Deloitte
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 96 35 56
Weidekampsgade 6
2300 Copenhagen S
Phone 36102030
Fax 36102040
www.deloitte.dk

CI Artemis II HoldCo ApS

Amerika Plads 29
2100 Copenhagen
Business Registration No
41 16 13 02

Annual report 2021

The Annual General Meeting adopted the annual report on 17 June 2022

Chairman of the General Meeting

DocuSigned by:
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Name: Casper Gordon Christiansen

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Entity details

Entity details

CI Artemis II HoldCo ApS
Amerika Plads 29
2100 Copenhagen

Business Registration No: 41 16 13 02
Founded: 10 February 2020
Registered in: Copenhagen
Financial year: 1 January 2021 - 31 December 2021

Telephone: +45 70 70 51 51
Internet: www.cipartners.dk

Executive Board

Henrik Frydendal Havmose
Thomas Hinrichsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by the Management on the annual report

The Executive Board has today considered and approved the annual report of CI Artemis II HoldCo ApS for the financial year 1 January 2021 - 31 December 2021.

The annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of 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 December 2021 and of the results of its operations and the cash flows for the financial year 1 January 2021 – 31 December 2021.

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

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

Copenhagen, 31 May 2022

Executive Board

DocuSigned by: Henrik Havmose 48847274369748C...	DocuSigned by: 137AE90DD3C04FF...
Henrik Frydendal Havmose	Thomas Hinrichsen

Independent auditor's report

To the shareholder of CI Artemis II HoldCo ApS

Opinion

We have audited the financial statements of CI Artemis II HoldCo ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

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

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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31 May 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Bill Haudal Pedersen
State-Authorised Public Accountant
Identification No (MNE) 30131

Michael Thorø Larsen
State-Authorised Public Accountant
Identification No (MNE) 35823

Management commentary

Financial highlights

	2021 EUR'000	2020* EUR'000
Key figures		
Operating profit/(loss) (EBIT)	16,594	13,631
Financial items, net	(1)	0
Profit/(loss) for the year	16,593	13,631
Equity	50,147	34,554
Assets total	51,555	34,559
Ratios		
Liquidity ratio (%)	1.59	4.74
Solvency ratio (%)	99.98	99.99
Return on equity (%)	38.72	78.90

* This is the Fund's first financial year and comprise the period 10 February 2020 - 31 December 2020.

Primary activity

CI Artemis II HoldCo (CI A II HoldCo) was established in February 2020. The purpose of the Company is to generate income and capital appreciation by making investments in the German transmission infrastructure assets "BorWin 1 & BorWin 2" and "DolWin 2 & HelWin 2".

Investments

End of 2021, CI A II HoldCo had one investment CI Artemis II.

In Q1 2020, CI A A II HoldCo acquired a 51% share in the offshore transmission assets BorWin1, BorWin 2, HelWin2 and DolWin2 of ~34% (economic ownership). All assets are fully operational, except for the HVAC connections to the offshore wind farm Kaskasi (COD expected for 2022).

Development in activities and finances

Income from investments in 2021 amounts to EUR 16.7m (2020: EUR 13.7m).

Profit for the year 2021 amounts to a gain of EUR 16.6m (2020: EUR 13.6m), which is in accordance with the expectations. The result reflects income from investments, partly offset by transaction costs expensed, during the period.

Management commentary (continued)

Uncertainty relating to recognition and measurement

CI A II HoldCo develops and invests in infrastructure projects structured to provide stable cash flows, but where transferability and cash flows may to a certain extent still be affected by changes in market conditions. Consequently, the fair value of the investments is based on estimates and a number of assumptions on the balance sheet date.

Events after the balance sheet date

The recent development in Ukraine marks a historical event that has and further will redefine the global power structures and energy markets. The situation is unpredictable, but most likely will be prolonged and increase in severity. The situation has resulted in increased volatility for the global economy in terms of commodity prices, supply chain issues, inflation, interest rates etc. The ongoing conflict does not affect the valuations per 31 December 2021, and the Fund Manager is currently assessing how the conflict will impact the Fund.

No other events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Outlook

The outlook for the Limited Partnership depends on the results of the investments. Expectations for the Limited Partnership are in general positive. Profit for 2022 is expected to be in the range of EUR 5-15m.

No further investments are expected to be made.

Sustainability disclosures

This financial product was closed prior to Regulation (EU) 2019/2088. As a result, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic objectives.

Statement of comprehensive income

	Notes	2021 EUR'000	2020 EUR'000
Realised gains/(losses)		0	13,691
Net increase/(decrease) in unrealised gains/(losses) from financial assets and liabilities at fair value		16,699	0
Operating income		**16,699**	**13,691**
Administrative expenses	3	(105)	(60)
Operating expenses		**(105)**	**(60)**
Operating profit/(loss) (EBIT)		**16,594**	**13,631**
Financial expenses	4	(1)	0
Profit/(loss) for the year		**16,593**	**13,631**
Other comprehensive income		**0**	**0**
Comprehensive income		**16,593**	**13,631**

Balance sheet at 31 December 2021

	Notes	2021 EUR'000	2020 EUR'000	Opening balance 01.01.2020 EUR'000
Equity investments	5	51,021	34,322	0
Investments		**51,021**	**34,322**	**0**
Fixed assets		**51,021**	**34,322**	**0**
Contributed capital in arrears		0	1	0
Other short-term receivables		2	2	0
Receivables		**2**	**3**	**0**
Cash		**132**	**234**	**5**
Current assets		**134**	**237**	**0**
Assets		**51,155**	**34,559**	**5**

Balance sheet at 31 December 2021

	Notes	2021 EUR'000	2020 EUR'000	Opening balance 01.01.2020 EUR'000
Contributed capital	6	6	6	5
Share premium	6	34,367	34,367	0
Retained earnings		16,774	181	0
Equity		**51,147**	**34,554**	**5**
Other payables	7	8	5	0
Current liabilities other than provisions		**8**	**5**	**0**
Liabilities other than provisions		**8**	**5**	**0**
Equity and liabilities		**51,155**	**34,559**	**5**

Statement of changes in equity

	Contrib-uted capital EUR'000	Share premium EUR'000	Retained earnings EUR'000	Total EUR'000
Equity at 1 January 2020	6	34,367	181	34,554
Profit/(loss) for the year	0	0	16,593	16,593
Equity at 31 December 2021	**6**	**34,367**	**16,774**	**51,147**

	Contributed capital EUR'000	Share premium EUR'000	Retained earnings EUR'000	Proposed Extraor-dinary dividend EUR'000	Total EUR'000
Contributed upon formation	5	0	0	0	5
Increase of capital	1	34,367	0	0	34,368
Extraordinary dividend paid	0	0	0	(13,450)	(13,450)
Profit/(loss) for the year	0	0	181	13,450	13,631
Equity at 31 December 2020	**6**	**34,367**	**181**	**0**	**34,554**

Cash flow statement for 2021

	Notes	2021 EUR'000	2020 EUR'000
Operating profit/(loss)		16,594	13,631
Working capital changes	8	4	2
Income from investments		(16,699)	(13,691)
Cash flows from ordinary activities		**(101)**	**(58)**
Financial income and expenses	4	(1)	0
Cash flows from operating activities		**(1)**	**0**
Acquisition of equity investments	5	0	(34,322)
Distributions from investments	5	0	13,691
Cash flows from investing activities		**0**	**(20,631)**
Capital increase		0	34,368
Dividends paid		0	(13,450)
Cash flows from financing activities		**0**	**20,918**
Increase/decrease in cash		**(102)**	**229**
Cash beginning of year		234	5
Cash end of year		**132**	**234**

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Notes

1. Accounting policies

Reporting class

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and disclosure requirements of the Danish Financial Statements Act governing reporting class C enterprises (medium-size).

CI Artemis II HoldCo ApS is an Entity based in Denmark.

This is the Entity's second financial year. The current financial year comprise the period 1 January 2021 – 31 December 2021 and comparative figures comprise the period 10 February – 31 December 2020 and hence the comparative figures are not comparable.

The Entity's investments are investments in portfolio companies and therefore not subject to IFRS 9.
Income of the Entity primarily consists of dividends, and the Entity does not have any significant contracts subject to IFRS 15.

The Entity has not entered into any significant leases falling within IFRS 16.

The financial statements are presented in Euro (EUR), which is the functional currency of the Entity.

The financial statements are presented on the basis of historical cost, except for the investments and receivables from investments, which are measured at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets.

All amounts in the financial statements are presented in whole EUR thousand. Every figure is rounded off separately and, for that reason, minor differences between the stated totals and the sum of underlying figures may occur.

Judgements made by the Management in the application of IFRSs that have had significant effects on the financial statements are disclosed, where applicable, in the relevant notes to the financial statements.

First time adoption of IFRS

This is the Entity's first financial year prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

The transition to IFRS has been made in accordance with the requirements in IFRS 1, which has the following impact under the financial statements:

Notes

1. Accounting policies (continued)

1) The comparative figures have been recognised and measured according to relevant standards under IFRS, especially IFRS 13.

2) The financial statements for the financial year were previously presented in accordance with the Danish-Financial Statements Act (in Danish "årsregnskabsloven). The transition to IFRS have no impact on the equity and statement of comprehensive income.

3) No cashflow statement has previously been prepared for the entity stand-alone, under the Danish Financial Statements Act, hence no reconciliation has been prepared.

Defining materiality

If a line item is not individually material, it is aggregated with other items and notes of a similar nature in the financial statements or in the notes. There are substantial disclosure requirements throughout IFRS. The Management provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not applicable.

The most significant accounting policies are set out overleaf.

Report on the omission of preparation of consolidated financial statements

CI Artemis II HoldCo ApS has omitted to prepare consolidated financial statements under the provisions of IFRS 10 and IAS 27 as the Entity qualifies as an investment entity. The definition is as follows:

"An investment entity is defined as an entity which commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both".

In view of the circumstances described below, the Management believes that the Entity satisfies the definition of an investment entity:

1) The business purpose is to invest funds solely for return from capital appreciation, investment income, or both.
2) The Entity and the investor are not related parties. Please refer to the description in note 14 to the financial statements.
3) The Entity's investments take the form of equity investments. The Entity can exit the investment, if relevant.

Standards and Interpretations not yet in force

All the new and amended Standards and Interpretations which are relevant to the Entity and which came into force with effect for financial years beginning 1 January 2021 have been applied when preparing the financial statements.

Notes

1. Accounting policies (continued)

The Management further believes that other amended Standards and Interpretations, which have not entered into force, will not have significant impact on the financial statements, and they will not be adopted early.

Significant accounting policies and estimates

As part of the preparation of the financial statements, the Management makes a number of accounting judgements which form the basis of presentation, recognition and measurement of the Entity's assets and liabilities. The most significant accounting judgements are evident from note 2 to the financial statements.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably. Assets are derecognised in the balance sheet when it is no longer probable that future economic benefits will flow to the Entity.

Purchase and sale of financial assets and liabilities are recognised in the balance sheet at the commitment date.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of an event before or on the balance sheet date, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably. Liabilities are derecognised in the balance sheet when it is no longer probable that economic benefits will have to be given up to settle the liability.

On initial recognition, assets and liabilities are measured at cost, however, investment assets are measured at fair value on initial recognition, typically equalling cost exclusive of directly incurred expenses (direct transaction costs). Measurement subsequent to initial recognition is effected as described below for each financial statement item. Allowance is made for events occurring from the balance sheet date to the date of presentation of the annual report, and which confirm or invalidate affairs and conditions existing at the balance sheet date.

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

Foreign currency translation

Items included in the financial statements of the Entity are measured in the currency of the primary economic environment in which the Entity operates (the "functional currency"). The financial statements of the Entity are presented in the currency unit (EUR, Euro), which is the Entity's functional and presentation currency.

Notes

1. Accounting policies (continued)

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Statement of comprehensive income

Revenue recognition

Dividend income is recognised when the Entity's rights to receive the payments have been established, normally being the ex-dividend date.

Administrative expenses

All expenses are recognised in the statement of comprehensive income on the accrual basis.

Administrative expenses comprise expenses incurred during the financial year not directly related to the Entity's investment activities.

General due diligence costs and general administration etc including management fees have been expensed by the amounts attributable to this financial year.

Financial income and expenses

Financial income and expenses comprise interest income and various expenses, and net exchange rate adjustments on transactions in foreign currencies.

Interest income and interest expenses are stated on an accruals basis using the principal interest rate.

Balance sheet

Investments

Financial assets and liabilities are recognised at fair value through profit and loss when the Entity becomes party to the contractual provisions of the instrument. Recognition takes place on the trading day when the Entity purchases or sells an investment under a contract whose terms require delivery of the investment within the time frame established by the market.

On initial recognition, equity investments are measured at fair value.

Financial assets and liabilities are derecognised when the contractual rights to the cash flows from the investments have expired or the Entity has transferred substantially all risks and rewards of ownership.

Notes

1. Accounting policies (continued)

Investments consist of equity investments. Furthermore, investments consist of capitalised development costs, which increase the fair value of the investments. On initial recognition, both types of investment are measured at fair value, and subsequently measured at fair value with recognition of fair value adjustments through profit or loss.

The fair value is calculated equivalent to an estimated fair value that is determined based on market information, IPEV Valuation Guidelines and generally accepted valuation techniques, including benchmarking, DCF or other relevant methods, which are considered to provide the best estimate of the fair value.

For further information about the measurement of fair values, please refer to note 11.

Other short-term receivables

Receivables relate to the Entity's ordinary business activities and are mainly from other companies in the Copenhagen Infrastructure Partners structure.

Receivables are measured at amortised cost, usually equalling nominal value. The value is reduced by write-downs for expected losses based on generally accepted models under IFRS 9, including the Entity's historical experience in credit losses etc.

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement of the Entity is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Entity's cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items and working capital changes.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of investments.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and payment of distributions to the Investors.

Notes

1. Accounting policies (continued)

Cash comprises cash and short-term securities with an insignificant price risk less short-term bank loans.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios		Calculation formula	Ratios reflect
Liquidity ratio (%)	=	Current assets x 100 / Current liabilities other than provisions	The entity's financial strength.
Solvency ratio (%)	=	Equity x 100 / Total assets	The entity's financial strength.
Return on equity (%)	=	Profit for the year x 100 / Average equity	The entity's profitability.

2. Significant accounting estimates, assumptions and uncertainties

The Entity develops and invests in infrastructure assets (unlisted equity investments and receivables), the market price of which depends both on entity-specific affairs and market conditions, including power prices, commodity prices, exchange rates and construction risk within the different investments. Furthermore, the valuation and hence fair value of the long-term receivables are affected by changes in the risk-free interest rate and the general cost of risk in the market. As a result, income from investments, including the unrealised value adjustments, accrued interest and the fair value of investments are subject to estimation and uncertainty. For further information about the financial risks related to the investments, please refer to note 10.

This uncertainty may be higher during periods of high volatility in the financial markets, and economic trends affect earnings of the underlying companies as well. Furthermore, the uncertainty is affected by the construction risk within the different investments, and also the uncertainty related to the construction of the projects taking place within relevant time frames or milestones.

The methods applied in and the assumptions underlying the determination of the fair value in unlisted equity investments and receivables are described in note 11 to the financial statements.

3. Administrative expenses

The Entity has no employees.

Notes

	2021 EUR'000	2020 EUR'000
4. Financial expenses		
Other interest, foreign exchange loss etc.	(1)	0
Interest expenses for financial liabilities	**(1)**	**0**

	Investments EUR'000
5. Investments	
Fair value at 1 January 2021	34,322
Acquisitions and development costs (net)	0
Distributions	0
Value adjustment	16,699
Fair value at 31 December 2021	**51,021**

	Investments EUR'000
Investments	
Fair value at 1 January 2020	-
Acquisitions and development costs (net)	34,322
Value adjustment	-
Fair value at 31 December 2020	**34,322**

Investment	Corporate form	Registered in	Equity interest %	Profit/(loss)* EUR'000	Equity* EUR'000
CI Artemis II HoldCo	GmbH	Germany	100	12,461	32,972

*Based on the latest annual report adopted by the AGM (2021).

Since the Fund's main activity is investing in infrastructure investments, listing all investment entities related to the Fund would result in a comprehensive list consisting of multiple pages of entities. In order to maintain the integrity of the true and fair view of the annual report, the list of entities to which the Fund has an equity interest has been limited to the entities to which the Fund has a direct ownership.

Notes

5. Investments (continued)

No values in equity and profit/loss have been stated for entities for which no audited financial disclosures are available.

The methods applied by the Entity to measure investments are evident from note 11 to the financial statements.

In accordance with the requirements of IFRS 12, certain disclosures must be provided for an investment Entity's non-consolidated subsidiaries, and the following information is deemed relevant in this respect:

The Entity’s investments are not classified as investment entities under IFRS 10 because they are all engaged in developing or owning infrastructure projects. There are no restrictions on the Entity's right to receive dividend

6. Contributed capital

The share capital is not divided into classes of shares.

	2021 EUR’000	**2020 EUR’000**
7. Other payables		
Other payables	8	5

The carrying amount of payables relates to investments, legal fees, auditor’s fees, travel costs etc.
The amount recognised is equal to the fair value of the liabilities.

Other payables fall due for payment within 12 months.

8. Working capital changes

Change in receivables	1	(3)
Change in payables	3	5
	4	**2**

9. Financial instruments

Categories of financial instruments:

	2021 EUR’000	**2020 EUR’000**
Investments	51,021	34,322
Financial assets measured at fair value through profit or loss	**51,021**	**34,322**

Notes

9. Financial instruments (continued)

	2021 EUR'000	2020 EUR'000
Other short-term receivables	2	3
Receivables	**3**	**3**
Other payables	8	5
Financial liabilities measured at amortised cost	**8**	**5**

All financial liabilities are due for payment within 12 months.

10. Financial risk management

The Management is ultimately responsible for the overall risk management within the Entity.

The Entity pursues an investment strategy approved by the Management and invests in infrastructure projects.

The Entity's risk management processes includes identification, measurement, monitoring, reporting and mitigation of the identified risks to minimise the potential negative effects at Entity level.

Key financial risk factors and exposure regarding the financial statements for 2021 can be categorised as follows:

Financial risk factors

Liquidity risks

	Less than 1 year EUR'000	Between 1 and 5 years EUR'000	After 5 years EUR'000	Total EUR'000
Other payables	8	0	0	8
31 December 2021	**8**	**0**	**0**	**8**

	Less than 1 year EUR'000	Between 1 and 5 years EUR'000	After 5 years EUR'000	Total EUR'000
Other payables	5	0	0	5
31 December 2020	**5**	**0**	**0**	**5**

The liquidity risk is considered insignificant. No indication of the Investors' inability to contribute the remaining fund commitment exists.

Notes

10. Financial risk management (continued)

The Entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Entity's liquidity risk is considered insignificant as liabilities are payable within one year. In addition, no indication of the Investor's inability to contribute the remaining Entity commitment exists as well as future income from investments is expected to settle the outstanding amount.

Credit risks

The Entity is not exposed to any credit risk from non-performing receivables.
Likewise, there is no impairment of other receivables e.g. at the balance sheet date as it is assessed that the debtors will fulfil the individual facility agreements.

The Entity recognizes a loss allowance and provisions for expected credit losses when there has been significant increase in credit risk since initial recognition. In assessing whether the credit risk on receivables has increased significantly since initial recognition, the Entity compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. As of 31 December 2021, no loss allowance for expected credit losses have been made.

Credit risk related to cash and cash equivalent is considered immaterial. Furthermore, all applied bank connections have a high and sound credit rating.

The Entity is not exposed to any significant credit risk from a single counterparty at 31 December 2021, since the portfolio of the Entity consists of a number of counterparties and infrastructure projects.

Interest rate risk

The Entity has no external debt as of the balance sheet date, and therefore no interest rate risk connected to the liabilities.

A sensitivity analysis of the Fund's investments including applied discount rates for both equity investments and shareholder loans are detailed in note 11.

Currency risk

The Entity is denominated in EUR. All cash flows, including drawdowns and distributions, take place in EUR. Consequently, the Investors are not exposed to currency risk through the Entity. No hedging is made at Entity level. No derivatives have been recognized on the balance sheet date in the Entity.

Notes

10. Financial risk management (continued)

Commodity and power prices

The Entity's indirect power price exposure is mitigated via power price agreements and/or instruments in the project's capital structure. The Entity's indirect outright power price exposure are considered as low. Other hedges of commodities and power prices are recognized in the underlying entity structures, not in the Entity.

When the Entity has an indirect outright power price and commodity price exposure changes in such risk factors impact the fair value of the individual investment.

11. Financial instruments measured at fair value

The fair value of the investments are measured on a quarterly basis, or more frequent if significant changes occur.

The Management has implemented procedures and methodology to ensure that the valuation is carried out consistently over time and across investments.

Methods applied in and assumptions underlying the determination of fair values of investments

The fair value of each equity investment and receivables from investment has been estimated by applying methods that best reflect the risks, and the stage of each investment, e.g. assumptions related to power prices, inflation rates, technical availability and discount rate.

In general, the fair value is determined in accordance with IPEV Valuation Guidelines and generally accepted valuation techniques, including DCF models, benchmarking or other relevant methods. The Entity considers that cost, including capitalised development costs, is the best estimate for fair value.

Below, financial instruments measured at fair value are classified using the fair value hierarchy:

- Quoted prices in active markets for identical instruments (Level 1)
- Quoted prices in active markets for similar assets or liabilities or other valuation methods under which all material inputs are based on observable market data (Level 2)
- Valuation techniques under which any material input are not based on observable market data (Level 3)

It is the Entity's policy to incorporate the classification of financial assets (changes/transfers between levels 1 and 3) in the financial statements if their classification changes during the financial year. There have not been any transfers between the levels during the financial year and all investments are classified as Level 3 investments.

Notes

11. Financial instruments measured at fair value (continued)

Material unobservable inputs for Level 3

Financial instruments measured at fair value in the balance sheet are based on valuation techniques that include material unobservable input. Material unobservable inputs mean in this context that the valuation is dependent on a return requirement that contains a number of components that cannot be observed on trading markets, for example project-specific risks and illiquidity prices and discount rates.

2021	**Level 1 EUR'000**	**Level 2 EUR'000**	**Level 3 EUR'000**	**Total EUR'000**
Unlisted shares, equity investments	0	0	51,021	**51,021**
Financial assets measured at fair value through profit or loss	**0**	**0**	**51,021**	**51,021**

2020	**Level 1 EUR'000**	**Level 2 EUR'000**	**Level 3 EUR'000**	**Total EUR'000**
Unlisted shares, equity investments	0	0	34,322	**34,322**
Financial assets measured at fair value through profit or loss	**0**	**0**	**34,322**	**34,322**

Material unobservable inputs

Discount rate

The discount rate used to value investments and receivables from investments after COD is considered the most material unobservable input, and the applied range for the discount rate is between 5-7%.

Power prices

Power price forecast is based on the forward curve (Bloomberg) for the liquid time horizon interpolated to long term power prices forecast from 3rd party expert forecast providers (e.g. ABB Ventyx, Pöyry, Baringa and Aurora).

Inflation

Inflation rates are obtained from central banks' forecasts and target rates (e.g. Bank of England, Federal Reserve Bank, European Central Bank) for the countries from which materials are sourced, as well as data relating to specific commodities.

Notes

11. Financial instruments measured at fair value (continued)

Sensitivity analysis

The fair value of the Entity's investments is affected by developments in the applied discount rate and future earnings expectations for these investments. A decline or increase in the material unobservable inputs stated above and changes in macroeconomic conditions might have a direct effect on the valuation of the investments.

If the discount rates for investments are increased by 1 percentage point, the fair value of the investments will be reduced by approximately EUR 10-10m, which will reduce the NAV of the Fund with the same amount.
A reduction by 1 percentage point will increase the fair value of the investments by approximately EUR 10-15m, and also have the same effect on the NAV of the Fund. Due to the nature of the investments the effects are subject to some uncertainty, as other factors can in some scenarios have a reverse effect. No sensitivity analyses have been made for investments under construction.

Please refer to note 5 for a specification of fair value investments.

12. Related parties

Related parties with a controlling interest

CI Artemis II K/S, Amerika Plads 29, 2100 Copenhagen owns all shares in the Entity, thus exercising control.

Limited Partner	Residence	Controlling interest
CI Artemis II K/S	Amerika Plads 29, 2100 Copenhagen	100%

13. Contingent liabilities

The Entity has no guarantees or contingent liabilities.

Please refer to the description in note 10 regarding risk on provisions on the outstanding commitment.

14. Investors

The Entity has registered the following Investors as holding more than 5% of the voting rights or nominal value of the contributed capital.

Limited Partner	Residence	Ownership percentage
CI Artemis II K/S	Amerika Plads 29, 2100 Copenhagen	100%

Notes

15. Events after the balance sheet date

The recent development in Ukraine marks a historical event that has and further will redefine the global power structures and energy markets. The situation is unpredictable, but most likely will be prolonged and increase in severity. The situation has resulted in increased volatility for the global economy in terms of commodity prices, supply chain issues, inflation, interest rates etc. The ongoing conflict does not affect the valuations per 31 December 2021, and the Fund Manager is currently assessing how the conflict will impact the Fund.

No other events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

16. Authorisation of the annual report for issue

At the meeting held on 31 May 2022 the Management authorised this annual report for issue on 31 May 2022.

The annual report will be submitted to the Companies' Investors for adoption at the Annual General Meeting on 17 June 2022.