DKK 121 million.

Lending in the first half of 2023 resulted in a profit of DKK 446 million. EIFO's lending consists mainly of export loans and loans to domestic SMEs.

For export loans, net interest income benefited from greater lending and rising income of more than DKK 100 million from impaired transactions, including receivables from previous payments under export credit guarantees. There were no new major write-downs for export loans.

The portfolio of loans to Danish companies was affected by tight financing conditions and a slowdown in parts of the Danish economy in the first half of the year. Write-downs on the portfolio for financing of growth, entrepreneurship and the green transition were increased by DKK 208 million in the first half of 2023. However, the portfolio still produced a profit.

In light of the economic and geopolitical turmoil, EIFO supplements the impairment models with management estimates to uncover risks and matters that the models do not yet take into account. The management estimates, which are made for export credits, working capital guarantees and loans, totalled DKK 504 million at the end of the first half of 2023.

Administrative expenses after reimbursements totalled DKK 294 million in the first half of 2023. This amount includes expenses relating to the establishment of EIFO in the form of expenses for items such as consultancy and moving out of two headquarters as well as moving into new headquarters.

Net financials totalled DKK 59 million. This is mainly due to negative value adjustments for EIFO's funding of export loans as well as EIFO's bond portfolio, which has not yielded the expected gain as a result of maturity reduction.

Balance sheet

EIFO's balance sheet total as at 30 June 2023 was DKK 68,842 million and DKK 46,862 million in guarantees. At the end of the first half of 2023, the value of loans after write-downs amounted to DKK 32,156 million, corresponding to 47 per cent of the balance sheet total.

Outlook for 2023

By working closely with banks, companies, investors, pension funds, consultants and other players at home and abroad, EIFO expects to continue its high level of activity in the second half of 2023. With this in mind, EIFO expects net profit to be in the region of DKK 600–1,000 million.

Due to geopolitical unrest, inflation, changes in interest rates and uncertainty in the venture capital market, net profit expectations are subject to substantial uncertainty.

Post balance sheet events

No events occurred after the end of the accounting period and up to the signing of the half-year report which could have a material impact on EIFO's financial position as of 30 June 2023.

Management statement

Today the Board of Directors and Management considered and approved the Half-Year Report of the Export and Investment Fund of Denmark for the period 1 January – 30 June 2023.

The Half-Year Report was prepared in accordance with the Danish Financial Statements Act, subject to the necessary exemptions and adjustments required as a consequence of the Export and Investment Fund of Denmark's special nature as an independent public company, cf. the Act on the Export and Investment Fund of Denmark.

In our opinion, the Half-Year Report gives a true and fair view of the Export and Investment Fund of Denmark's assets, liabilities and financial position at 30 June 2023 and of the results of the Export and Investment Fund of Denmark's operations and cash flows for the period 1 January – 30 June 2023.

Furthermore, we are of the opinion that Management's review gives a true and fair account of the development of the Export and Investment Fund of Denmark's operations and financial circumstances and a description of the significant risks and uncertainty factors that could impact the Export and Investment Fund of Denmark.

Copenhagen, 11 September 2023

Management

Peder Lundquist
Chief Executive Officer

Board of Directors

Torben Möger Pedersen Chair	Bo Foged Deputy Chair	Dorrit Vanglo Deputy Chair
Anne Mette Toftegaard Board member	Camilla Ley Valentin Board member	Christian Frigast Board member
Esben Gadsbøll Board member	Jan Bisgaard Sørensen Board member	Jesper Buch Board member
Jørgen Høholt Board member	Martin Engell-Rossen Board member	Mia Wagner Board member
Anna Marie Owie Employee representative	Charlotte Christensen-Degn Employee representative	Christoffer Ring Employee representative

Interim financial statements

First Half of 2023

Income statement

Amounts in DKK million	Note	The EIFO group 1st half of 2023
Result of participations in funds	2	-117
Result of equity investments	3	-34
Result of export credits and working capital guarantees	4	413
Result of lending activities	5	446
Operating income		**708**
Administrative expenses, net		294
Result before net financials		**414**
Financial income and expenses		59
Net profit/loss for the period		**473**

Balance sheet

Assets

Amounts in DKK million	Note	The EIFO group 30 June 2023
Cash and demand deposits		6.720
Securities		10.228
Participations in funds	6	8.811
Equity investments	7	3.358
Loans at amortised cost	8	31.801
Loans at fair value	8	354
Intangible fixed assets		26
Tangible fixed assets		14
Investments		17
Other receivables		6.046
Prepayments and accrued income		1.466
Total assets		**68.842**

Equity and liabilities

Amounts in DKK million	Note	The EIFO group 30 June 2023
Invested capital		14.909
Proposed dividend		-
Retained earnings		10.474
Change in the cash flow hedges reserve		-27
Total equity		**25.355**
Injection from the state		1.897
Provisions, export credits and working capital guarantees		3.535
Total provisions		**5.433**
Payables to the Danish state, credit institutions and central banks		29.738
Other payables		8.290
Accruals and deferred income		26
Total debt		**38.054**
Total equity and liabilities		**68.842**

Off-balance sheet items

	Note	
Off-balance sheet items	9	
Contingent liabilities		47.097
Other binding agreements		4.278
Total off-balance sheet items		**51.375**

Statement of changes in equity

Amounts in DKK million	Invested capital	Cash flow hedges reserve	Proposed dividend	Retained earnings	The EIFO group Total
At 1 January 2023	0	0	0	-9	-9
Contribution from merger	14.909			10.010	24.919
Injection from the state	-	-	-	-	-
Dividend distributed during the period	-	-	-	-	-
Change during period	-	-27	-		-27
Net profit/loss for the period	-	-	-	473	473
At 30 June 2023	**14.909**	**-27**	**0**	**10.474**	**25.355**

Notes

Note 1: Significant accounting policies

General
The Annual Report was prepared in accordance with the Act on the Export and Investment Fund of Denmark (EIFO) and the provisions of the Danish Financial Statements Act for reporting class D, subject to the addition of IFRS 9 and necessary adjustments required as a consequence of EIFO's special nature as an independent public company, including:

- In regard to section 11(2) of the Financial Statements Act on fair presentation, the format requirements of the Financial Statements Act have not been followed in full for all accounting items, since EIFO's activities are more fairly presented by way of different naming of accounting items.
- The basic principle of universality in the Financial Statements Act has not been followed, as presenting the results broken down by product is considered fairest for EIFO's accounts. This is particularly evident in the operating items, where income and expenses are presented together, including recognition of various loss reimbursements.
- No consolidated financial statements have been prepared for EIFO's investments in unlisted companies, as the preparation of consolidated financial statements is not considered likely to contribute further to the reader's understanding of EIFO's assets, liabilities and financial position as well as the result of EIFO's operations and cash flows. It follows from this that ownership interests in portfolio companies are recognised at fair value.

The financial statements present all amounts in whole DKK millions. Due to rounding, minor differences may arise between the totals stated and the sum of the underlying figures.

Accounting policies during the establishment of EIFO
The Export and Investment Fund of Denmark was created by merging the three state funds, Vækstfonden, EKF Denmark's Export Credit Agency and Denmark's Green Investment Fund, which became subsidiaries of EIFO on 1 January 2023.

As of 1 April 2023 – and with accounting effect at 1 January 2023 – the activities of Vækstfonden and Denmark's Green Investment Fund have been merged into EIFO. As of 1 April 2023, EKF Denmark's Export Credit Agency was split, with part of the business moving to EIFO, and as of this date, new transactions are undertaken by EIFO. The assets from the remaining business will subsequently be transferred continuously from EKF Denmark's Export Credit Agency to EIFO.

The merger of the organisations was recognised according to the merger method, in which acquired assets and liabilities of the acquired company are merged with the assets and liabilities of the going concern at carrying value without adjustment and recognition of goodwill.

Recognition and measurement in general
Assets are recognised in the balance sheet when, as a result of previous events, it is probable that future economic benefits will flow to EIFO and the asset value can reliably be measured. Liabilities are recognised in the balance sheet when EIFO, as a result of a previous event, has a legal or actual commitment, it is probable that future economic benefits will flow from EIFO, and the value of the liability can reliably be measured.

Assets and liabilities are measured at cost on initial recognition. Subsequently, assets and liabilities are measured as described for each accounting item below. Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest rate over the maturity period. Amortised cost is determined as the original cost less any repayments plus addition/deduction of the accumulated amortisation of the difference between the cost and nominal amount.

During recognition and measurement, foreseeable gains, losses and risks arising before the presentation of the accounts are taken into account where these confirm or disprove matters existing on the balance sheet date.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, expenses incurred to achieve the earnings for the year are recognised, including depreciation, write-downs and provisions as well as reversals as a result of changed accounting estimates of amounts that have previously been recognised in the income statement.

On initial recognition, transactions in foreign exchange are measured at the exchange rate on the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled on the balance sheet date are converted at the exchange rates on the balance sheet date. Any differences between exchange rates on the transaction date and the payment date and balance sheet date respectively are recognised in the income statement under result of participations in funds, result of equity investments, result of export credits and working capital guarantees, result of lending activities and under other financial income and expenses.

Schemes managed by EIFO that are administered on behalf of the state are recognised as part of the overall accounts where EIFO bears full or partial risk, has access to borrowing and/or receives capital injection.

Income statement

Result of participations in funds

The proportionate share of the profit for the year from portfolio funds is recognised in the income statement, including realised and unrealised profit and loss on fund investments and costs associated with administration of portfolio companies.

Result of equity investments

The value adjustments to investments in unlisted and listed companies are recognised in the income statement. When calculating the result of EIFO's direct investment activity, costs associated with the incentive programmes for equity investments entered into for each fund (carry agreements) are set off. The carry agreements are structured with individual minimum requirements for return (hurdle rate) on invested capital and costs. The agreements also include a specific distribution key for the return that exceeds the minimum interest rate, albeit with a predefined maximum amount. The part of the return that does not accrue to EIFO is expensed under the financial result.

Result of export credits and working capital guarantees

Earnings from export credits and working capital guarantees are recognised in the income statement.

Premium income comprises premiums on export credit and working capital guarantees. Premiums are recognised when cover under the guarantee commences, when the policy is issued or at the time of payment.

Reinsurance premiums paid, etc. and fees are the share of the premium income and fees for the year ceded to other insurance companies due to reinsurance cover. Commission to and from reinsurance companies is the administration fee that EIFO receives or pays in connection with reinsurance agreements. For provisions for losses on guarantees, see the detailed discussion in the section on provisions, export credits and working capital guarantees.

Administrative costs are covered by front-end fees and annual premiums for the guarantee activities. To the extent that the premium income exceeds the administrative costs, these must be set aside to cover losses on future issuance of guarantees.

Result of lending activities

The income statement includes the annual interest income and front-end fees from loans, reinsurance premiums and fees paid and derivative financial instruments, write-downs for loans and changes to loss reimbursements.

Interest income is recognised in the income statement and includes both due and accrued interest up to the balance sheet date on loans.

Interest and fee expenses comprise interest expenses for the year for on-lending and derivative financial instruments. The item also includes fees to Danmarks Nationalbank calculated based on the nominal value of on-lending.

Write-downs, including reinsurance and loss reimbursements which correspond to the expected future losses are based on continuous updating of existing methods and models. For more information, see the section on loans.

Administrative expenses
Administrative costs include costs relating to the administrative functions of the funds, including salaries and various bonus programmes, costs for external consultants, office staff costs and other costs that are used both in day-to-day operations and for schemes administered by EIFO on behalf of ministries or external funds.

Administrative costs are reduced by the fees that EIFO receives for administering schemes for ministries as well as management fees in relation to the management of external funds, including, among others, Dansk Vækstkapital, Dansk Landbrugskapital and DenmarkBridge. The income is accrued up to the balance sheet date.

Financial income and expenses
This item, which includes income and expenses on bonds, repo transactions, borrowing, bank deposits and financial instruments, is divided into:

- Interest received and paid in connection with bonds, repo transactions, loans and bank deposits. Transactions are recorded on an accrual basis.
- Positive and negative value adjustments for bonds and derivative financial instruments excluding hedge accounting
- Exchange rate adjustments for covered products in foreign currency.

Balance sheet

Cash and demand deposits
Cash and demand deposits comprise bank deposits, repo/reverse transactions and balance with the Danish state where this is part of EIFO's liquidity invested with the state.

Cash and demand deposits are measured at amortised cost.

Securities
Securities consist of Danish government and mortgage bonds, which are divided into a trading portfolio and a held-to-maturity portfolio.

The purpose of the trading portfolio is buying and selling with a shorter timeframe. Initial recognition takes place at cost less transaction costs, and subsequently at fair value with a value adjustment in regard to the income statement.

Bonds that are drawn immediately after the end of the financial year are raised at par.

Securities are classified as "held-to-maturity" assets for long-term investments and recognised on acquisition at cost. The securities are subsequently measured at amortised cost plus interest receivable. Premium and discount are reported as accruals over the maturity period and recognised under financial income and expenses.

Participations in funds
Participations in funds, consisting of indirect investments in unlisted portfolio funds, are measured at EIFO's share of the fair value of the funds.

When investments in Alternative Investment Funds (AIFs) are measured at fair value, the valuation is based on the fair value of the assets and liabilities included in the individual fund which appear in the individual funds' audited annual reports. The fair values in these funds are calculated according to recognised valuation methods, including the International Private Equity and Venture Capital Valuation (IPEV) Guidelines, essentially equivalent to the recognition and measurement provisions in IFRS 13. The calculated fair value thus corresponds to the ownership of the calculated capital account. As a result of the investment taking place via other alternative investment funds, it is not possible to provide further information about the multiples used, return requirements, and so on in the valuation. Since the valuation in the funds is dependent on assumptions about matters such as future earnings in underlying companies owned by the funds and the development in market multiples, the valuation is naturally associated with a certain amount of uncertainty. This uncertainty will intrinsically be greater in periods of fluctuations in the financial markets, where market multiples, and thus the valuation, will be affected by matters such as developments in illiquidity premiums and the possibility of selling underlying companies in the funds.

Information about exchange rates, etc. which appears after the financial statements have been closed will only be incorporated if essential for the assessment of the annual accounts.

Equity investments

Equity investments consist of participations in primarily unlisted companies, which are recognised at initial investment at cost. The cost price includes the amounts paid in for the capital subscription. When converting a loan, the cost price is calculated at the value of the converted claim at the time of conversion. Subsequently, capital shares in unlisted companies are measured on the balance sheet date at fair value calculated according to IPEV's principles and recognised at fair value on the balance sheet date. The fair value for individual unlisted companies with a track record and turnover is calculated as a starting point in a multiple-step calculation. For unlisted companies without such a track record, the fair value of the investments is measured based on the most recent external share subscription or, if this is not available, based on the cost price. If, after a closer assessment, the company does not track certain milestones, a write-down is made to the estimated fair value.

Equity investments in listed shares are measured and recognised at fair value, corresponding to the stock market price on the balance sheet date.

Value adjustments for the year are recognised in the income statement. EIFO does not have a decisive influence over the companies that EIFO co-owns, and thus does not exercise sole influence over their financial and operational decisions.

Loans at amortised cost

Lending includes disbursements for export credit finance, receivables (guarantee that has incurred a loss) and financing of growth, entrepreneurship and the green transition in Denmark. Loan write-downs are made according to the rules in IFRS 9.

EIFO uses a proprietary model to calculate the expected credit loss according to IFRS 9. The impairment models, which are based on an assessment of the likelihood that the counterparty will no longer be able to meet its contractual commitments, imply that a financial asset is written down at the time of initial recognition by an amount corresponding to the expected credit loss for 12 months (stage 1). In the event of a subsequent considerable increase in credit risk relative to the time of initial recognition, the asset is further written down by an amount corresponding to the expected credit loss during the remaining term of the asset (stage 2). If the asset is found to be impaired, the write-down is based on an increased probability of loss (stage 3).

The placement in the various stages is important for the calculation method used and is determined, among other things, based on the change in probability of loss (PD) over the asset's expected remaining time to maturity.

The expected credit losses (ECL) are calculated on the basis of:

- Probability of default (PD)
- Exposure at default (EAD)
- Loss given default (LGD).

The formula for write-downs is: PD x LGD x EAD. The above parameters are based on EIFO's experience with issues such as loss history.

The principles in the impairment models are described under the section on export credit finance, the section on financing growth, entrepreneurship and the green transition in Denmark, the section on claims and the section on convertible loans.

Export credit finance

Loans

Loans are measured at amortised cost using the effective interest method. The difference between the value on first recognition and the redemption value is amortised over the remaining time to maturity and recognised under "Result of lending activities".

To estimate PD, EIFO uses well-known methods such as rating tools from Standard & Poor's and Moody's to determine ratings. Ratings are translated into PD based on Moody's statistics for one-year default rates.

Criteria and calculation methods for the three stages are as follows:

- On initial recognition, the asset is placed in stage 1, where a probability-weighted loss expected within the next 12 months is written down (PD12 months x LGD x EAD).
- In the event of a significant change in credit risk, the asset moves to stage 2, where it is written down by the expected loss over the remaining time to maturity (PD time to maturity x LGD x EAD). A significant change in credit risk is:
    - For 12-month PDs on first recognition below 1 per cent: an increase in the 12-month PD of 0.5 percentage points or more and a doubling of the PD for the asset's expected remaining time to maturity.
    - For 12-month PDs on first recognition of 1 per cent or more: an increase in the 12-month PD of 2.0 percentage points or more or a doubling of the PD for the asset's expected remaining time to maturity.
- If the asset is deemed to be credit-impaired (and thus stage 3), the asset is written down by an amount corresponding to the expected credit loss during the remaining term of the asset. Loans for which EIFO has observable data on events indicating that the asset is credit-impaired are written down individually. EIFO performs individual write-down based on a trade-off between three scenarios: a best-case scenario, a base-case scenario and a worst-case scenario.

To hedge the interest rate risk on loans for export credit finance measured at amortised cost, EIFO uses derivative financial instruments (interest rate swaps).

For the accounting treatment of derivative financial instruments, see separate section under "Other assets".

Claims

Claims consist of receivables from previous payments under export credit guarantees where the guarantee amount has been paid to the guarantee recipient.

Where an agreement exists with the counterparty, claims are recognised at cost and subsequently assessed so that the value of the claim corresponds to the expected repayment. Where no agreement exists with the counterparty, which is the general rule, the value of claims is assessed taking into account the customers' ability and willingness to pay. Gross claims comprise indemnification payments with addition of the recognised capitalised interest less recovered amounts, adjusted at the exchange rate on the balance sheet date. Net claims are reduced by actual write-downs to offset losses.

Loans to finance growth, entrepreneurship and the green transition in Denmark

Loans are recognised at amortised cost less recorded losses and write-downs to offset losses. Irrevocable credit commitments are also written down. Recorded losses occur when information is available that reliably indicates that an exposure is assessed as irrecoverable and there is no prospect of repayment or dividends.

Criteria and calculation methods for the three stages are as follows:

- On initial recognition, the asset is placed in stage 1, where a probability-weighted loss expected within the next 12 months is written down (PD12 months x LGD x EAD).
- In the event of a significant change in credit risk, the asset moves to stage 2, where it is written down by the expected loss over the remaining time to maturity (PD time to maturity x LGD x EAD). A significant change in credit

risk is an increase in 12-month PD of 5 percentage points if it triggers at least two moves in rating classes or overdue amounts of more than 30 days.
- Stage 3 exposures are based on individual assessments made by EIFO's credit function. The assessments are based on the customer's ability and willingness to comply with payment obligations, any arrears and/or changes in the initial prerequisites for the customer relationship or an overdue payment of more than 90 days. Assets in Stage 3 are written down by the expected loss over the remaining time to maturity (PD time to maturity x LGD x EAD).
- Write-downs may be supplemented with management estimates to uncover risks and matters that the models do not take into account.

The Ministry of Industry, Business and Financial Affairs has set aside a loss grant for EIFO to offset losses on Growth Loans for entrepreneurs, Green Growth Loans, startups in the early phase and COVID-19 loans. Where write-downs are performed for these loan types, the write-down is offset against the guarantee provision.

EIFO has also entered into an agreement with the European Investment Fund (EIF) on partial loss cover for particularly risky lending. Where write-downs are performed for these loans, a receivable corresponding to the write-down is recognised until the loan is (if necessary) written off and the loss cover is invoked with EIF. The receivable is included under "Other assets".

Fixed-interest loans, which are effectively hedged with derivative financial instruments, are calculated at nominal value less recorded losses and write-downs to offset losses according to the same principles as described above, as well as value adjustment of the associated derivative instrument, which reflects the value of the current interest level relative to the lending rate.

Loans at fair value

Loans at fair value comprise convertible loans.

Convertible loans are recognised at fair value less recorded losses and write-downs to offset loss. Indications of impairment are assessed quarterly, and individual write-downs are performed when, in EIFO's assessment, there is an indication of impairment of a loan at fair value. The impairment assessment is performed in connection with determining the value of the total investment in the company, of which equity contributions make up the most significant part (see equity investments).

Intangible fixed assets

Intangible fixed assets, which consist of software, are measured at cost less accumulated amortisation. Cost includes expenses directly linked to acquisition and implementation, up to the date when the asset can be commissioned. The asset is written down to the recoverable amount if this is lower than the carrying amount. Amortisation is carried out on a straight-line basis over the expected useful life, which is 3–5 years.

Development projects in progress relate to software acquisitions that are clearly defined and identifiable. Development expenses are determined as direct expenses incurred.

An impairment test is carried out for acquired intangible fixed assets if there are indications of impairment. Impairment tests are also performed annually on development projects in progress. The impairment test is carried out for each asset. The assets are written down to the higher of the asset's value in use and recoverable amount, if this is lower than the carrying amount.

Tangible fixed assets
Tangible fixed assets comprise hardware, fixtures and fittings and refurbishing of leased premises, which are measured at cost less accumulated depreciation. Cost includes the purchase price and expenses directly related to the acquisition.

Amortisation is carried out on a straight-line basis over the expected useful life, which is estimated to as follows:

- IT hardware, 3–5 years
- Other plant, operating equipment and fixtures, 3–8 years
- Refurbishing of leased premises, 3–10 years

An impairment test is carried out for tangible fixed assets if there are indications of impairment. The assets are written down to the recoverable amount if this is lower than the carrying amount.

New acquisitions valued at less than DKK 100,000 including VAT are recognised in full in the year of acquisition under administrative costs in the income statement.

Investments
Investments comprise deposits for leased premises. Deposits are recognised at cost with subsequent indexation.

Other receivables
Other receivables consist of interest and premiums receivable, reinsurance shares, derivative financial instruments and other assets.

Interest receivable
Interest receivable recognised under assets includes accrued interest that accrues in subsequent financial years.

Premiums receivable
Premiums receivable are measured at the present value of the receivable at the date of recognition.

Reinsurance share
Reinsurance share of accumulated write-downs of guarantees comprises the reinsurers' share of EIFO's write-downs. The share is adjusted for EIFO's counterparty risk on the reinsurance companies.

Derivative financial instruments
Derivative financial instruments are recognised from the trading date and measured in the balance sheet at fair value. Positive and negative values are set off only when the company is entitled and intends to settle several derivative financial instruments, net. Fair values of derivative financial instruments are determined on the basis of current market data and recognised valuation methods.

The changes in the fair value of derivative financial instruments which are classified as and meet the conditions for fair value hedging of a recognised asset or a recognised liability (fair value hedges) are recognised in the income statement together with changes to the value of the hedged asset and the hedged liability. For existing loans where the hedge accounting was first started after entering into the hedge contracts, the fair value of the hedge contract is transferred linearly to the income statement over the term of the hedge instrument via a switch to hedge accounting.

Changes to the fair value of derivative financial instruments classified as and meeting the conditions for effective hedging of future transactions are recognised directly in equity (cash flow hedges). The ineffective part is recognised directly in the income statement. When the hedged transactions are performed, the accumulated changes are recognised as part of the cost price for the respective transactions.

Changes in the fair value of cross-currency basis spread on the hedge instruments are recognised directly in equity and are recognised as an expense via the income statement in connection with the settlement of cross-currency basis spread via the ongoing payments on swaps (costs for cash flow hedges). The value of cross-currency basis spread when switching to hedge accounting is amortised linearly to the income statement across the term of the hedge instrument.

Other assets

Other assets primarily comprise receivables relating to loss cover.

Receivables relating to loss cover are measured at amortised cost, which usually corresponds to nominal value, less write-downs to offset expected losses.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise costs incurred relating to subsequent financial years as well as interest costs consisting of prepayments to reinsurers. The prepayments cover contracts with reinsurance of the credit risk on loans, and are expensed as a financial cost under the result of lending activities in line with the repayment profile of the loan.

Prepayments and accrued income are measured at cost.

Equity

Equity is divided into share capital, a cash flow hedges reserve, retrained earnings and proposed dividend.

Share capital/invested capital

Share capital includes contributions from the state to support EIFO's activities and is recognised in the year in which the contribution is received. Contributions from the state designated for the reimbursement of costs derived from the performance of the subsidised activity are recognised in the income statement under the subsidised activity in line with the performance of the subsidised activity.

Reserve for cash flow hedges

The cash flow hedges reserve comprises the effective hedging of future transactions at fair value estimation of derivative financial instruments.

Retained earnings

Retained earnings comprise the remaining reserve after calculation of the proposed dividend and the cash flow hedges reserve.

EIFO uses an "Economic Capital" approach for determining requirements for non-restricted capital. EIFO's equity requirement is calculated on the basis of EIFO's credit risk, market risk, commercial risk and operational risks. The calculation is performed on the basis of an internal Value-at-Risk (VaR) model, which makes the calculation, for a given probability, of the maximum unexpected loss across a timeframe of one year resulting from the indicated risk types. Capital add-on is defined for each risk type, where the total equity requirement is the sum of the capital add-on.

The minimum requirement for the non-restricted equity is the unexpected losses, cf. EIFO's VaR model for a confidence level of 97 per cent and the total capital requirement, i.e. the minimum requirement plus the buffer requirement, set at the unexpected loss for a confidence level of 99 per cent. If EIFO meets the total capital requirement, EIFO will, with 99 per cent certainty, have adequate equity to withstand losses caused by EIFO's credit risk, market risk, commercial risk and operational risks over the next 12 months.

Proposed dividend

Proposed dividends to the state are calculated in accordance with section 22 of the Act on the Export and Investment Fund of Denmark, and are recognised as a liability at the time of approval of the proposed dividend by the Minister for Industry, Business and Financial Affairs.

Provisions

Provisions, working capital guarantees and export credits

Provisions include expected costs for working capital guarantee, loss and export credit exposure, advance payments received and provisions for guarantees. Expected costs for guarantee exposure are calculated according to the same principle as described in the section on "Result of export credits and working capital guarantees".

Other provisions are recognised and measured as the best estimate of the costs necessary to settle the obligations on the balance sheet date. Provisions which are expected to mature more than one year after the balance sheet date are measured at discounted value.

Accumulated write-downs on guarantees are in accordance with IFRS 9. EIFO uses a proprietary model to calculate the expected credit loss according to IFRS 9. See the description under "Loans" above.

Injection from the state

Subsidies from the state to support export and investment activities which have been made conditional are recognised as provisions until the conditions are met. The amount is then recognised under payables to the Danish state.

Payables to the Danish state and credit institutions

The Danish state

Payables to the Danish state (on-lending) via Danmarks Nationalbank are initially recognised at the proceeds received. In subsequent periods, on-lending is measured at fair value in accordance with IFRS 9. The fair value is calculated as the exchange rate on discounting to net present value of future cash flows at the relevant discount rates determined on the basis of current market data.

In addition, on-lending is raised with Danmarks Nationalbank as well as short-term loans in relation to financing of lending activity. A guarantee premium of 0.15 per cent is settled with the state for this arrangement.

Credit institutions

Bank debt includes debt to credit institutions. Bank debt is measured at amortised cost.

Other payables

Other liabilities consist of payables to reinsurance companies, payables to pension funds, derivative financial instruments and other liabilities.

Payables to reinsurance companies

Payables to reinsurance companies are recognised at the present value on the date of recognition. Subsequently, current recalculation of present values is performed on the balance sheet date. Payables with a maturity of more than one year are discounted by a CIRR rate in the currency in which the receivable concerned was raised. Payables to reinsurers are written down according to the same principles as premiums receivable. See the section on premiums receivable under "Other assets".

Payables to pension funds

Payables to pension funds (fixed-interest loans) are recognised when the loan is taken out for the proceeds received. No transaction costs are incurred in connection with taking out the loan. In subsequent periods, the loans are measured at amortised cost, which essentially corresponds to nominal value.

Derivative financial instruments

Derivative financial instruments are recognised from the trading date and measured in the balance sheet at fair value. Positive and negative values are set off only when the company is entitled and intends to settle several derivative financial instruments, net. Fair values of derivative financial instruments are determined on the basis of current market data and recognised valuation methods.

The changes in the fair value of derivative financial instruments which are classified as and meet the conditions for fair value hedging of a recognised asset or a recognised liability (fair value hedges) are recognised in the income statement together with changes to the value of the hedged asset and the hedged liability. For existing loans where the hedge accounting was first started after entering into the hedge contracts, the fair value of the hedge contract is transferred to the income statement over the term of the hedge instrument via an add-on to the discount curve.

Changes to the fair value of derivative financial instruments classified as and meeting the conditions for effective hedging of future transactions are recognised directly in equity (cash flow hedges). The ineffective part is recognised directly in the income statement. When the hedged transactions are performed, the accumulated changes are recognised as part of the cost price for the respective transactions.

Changes in the fair value of cross-currency basis spread on the hedge instruments are recognised directly in equity and are recognised as an expense via the income statement in connection with the settlement of cross-currency basis spread via the ongoing payments on swaps (costs for cash flow hedges). The value of cross-currency basis spread when switching to hedge accounting is amortised linearly to the income statement across the term of the hedge instrument.

Other liabilities
Other liabilities include wages and holiday pay owed, provision for possible future payment, cf. incentive programmes for direct equity investments (carry agreements), as well as debt to creditors. Other payables are measured at amortised cost.

Accruals and deferred income
Accruals and deferred income recognised under liabilities include prepayments received, which primarily relate to interest income on loans, commission paid and premiums covering the following financial year.

Accruals and deferred income are measured at cost.

Off-balance sheet items

Other binding agreements
Guarantee exposure comprises the largest possible exposure less reinsurance in cases that include both commercial and political exposure. The guarantee exposure is regularly written down during the guarantee period on the basis of the repayment profile defined when the guarantee is issued. Read about write-downs under the section on loans.

Conditional offers comprise the largest possible exposure in cases that include both commercial and political exposure. Conditional offers are either converted to a guarantee or the transaction is completed on the expiry date.

Commitments are recorded off the balance sheet under other binding agreements. The item is measured at face value.

Contingent liabilities
This item primarily includes payment guarantees such as tenancy commitments and so on.

Tax
EIFO is exempt from tax liability.

Note 2: Result of participations in funds

Amounts in DKK million	The EIFO group 1st half of 2023
Domestic funds, value adjustments including carry, etc.*	-84
Foreign funds, value adjustments including carry, etc.*	-33
Result of participations in funds, total	**-117**

* Includes the respective funds' investments in both Danish and foreign companies.

Note 3: Result of equity investments

Amounts in DKK million	The EIFO group 1st half of 2023
Unlisted companies	-113
Listed companies	68
Carry (incentive scheme)	11
Result of equity investments, total	**-34**

Note 4: Result of export credits and working capital guarantees

Amounts in DKK million	The EIFO group 1st half of 2023
Income from premiums and fees	570
Reinsurance premiums and fees paid	-277
Commission from reinsurance	45
Change in write-downs, realised loss/gain and loss reimbursements	75
Result of export credits and working capital guarantees, total	**413**

Note 5: Result of lending activities

Amounts in DKK million	The EIFO group 1st half of 2023
Export credit finance:	
Loans	
Interest income	787
Commission and other fees	25
Interest and fee expenses	-625
Reinsurance interest and fees paid	-66
Commission to and from reinsurance	12
Change in write-downs, realised loss/gain and loss reimbursements	-32
Result of loans from export credit finance, total	**100**
Claims:	
Interest income	119
Commission and other fees	0
Change in write-downs, realised loss/gain and loss reimbursements	39
Result of claims from export credit finance, total	**158**
Financing of growth, entrepreneurship and the green transition in Denmark:	
Interest income	499
Commission and other fees	37
Interest and fee expenses	-88
Change in write-downs, realised loss/gain and loss reimbursements	-209
Impact of COVID-19 loans	-50
Result of financing of growth, entrepreneurship and the green transition in Denmark, total	**189**
Loans at fair value	
Interest income	4
Change in write-downs, realised loss/gain and loss reimbursements	-5
Result of loans at fair value, total	**-1**
Result of loans, total	**446**

Note 6: Participations in funds

Amounts in DKK million	The EIFO group 1st half of 2023
Opening balance	8.692
Additions, net	189
Value adjustments for the period, net	-70
Participations in funds, total	**8.811**

Note 7: Equity investments

Amounts in DKK million	Unlisted	Listed	The EIFO group 1st half of 2023
Opening balance	2.360	688	3.048
Additions, net	45	22	67
Value adjustments for the period, net	183	60	244
Equity investments, total	**2.588**	**770**	**3.358**

Note 8: Loans

	Export credit finance				
Amounts in DKK million	**Loans**	**Claims**	**Financing of growth, entrepreneurship and the green transition in Denmark**	**Loans at fair value**	**The EIFO group 1st half of 2023**
Loans before write-downs	23.283	2.314	11.864	431	37.892
Write-downs, after reinsurance*	-772	-1.007	-	-	-1.780
Write-downs, before loss reimbursement**	-	-	-3.880	-77	-3.957
Total loans	**22.511**	**1.306**	**7.984**	**354**	**32.156**

* Write-downs on loans and receivables are reduced by the value of reinsurance.

** Write-downs for the financing of growth, entrepreneurship and the green transition in Denmark as well as loans at fair value do not include the value of mandate losses. This amount is included under "Other assets".

Note 9: Off-balance sheet items

Amounts in DKK million	The EIFO group 1st half of 2023
Contingent liabilities:	
Liabilities for export credits, working capital guarantees and loans, before reinsurance	98.357
Liabilities for export credits, working capital guarantees and loans, reinsurance	-51.495
Guarantee obligations, after provisions for losses	34
Other contingent liabilities	202
Contingent liabilities, total	**47.097**
Other binding agreements:	
Commitments, participations in funds	4.074
Commitments, equity investments	204
Other binding agreements, total	**4.278**
Total off-balance sheet items	**51.375**

Note 10: Post balance sheet events

No events occurred after the end of the accounting period and up to the signing of the half-year report which could have a material impact on EIFO's financial position as of 30 June 2023.

Fund information

Auditors

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Rigsrevisionen

Landgreven 4

DK-1301 Copenhagen K

Bank

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Branch of Nordea Bank Abp, Finland

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DK-2300 Copenhagen S

Management

Peder Lundquist, Chief Executive Officer

Board of Directors

Torben Möger Pedersen, chair

Bo Foged, deputy chair

Dorrit Vanglo, deputy chair

Anne Mette Toftegaard, board member

Camilla Ley Valentin, board member

Christian Frigast, board member

Esben Gadsbøll, board member

Jan Bisgaard Sørensen, board member

Jesper Buch, board member

Jørgen Høholt, board member

Martin Engell-Rossen, board member

Mia Wagner, board member

Anna Marie Owie, employee representative

Charlotte Christensen-Degn, employee representative

Christoffer Ring, employee representative

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CVR no.: 43 47 82 06

Founded: 2022

Registered office: Copenhagen

Accounting period: 1 January – 31 December