

Swedfund

**Integrated Annual and
Sustainability Report
2024**



Investing for

**Employment
Environment
Empowerment**

INVESTMENT: D.LIGHT
LOCATION: MACHAKOS, KENYA

Employment Environment Empowerment



This year's concept for our Integrated Annual and Sustainability Report, Investing for, describes how our investments create development impact through transparency and concrete examples. The on/off button symbolises the activation of three selected focus areas of our operations: Employment, Environment and Empowerment. They demonstrate how we fight poverty by investing to create jobs, reduce carbon emissions, promote gender equality and increase access to essential services such as electricity, healthcare and digitalisation in developing countries.

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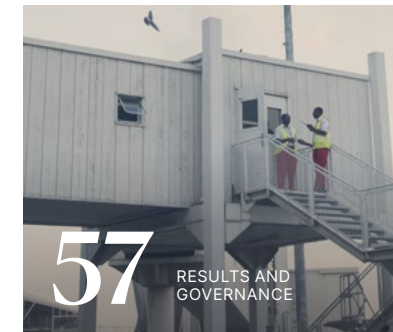
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¹ Director's report page 58–83.

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13

billion SEK invested in the 2030 Agenda



Poverty reduction through sustainable investments

Swedfund is Sweden's development finance institution with the mission of fighting poverty through sustainable investments in developing countries.

66%

of the portfolio invested in Africa

Swedfund was established in 1979 and is a state-owned company managed by the Ministry of Finance. Our operations are financed by reflows from the portfolio and through capital injections from the development cooperation budget, for which the Ministry for Foreign Affairs is responsible.

Swedfund makes sustainable investments in the private sector and works on feasibility studies and capacity-building initiatives with public project owners. Our work contributes to Sweden's development cooperation policy objectives and delivery of the 2030 Agenda and the Paris Agreement.

As a development finance institution, we invest for jobs with decent working conditions, increased access to essential products and services, and mitiga-

tion, adaptation and increased resilience to climate change. Our investments promote innovation, ensure that more companies meet international standards and increase local value creation.

Through feasibility studies and capacity-building efforts in the public sector, we are laying the foundations for more sustainable and investable infrastructure projects in developing countries. Well-developed infrastructure is vital in fighting poverty, for economic development and increased trade. Swedish companies can be part of the solution to the challenges faced by developing countries.

Similar development finance institutions exist in fourteen other European countries, all of which are members of European Development Finance Institutions (EDFI).

Development impact and performance at a glance

In our mission to contribute to poverty reduction through sustainable investments in developing countries, we create development impact while also being financially viable.

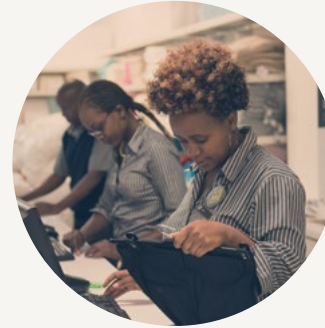
Here are some of the key results that we have achieved. The figures from 2024 show that our portfolio is performing in line with our mission objectives and indicators, however with some changes compared with the previous year.

Results of our portfolio companies pertain to 2023 as they are reported with a one-year lag, with the exception of some indicators that are based on investments contracted in 2024.

Read more about our portfolio companies' results on pages 58-74



Selected key performance indicators



Employment

421,000

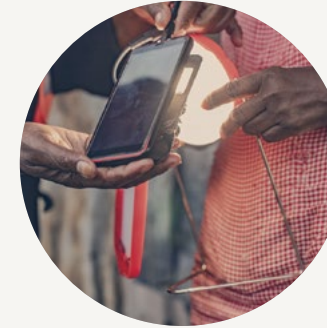
number of jobs in the portfolio in 2023 (2022: 338,000)

48%

job growth – proportion of portfolio companies that recruited additional employees during 2023 (2022: 57%)

5.6%

return on the portfolio, IRR



Environment

13 TWh

energy production through our portfolio companies 2023 (2022: 11 TWh)

79,000

tonnes of GHG emissions (CO₂e) avoided in 2023 (2022: 71,000)



Empowerment

37%

proportion of investments in low-income countries in 2024 (2023: 32%)

~ 720,000

number of loans to micro, small and medium-sized enterprises 2023 (2022: 690,000)



INVESTMENT: PREMIER CREDIT
LOCATION: KANGEMI, KENYA

Performance in line with mission objectives

	Result	Goal
Proportion of portfolio companies in the active value-creating phase complying with the ILO Core Conventions in 2023	97%	100%
Proportion of portfolio companies meeting 2X Criteria ¹ in 2023	66%	60%
Proportion of mobilised capital in 2024	36%	30%
Proportion of portfolio companies increasing both turnover and profitability in 2024	54%	60%
Portfolio's total GHG emissions per SEK invested in 2023	23.9 tCO ₂ e	decrease over time with 2020 as base year

¹ The 2X Criteria are a global framework for identifying and evaluating investments to promote women's entrepreneurship and ownership, leadership and labour opportunities, and access to capital, products and services that can contribute to economic empowerment and gender equality. The framework was initiated by the G7 but now serves as an industry standard that unites efforts to increase gender equality amongst financiers, companies and other stakeholders worldwide.

Highlights during the year

2024 was an exciting year for Swedfund. Here, we highlight some key milestones relating to our operations, partnerships and our strategic work.

1,460

Capital injection in 2024 (MSEK)

January

CAPITAL INJECTION: Swedfund was allocated a capital injection of MSEK 1,460 in the 2024 government budget. MSEK 460 of this amount was earmarked for climate investments. MSEK 240 was allocated to our Project Accelerator, with MSEK 90 earmarked for initiatives in Ukraine and MSEK 15 for initiatives in Moldova.

February

GENDER EQUALITY: In February, our fund managers and financial institutions in East Africa gathered for a training session on gender lens investing and preventing gender-based violence. A similar training session was held in West Africa in November.

Read more on page 23 →

April

UKRAINE: In the Spring Budget, the government proposed a capital injection of MSEK 300 to Swedfund to increase investments in Ukraine and support the country's reconstruction, job creation and increased access to essential goods and services.

15

new investments during the year

2

investments exited during the year

Read more about our new investments on pages 43-46 →

May

AFRICA CEO FORUM: Together with business leaders, investors and policy makers from across Africa, we attended the Africa CEO Forum which highlighted the role of the private sector in the continent's development. Our CEO spoke to CNBC Africa about our mission and increased investment volume, and we took part in a roundtable discussion on investments in food systems.



June

UKRAINE: Our CEO was part of a business delegation visiting Kyiv led by Johan Forssell, the former Minister for International Development Cooperation and Foreign Trade. During the visit, it was announced that Swedfund will set up a regional office in Ukraine to increase investments in job creation and the country's reconstruction.

UKRAINE: We signed a memorandum of understanding with the Ministry of Energy in Ukraine at the Ukraine Recovery Conference in Berlin. Through this collaboration, our Project Accelerator will implement energy projects together with local project owners.

41

new projects during the year

Read more about selected projects on pages 50-52 →

October

WEST AFRICA: We cut the ribbon for our new offices in Abidjan, Côte d'Ivoire, an event attended by representatives of the Ivorian government, colleagues, portfolio companies, the Swedish Secretary of State for International Development Cooperation and a Team Sweden delegation.



EDFI: Under the Association of European Development Finance Institutions (EDFI), an affiliate partnership was signed with FinDev Canada and DFC, our counterparts in the Canada and the US. The focus is sustainable investment and effective partnerships between development finance institutions.

November

PUBLISHING PRIZE: Our 2023 Integrated Report won two gold prizes in the Publishing Prize, an annual contest that covers Sweden's communication industry.

STAKEHOLDER DIALOGUE: We engaged in a stakeholder dialogue with civil society organisations on our strategy, transparency and results reporting to gather key views and perspectives.

Swedfund invests where impact matters most



2024 was another year marked by new conflicts and war, heightened geopolitical tensions, macroeconomic instability and climate change, while poverty fell to pre-pandemic levels.

The world will continue to face major challenges in 2025. Swedfund, Sweden's development finance institution and part of Sweden's development cooperation, strives to overcome these challenges through sustainable investments.

We are witnessing a world in constant flux, with repercussions that are difficult to predict. The increasing level of uncertainty has led to a higher level of risk in Swedfund's portfolio.

Today, around 700 million people in the world live in extreme poverty earning less than USD 2.15 per day. Poverty is not just about missing an income. It is also about lacking access to essential goods and services, such as food, electricity, sustainable infrastructure or digital services, important components in the development of inclusive and sustainable communities. Stronger growth, functioning economies and reduced poverty levels require greater investment by development finance institutions such as Swedfund and other private and institutional actors.

When we visit the countries and regions we invest in, we witness a

high demand for investment and plentiful opportunities. Africa has the fastest growing population in the world and a high proportion of young people. Economic growth is predicted to be rapid even though it has slowed since the pandemic. The African Development Bank expects growth of 4.3 percent for Africa's economy in 2025, with the forecast for East Africa being particularly good. We are monitoring developments in the ongoing conflict in the Democratic Republic of Congo involving Rwanda and the risks posed to the entire region.

Swedfund's strategy for the 2024-2030 period addresses several needs in developing countries. Our aim is to triple our development impact by investing in the private sector and conducting feasibility studies in public infrastructure. In geographical terms, we continue to prioritise investments and projects in sub-Saharan Africa, South and South East Asia and Ukraine. One year into the strategy, we can see that we are on track to achieving our aim. The value of Swedfund's contracted

portfolio was SEK 13 billion at the end of the year, signifying a SEK three billion increase in 2024. The increase mainly derives from the 15 investments contracted during the year and positive effects from currency conversion.

Swedfund received a capital injection of SEK 1,460 million from the Swedish Parliament for 2024. SEK 460 million is earmarked for climate investments. Returns from the portfolio and capital injections from the development cooperation budget have together enabled investment of just over SEK 2.7 billion in Energy & Climate, Financial Inclusion, Sustainable Enterprises and Food Systems. During the year, we also utilised guarantees from the EU to enable investments associated with major financial risks.

In 2024, we also scaled up our regional office for West Africa located in Abidjan, Côte d'Ivoire. This is an important complement to the office in Nairobi which covers East Africa. The regional offices fulfil a vital role in our work to identify new investments and contribute to sustainable value creation.

In the Spring Budget, we received an additional capital injection of SEK 300 million for investment in Ukraine, and in June, we decided to open a local office in Kyiv to enable a higher volume of investment and feasibility studies. The Project Accelerator, which carries out technical feasibility studies in the public sector, received SEK 90 million earmarked for Ukraine, and SEK 15 million earmarked for Moldova. This means that we now have 25 ongoing projects in critical infrastructure such as electricity, water and wastewater solutions, and digitalisation. Some are currently under way, such as the study mapping how a 112 emergency response system can be implemented in Ukraine, which the European Investment Bank (EIB) has decided to fund.

Swedfund mainly achieves the mission objectives stated in our public policy

“Our role is clear: to invest with impact as a guiding principle to reduce poverty and create sustainable growth.”

assignment regarding women’s economic empowerment, jobs in line with the ILO Declaration on Fundamental Principles and Rights at Work, climate, capital mobilisation and profitability of the portfolio companies. Operating profit (EBIT) amounted to SEK 304 million in Q4 and SEK 376 million for the full year 2024. The positive result was mainly due to effects from currency conversion during Q4 and strong capital gains from partial divestments in the fund portfolio. Given the positive EBIT for 2024, Swedfund has met its financial objective of having a positive operating result measured over a rolling five-year period. EBIT excluding exchange rate effects was SEK 28 million in Q4 and SEK 69 million for the full year 2024. The return on the portfolio expressed through IRR also developed positively in 2024, standing at 5.6 percent at the end of the year consolidated for the total portfolio, compared with 4.6 percent at the start of the year.

For 2025, the Swedish parliament has decided to allocate a capital injection of SEK 1,800 million to Swedfund, of which a maximum of SEK 500 million may be used for investments in Ukraine, and SEK 600 million is earmarked for climate investments. The Project Accelerator received SEK 270 million, of which SEK 110 million is earmarked for investments in Ukraine and the region. We see this as great recognition of our

efforts to create jobs and reduce poverty, of our work in Ukraine, and with climate, reflecting the global demand for investments in the green transition.

I would like to extend a heartfelt thank you to all employees for their efforts during the past year and for everyone’s commitment to our mission. Our role is clear: to invest with impact as a guiding principle to reduce poverty and create sustainable growth in the world’s most vulnerable regions.

Our business model demonstrates that sustainable investments with strong returns are possible even in complex regions. The conditions necessary to include commercial capital are present in many of our investments, which we can add to through different structures for risk diversification and instruments such as guarantees.

From solar energy to loans to female entrepreneurs in Africa – to reconstructing Ukraine’s infrastructure in the midst of a war – Swedfund’s investments drive sustainable development and guide the way.

Maria Håkansson,
Chief Executive Officer

Our Chairwoman on how Swedfund delivers development effectively



Catrin Fransson and Maria Håkansson

What is Swedfund’s role in global development, and what challenges do we face?

Swedfund’s mission, to contribute to poverty reduction through sustainable investments in developing countries, is more important than ever.

The ambitions of the 2030 Agenda and the Paris Agreement are increasingly difficult to achieve. At the start of 2025, it became clear that the United States has chosen to freeze and to a large extent dismantle its foreign aid and announced that it will once again leave the Paris Agreement. At the same time, research continues to highlight the consequences of climate change, which affects the poorest areas the hardest.



How does Swedfund create sustainable growth and manage risks?

Swedfund is a small player from an international perspective. But with a clear strategy, structure and resolute determination to create impact, the investment portfolio has seen strong growth in recent years. Collaboration is extremely important for our success, not least when investing in complex markets involving high risk. The excellent cooperation between development finance institutions in the Nordic region and Europe is and will continue to be one of several important factors for success.

Another important prerequisite for success is trust, as Swedfund's growth depends on capital injections from the development cooperation budget. Transparency, competence and structure are essential to earning trust. Swedfund is constantly working to improve its external communications and we are pleased to have received the Publishing Award for our Integrated Report on the grounds that it offers content that is interesting to read, accessible and easy to navigate. Structure and reporting are monitored by both internal and external auditing, and the company is also building stronger structures for risk and compliance.

Work in Ukraine was stepped up in 2024. The Project Accelerator has 25 ongoing projects in critical infrastructure such as energy, water and digitalisation. Demand and need are high for the type of technical feasibility studies and local capacity building that the Project Accelerator is working on. The aim is also to increase the number of investments in Ukraine. As this involves high risk, there is an ongoing dialogue with the owner on separate reporting for investments in Ukraine and adjusting the company's financial targets in 2025.

What progress has been made, and how is the organisation developing?

Swedfund has once again demonstrated that the business model is sustainable and achieves development efficiently. In 2024, the company performed well in terms of achieving its targets and, as in previous years, financed both ongoing costs and growth through current earnings. Based on good results in investment activities, we have invested significantly more than the capital injection received from the Swedish Parliament.

Swedfund has shown strong volume growth for several years, and in turn the organisation has also grown with more employees and new roles.

It pleases me to see that the company succeeds in attracting highly competent employees and manages growth in an orderly and structured way. In a world where circumstances are changing rapidly, constant skills development is essential, and the Board of Directors also takes part in ongoing training on issues that are important to the organisation.

Swedfund's organisational structure is characterised by a strong commitment to creating better conditions for both people and the environment. This commitment is also reflected in the work of the Board of Directors and in the dialogue with owner representatives. I would like to take this opportunity to thank employees, the CEO and the Board of Directors for their excellent cooperation during the year.

It is through collaboration that we achieve such great results and continue to develop the business.

Catrin Fransson,
Chairwoman of
the Board

“The excellent cooperation between development finance institutions in the Nordic region and Europe is and will continue to be one of several important factors for success.”





Overview

Mission and
organisation

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Sustainability notes and
other information

Mission and organisation



An established business model

Swedfund's business model is centred on creating impact within three pillars: **Impact on society, Sustainability and Financial viability.**

The pillars characterise every step of the investment process, from the initial assessment in the investment phase and the active ownership phase, through to all follow-up of results and final exit from the investment.

Similarly, the Project Accelerator considers the pillars when assessing new projects, during the project cycle and after the project has been completed.

Read more about how we measure our portfolio companies' performance per pillar on pages 58–74



Impact on society

Swedfund assesses how investments and projects can contribute to impact on society based on our theories of change. The investments are designed to create the desired development impact, such as inclusive economic growth, private sector development and strengthening of local communities.

We measure performance based on the following indicators:

- Jobs
- Gender equality and women's economic empowerment
- Climate impact
- Tax revenue



Sustainability

To contribute to the creation of businesses sustainable in the long-term, our investments and projects must increase the number of jobs with decent working conditions, comply with international standards, implement management systems to manage environmental and social risks, ensure that human rights are respected and work proactively on business integrity.

We measure performance based on the following indicators:

- Decent working conditions
- Management system for environmental and social issues, including human rights
- Management system for business integrity



Financial viability

We must contribute to profitable and financially sustainable enterprises as well as long-term financing solutions for public project owners. Business enterprises and projects that are financially viable can grow, contribute to the creation of more jobs with decent working conditions, increase their tax base and strengthen women's economic empowerment.

We measure performance based on the following indicators:

- Turnover and profitability
- Fund IRR
- Capital mobilisation

A public policy assignment

Fighting poverty requires more jobs and increased access to essential products and services. Our investments create jobs with decent working conditions, strengthen women's economic empowerment and increase digitalisation and access to electricity, food and healthcare. We also invest to combat the effects of climate change and increase resilience.

Investments in sustainable infrastructure are needed for economic development, the green transition and to reduce inequality. Through the Project Accelerator, we contribute to the development, financing and long-term sustainability of new critical projects in our partner countries.

Our focus

According to our Owner Instructions, Swedfund's remit is to operate in the least developed countries, where there is the greatest opportunity to make a difference. We have therefore chosen a geographical focus on sub-Saharan Africa and some of the most vulnerable countries in Asia and Eastern Europe. 66 percent of Swedfund's investments are made in Africa.

How we operate

Our work is based on our Theory of Change. This means that we carry out an analysis of how a potential investment can contribute to change and what direct and indirect development impact is created. We contractually bind the changes we want to achieve and consider possible, and provide



PROJECT: HDECOVA
LOCATION: ADDIS ABABA,
ETHIOPIA

expertise and technical assistance as and when necessary to support sustainable development.

Our business model is based on three pillars: Impact on society, Sustainability and Financial viability. We follow up and report on a number of indicators linked to each pillar, and our overall results reflect the development impact we have created. We also measure and follow up on a number of sector-specific indicators.

Our objectives for sustainable value creation

Swedfund's strategic objectives for sustainable value creation lay the foundation for our business. The objectives must be long-term, challenging, measurable, clear and comparable. Swedfund has a public policy

assignment with specific mission objectives focused on sustainable value creation and the 2030 Agenda. We report on our achievement of our mission objectives and strategic objectives for sustainable value creation, and outline our work on issues such as business integrity, environmental management systems and tax, which are essential aspects of our value creation work. Our financial objectives are aligned with our mission to be additional and catalytic and to invest in high-risk environments in order to create development impact.

Additionality

Swedfund's mission is to be additional, meaning we enable investments that would otherwise not have been made.

Swedfund assesses additionality according to the OECD Development Assistance Committee's definition which includes financial, value and development additionality. Within value additionality we assess an investment's sustainability and societal impact. The definition of financial additionality includes contributing to capital mobilisation.

We are additional by:

- investing in the private sector, mobilising capital and building capacity to promote development and growth;
- carrying out feasibility studies and capacity-building initiatives via the Project Accelerator for sustainable development of public infrastructure, where Swedish companies can be part of the solution.

[Read more about our investment process on pages 39–42](#) →

Our risks

Taking risk is a pivotal part of our mission and operations as development finance institution. We are additional by taking risks and showcasing opportunities. Making sustainable investments that create both impact and financial return is central to our role and has an important demonstrative purpose which facilitates capital mobilisation.

Our risk management method aims to achieve risk optimisation based on our mission objectives and business model, rather than risk minimisation in every respect.

[Read more about our risks on pages 35–36](#) →



INVESTMENT: JACARANDA MATERNITY HOSPITAL
LOCATION: NAIROBI, KENYA

Our mission objectives

Socially sustainable investments

100%

Compliance by all of the Company's investments with decent working conditions in accordance with the ILO Declaration on Fundamental Principles and Rights at Work within no more than three years from the date of investment.

> 60%

Greater gender equality in the Company's investment portfolio in terms of the 2X Criteria or comparable criteria to be met in no less than 60 percent of the Company's investments no later than three years from the date of investment.

Mission objectives aligned with the Sustainable Development Goals



The Company's additional role

> 30%

The Company's investment portfolio is to mobilise no less than 30 percent of private capital.

Environment and climate-related sustainable investments

2045

The Company's investment portfolio is to be climate-neutral by 2045, meaning that GHG emissions from the portfolio must be net zero as defined by the IPCC. The portfolio's total GHG emissions per Swedish krona invested must therefore decrease over time, with 2020 as the base year.

Economically sustainable investments

60%

Turnover and profitability to increase in at least 60 percent of the Company's investments during the holding period, where a base year corresponds to the investment year.

Our financial objective

> 0

in operating profit

Operating profit to be greater than zero over a five-year period.

Development finance in a changing world

We are in a time of major change and parallel crises. Geopolitical tensions have heightened around the world and conflicts have escalated in several areas. The war in Ukraine continues to affect the global economy, and in the Middle East the conflict has spread to more countries. At the same time, a record number of elections have been held in 2024, which have led to political changes in various parts of the world.

The rapid and unpredictable geopolitical developments in the world around us have led to huge uncertainty and growing risks in Swedfund's investment countries and portfolio. Recent years of parallel crises and geopolitical changes have added to the challenges that already exist in developing countries. Several countries have been affected by social and political unrest as a result of higher costs of living and high youth unemployment, while the effects of climate change

are becoming increasingly visible. All in all, this poses major challenges in terms of meeting the 2030 Agenda and achieving the goals of the Paris Agreement.

However, after four turbulent years, the macroeconomic conditions in sub-Saharan Africa are gradually improving. This economic recovery is expected to continue in 2025. Inflation has almost halved and public debt ratios have stabilised slightly. Many governments continue to struggle with low govern-

ment revenues, high borrowing costs and demands for debt repayments, limiting the room in budgets for reform. The region is more vulnerable to global (external) economic shocks, as well as to the threat of increasing political instability and the effects of climate change. For sub-Saharan African countries, the conflict in the Middle East is likely to play out in the form of trade disruptions and higher prices for goods and services.

Several countries in sub-Saharan Africa have held democratic elections and strengthened the rule of law. Alongside this, authoritarian regimes have increased their power in several countries and corruption and conflicts continue to be major barriers to stability. Human rights, especially those of minorities and women, are often violated. In West Africa, several Sahel



INVESTMENT: KASHA
LOCATION: NAIROBI, KENYA

countries have experienced political uncertainty, conflicts and military coups in recent years, and Russia continues to strengthen its influence in the region. China is a strong partner for many countries in sub-Saharan Africa and has promised USD 50 billion in additional investments over the next three years.

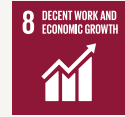
Regional growth in Asia as a whole has recovered from the crises in recent years and is expected to increase slightly by 2025. Growth in Asia is generally below pre-pandemic trends. South East Asia and South Asia are expected to increase their contribution to regional growth, driven by an increasing role in regional value chains. Economic growth and lower inflation are expected to make a positive contribution to political stability in these countries, although the risks

remain. Several countries in the region, such as Indonesia and the Philippines, have made progress towards democracy, while others, such as Myanmar and Vietnam, have seen increased repression. Several shifts of power have taken place in the region during the year, including in Bangladesh and Sri Lanka. The risks to social and political stability will continue to increase as the new leaders consolidate their positions.

Despite the challenges, there is great potential in developing countries in the form of a young and growing population, innovative SMEs and a strong entrepreneurial spirit. By making sustainable investments in job creation, stronger economic empowerment and reduced climate impact, development finance institutions such as Swedfund are helping to meet the challenges whilst realising the potential in these



Employment



1.2 billion people in developing countries are expected to enter the global labour market over the next ten years. At the same time, it is estimated that only 425 million new jobs will be created, meaning that the gap between supply and demand for jobs will be huge. Along with unemployment, the large informal sector is a challenge in many developing countries. In sub-Saharan Africa, around 85 percent of the workforce is engaged in the informal sector, and a significant proportion of these workers are young people and women.

A large informal labour market means that a significant proportion of the labour force in a country is not registered or protected by laws and regulations that apply under formal working conditions. This presents a number of challenges, both for the economy and for the individuals operating in the informal market. Employees often lack access to essential social protection systems such as health insurance, pensions, unemployment benefits or sick pay. Moreover, many informal jobs lack protection for employee rights,

such as rules on working hours, minimum wages and a safe working environment.

People working in the informal market often have limited access to financial services such as bank accounts, loans or insurance. This makes it difficult for them to save, borrow or otherwise participate in the formal economy, which can hinder economic development and lead to increased poverty and inequality. In addition, government tax revenues are declining in countries with a large informal labour market. This means that governments have fewer resources to invest in public infrastructure, education, healthcare and other important social services. As many informal jobs are low-productive jobs and often lack access to new technology or training, increasing productivity in these sectors can be difficult. Therefore, economic growth in countries with a large informal sector is often slower.

It is primarily through sustainable investments in businesses and financial institutions in the local private sector that more jobs are created.

Nine out of ten jobs are created by businesses that grow and employ more people. A job is the most effective way out of poverty, and each job can support between five and seven people. To truly contribute to sustainable development, the jobs created must be productive, offer decent working conditions and be covered by social protection systems. Initiatives leading to this type of job can have a major impact on both poverty reduction and economic growth.

To improve working conditions and create long-term sustainable development, it is crucial to promote the transition from the informal to the formal sector in developing countries. Development finance institutions such as Swedfund invest in small and medium-sized enterprises to help them grow and contribute to more direct jobs with decent working conditions. This means that employees receive fair pay, a safe working environment, access to social protection systems and freedom to express their opinions, join trade unions and participate in decisions that affect their working



conditions. Other investments, such as those in renewable energy and digitalisation, also contribute indirectly to job creation. Investments in renewable energy provide the private sector with access to reliable and cost-effective energy. Investments in digitalisation can create new jobs, improve working conditions and increase access to global markets. By providing digital infrastructure and access to the internet, more people can participate in the digital economy, for example through remote work, e-commerce or digital services. In addition, digitalisation

can streamline traditional sectors such as agriculture and manufacturing by introducing technologies to improve productivity and profitability. At the same time, the digital transition creates platforms for entrepreneurship and innovation. Overall, essential infrastructure creates better conditions for businesses to grow and employ more people. Swedfund's Project Accelerator also contributes to this by creating the conditions for more infrastructure projects to be undertaken and financed.



Environment



Climate change is the greatest challenge of our time, and changes are happening faster than we previously feared. In developing countries, climate change and its effects impact people's livelihoods, health, homes and access to food.

The latest report by the UN Intergovernmental Panel on Climate Change (IPCC) summarises five years of research. The report shows that greenhouse gas emissions will lead to continued global warming in the near term, and we risk exceeding the 1.5 degree limit between 2030 and 2035. The World Bank estimates that the effects of climate change could drive another 100 million people below the poverty line by 2030. In addition, climate change leads to increased competition for resources such as land, food and water, exacerbating socio-economic tensions and causing mass movement. If no action is taken, the World Bank estimates that more than 140 million people in developing countries could be forced to migrate by 2050.

Developing countries are also hard hit by other climate-related challenges, such as the degradation of local habitats caused by discharges to water and poor waste management. In many cases, there is a lack of sufficient infrastructure and resources to manage waste efficiently, resulting in litter and chemicals ending up in rivers and oceans. Another example is emissions from traffic, which represents a significant health problem in developing countries due to the rapid urbanisation and increase in traffic. People living in poverty are disproportionately affected, as they often live close to major traffic routes where pollution levels are at their highest, and often have limited access to healthcare. Meeting these challenges requires investments in sustainable water treatment and waste management infrastructure, as well as investments in public transport, the transition to cleaner fuels and technology.

Research shows that it is not too late to slow down these developments. However, this requires major changes

in how we produce food, use land, transport goods and electrify our societies. After two weeks of intense negotiations, delegates at the COP29 climate conference agreed that rich countries should contribute at least USD 300 billion per year to the global fight against climate change, with a collective goal for climate-related financing to reach at least USD 1.3 trillion by 2035. The countries also agreed on the framework for a UN-backed global carbon market. This market will facilitate carbon credit trading and provide countries with incentives to reduce emissions and invest in sustainable projects.

Other steps forward at COP29 included extending a programme focused on gender equality and climate change, and establishing a support programme for the least developed countries to implement National Adaptation Plans.

Preserving and restoring ecosystems is crucial to mitigating and adapting to climate change. At COP15 in 2022, world leaders agreed on a new global



framework, the Kunming-Montreal Global Biodiversity Framework, which aims to halt and reverse the ongoing loss of biodiversity. In June 2023, the international community agreed on the protection and sustainable use of marine biodiversity, and at COP16 a further decision was made on how the areas to be protected should be selected. A permanent working group was set up to strengthen the involvement of indigenous peoples and local communities. One of the key issues for

upcoming conferences is how financing should be managed and channelled. In addition, changing priorities and significant uncertainty may affect the possibility of implementing the Paris Agreement by 2030. There are worrying signs of decreased commitment, but it is currently too early to determine the actual consequences for global climate efforts.

To succeed in the green transition, investments in emission reductions are required in both medium- and

high-income countries, which are large carbon emitters, and in developing countries, which need to build sustainable energy infrastructures. At the same time, high levels of resources must be invested to build resilience and adapt to the climate changes that are already taking place. Currently, less than ten percent of all climate-related financing goes to adaptation.

Development finance institutions such as Swedfund have a crucial role to play in the work on emission reductions, adaptation and protection of biodiversity. Investments in renewable energy, energy efficiency, adaptation measures and carbon storage allow developing countries to rapidly transition to climate-smart solutions. However, there is a dilemma that investments that lead to poverty reduction, job creation and economic growth can also contribute to increased emissions. Swedfund therefore balances development and climate objectives and has included a balance between the objectives in its strategy. Swedfund has also performed an analysis for a climate-neutral portfolio aligned with the Paris Agreement that shows it is

possible to meet the goals for both poverty reduction and climate change.

Over the past year, the European Development Finance Network (EDFI) invested a total of EUR 3.6 billion in climate-related financing, an increase of 17 percent compared with the previous year. Over the past three years, Swedfund has received capital injections earmarked for climate investments, making it possible to further accelerate the work to meet the challenges of climate change. Given their long experience investing in developing countries and proven business models focused on sustainability and impact on society, development finance institutions also play an important role in mobilising private and institutional capital. New types of climate investments are emerging for reducing carbon emissions, such as investments in emission allowances and in nature-based solutions, which are measures to protect, sustainably manage and restore ecosystems.

The climate issue requires a holistic approach, and through the Project Accelerator we can support public project owners in strengthening elec-

tricity grids, for example, to enable more efficient transmission of renewable energy, and with work on energy storage, adaptation and limitation of carbon emissions. The Project Accelerator also works on the transition to sustainable transport that will help improve the availability and efficiency of the transport system while reducing emissions, bringing significant socio-economic benefits.

By combining the experience of European development finance institutions in climate investment with other partners and investors, we can achieve both an energy transition and sustainable economic development prepared for the challenges of the future. As a pillar-accredited development finance institution, Swedfund is a shareholder of EDFI MC, a management company set up to jointly manage the EU's financing instruments. Through EDFI MC, we have access to EU guarantees of EUR 1.28 billion, including in the area of climate. One example is EDFI Carbon Sinks, a programme designed to scale up equity investments in forestry and businesses investing in carbon sink projects.





Empowerment



Extreme global poverty has declined over time as a result of greater economic growth. In spite of this, almost 700 million people still live in extreme poverty, mainly in sub-Saharan Africa and conflict-prone areas. Although the number of countries with major income gaps has decreased over the past two decades, economic inequality remains significant in sub-Saharan Africa and parts of Asia. In addition, there are major differences in access to basic public services such as electricity, internet and banking. This goes against the foundation of sustainable development which is based on the fair distribution of resources. Empowerment refers to the promotion of equal opportunity for all to participate in and influence social development economically, socially and politically.

Reducing poverty and increasing economic equality requires investments that promote inclusive and sustainable growth. However, flows of foreign direct investment (FDI) to developing countries were down nine percent to

USD 841 billion in 2023. Developing countries in Asia were hardest hit by this decline, with a 12 percent decrease, while flows to Africa were more or less stable. The decline was mainly due to the uncertainty affecting the global economy.

Local investors play a crucial role in creating economic stability and long-term growth. Local capital helps reduce dependence on foreign investment, protects the economy from external shocks and builds confidence in local economies, which can attract further investment. Local investors also have a better understanding of the regional market, cultural contexts and business environment, making them more likely to invest in sectors and projects that are relevant to the local population and their needs. However, limited access to capital and financial services is a barrier to increasing the proportion of local investment. Promoting the potential of African investors requires improvements in financial infrastructure and regulation.

Strengthening local lenders such as banks and other financial institutions will be important for empowering people and promoting financial stability. Banks are crucial in developing countries as they offer loans to small and medium-sized enterprises that are vital to employment and reducing poverty. By offering secure financial services and access to loans, banks enable investments, strengthen households' financial resilience and drive innovation. Without functioning banks, the opportunities for businesses and individuals to grow and contribute to sustainable economic development are limited.

There is a big difference in economic empowerment between women and men. Gender equality is not only a matter of fairness, but also a prerequisite for sustainable development. Research shows that increased gender equality enhances economic productivity, reduces poverty and strengthens social cohesion. According to World Bank estimates, global income per

capita would be almost 20 percent higher if women participated in the labour market under the same conditions and to the same extent as men. When it comes to access to essential banking services, women often have to rely on loans from family or microloans to run their businesses. Fewer women than men use the mobile internet, and of the 900 million women without an internet connection, nearly two thirds live in southern Asia and sub-Saharan Africa.

Through targeted lending to groups that traditionally have the most difficulty accessing capital by investing in banks and financial institutions, development finance institutions contribute to more inclusive growth and support business growth and job opportunities. A specific example is that more female entrepreneurs gain access to capital through investments in banks, financial institutions and microfinance organisations that offer loans specifically aimed at women. Swedfund's investment process systematically

integrates work to strengthen women's economic empowerment and to prevent and manage risks related to gender-based violence, discrimination and harassment.

Strengthening empowerment can also be promoted through access to digital services. In terms of digitalisation, development finance institutions invest in cost-effective digital solutions that create new jobs, increase access to goods and services, and promote innovative solutions in areas such as education, healthcare, financial services and logistics. Feasibility study instruments can further accelerate digitalisation in developing countries, for example by financing feasibility studies to improve digital storage, strengthen digital resilience and evaluate new digital solutions that can promote long-term sustainable development.

In short, investments are needed to strengthen economic empowerment and gender equality by increasing access to capital.

Increasing income generation at a local level, for example by promoting local production, is crucial for creating sustainable economic growth and reducing poverty in developing countries. Direct investments in companies by development finance institutions, but also via banks and local investors, contribute to more sustainable and responsible local owners and lenders. Through such investments, development finance institutions can contribute to improving the ability to manage risk and increase access to loans for small and medium-sized enterprises. Furthermore, investments in local funds can help channel capital to areas that are otherwise often overlooked, such as rural development, green energy and social innovation. This not only creates a stable financial environment, but also promotes economic inclusion and reduces vulnerability in developing countries.

A holistic approach to accelerate the new strategy

Our business model, based on Impact on society, Sustainability and Financial viability, contributes to all the Sustainable Development Goals.

2024 was the first year of the strategy adopted by Swedfund's Board of Directors for the 2024-2030 period. The objective is for Swedfund to triple the impact created through investments, feasibility studies and local capacity building by 2030.

Our strategy is based on the Swedish government's ownership policy for state-owned companies, Swedfund's public policy assignment and needs in developing countries. This means that within the framework of the Sustainable Development Goals, SDG 1 (No poverty), SDG 5 (Gender equality), SDG 8 (Decent work and economic growth), SDG 10 (Reduced inequalities) and SDG 13 (Climate action) continue to be prioritised.

During the period, we will continue to invest in more jobs with decent working conditions, increased access to

capital for individuals and businesses, electricity, digital solutions and better food supply in developing countries. Investments will be in the four sectors, Energy & Climate, Financial Inclusion, Sustainable Enterprises and Food Systems.

In geographical terms, Swedfund will continue to prioritise Africa, South and South East Asia and Ukraine. Swedfund's two regional offices for East and West Africa play an instrumental role in implementing our strategy by identifying new investments focusing on sustainable value creation.

A cornerstone of the strategy is increased local presence, which led to our plan to open a new regional office in Kyiv and increase our presence in Asia. We will also continue developing our sustainability work. To contribute to the creation of sustainable businesses, our portfolio companies must offer jobs with decent working conditions, introduce management systems

to manage environmental and social risks and human rights, and actively engage in business integrity.

During the strategy period, Swedfund also aims to increase capital mobilisation in developing countries. Swedfund will also continue to deepen partnerships with civil society organisations, institutional investors, embassies and other actors relevant to our mission and our financing.

New strategy 2024-2030

Our new strategy for the 2024-2030 period is based on the needs we have identified combined with our competence and expertise. The aim is to triple our development impact within the framework of the 2030 Agenda by using our two instruments, investment and feasibility studies, which enable us to work holistically on issues relating to sustainable development and inclusive growth.



Technical assistance for gender equality

CASE STUDY: Gender equality and women's economic empowerment are at the core of Swedfund's strategy, and are one of our most important areas within impact on society. Swedfund actively works to support portfolio companies and financial institutions in implementing a gender equality perspective, including by helping them to fulfil the 2X Criteria and through technical assistance. One example of support offered through technical assistance is regarding the prevention and management of sexual exploitation, abuse and harassment (SEAH).

Training on sexual exploitation, abuse and harassment (SEAH)

In partnership with the organisations Value for Women and the Kvinna till Kvinna Foundation, Swedfund has developed a training for Swedfund's portfolio companies, investors and financial institutions to strengthen their gender equality work, from both Gender Lens Investing (GLI) and SEAH perspectives. The training was held twice during 2024, first in Nairobi and subsequently in Abidjan. Portfolio companies of the Dutch development finance institution FMO also participated in the training held in Abidjan.

The purpose of the training is to promote gender equality and women's economic empowerment by educating on prevention and management of SEAH. Participants were taught tools for implementing gender equality perspectives in their own operations and

Empowerment

how to prevent gender-based violence. An important outcome was the roadmaps detailing objectives, actions and opportunities for improvements in participants' organisations. They suggested possible actions such as gender-aware approaches, products and services adapted to women and increased safety at work.

A follow-up survey showed that the training enhanced understanding of GLI and SEAH methodologies and helped participants address organisational challenges related to GLI and SEAH.

The training is part of Swedfund's work to increase gender equality in the portfolio companies and SDG 5, a core goal in Swedfund's strategy.



Our tools for poverty reduction

Swedfund has two tools that we employ to deliver on our mission. We make investments in the private sector and finance feasibility studies in the public sector through the Project Accelerator. Both are mutually reinforcing processes that enable us to work holistically on our mission as a development finance institution.



Investments

Swedfund has several financial instruments for our investments: equity, loans and guarantees. We make direct and indirect investments through equity and loans. The choice of investment form depends on the financing requirements of each company, but we also strive to achieve a good balance of instruments in our combined portfolio. Since 2023, Swedfund has also had access to EU guarantees.

Our work is based on our Theory of Change. This means that we carry out an analysis of how a potential investment can contribute to change and what direct and indirect development impact is created.

Direct investments

Equity

When Swedfund invests in shares, we are a minority shareholder. We have ample opportunity to exert influence and usually have a seat on the company's board of directors. As a shareholder, we aim to be a long-term investor, but to sell our shares as soon as we are no longer needed. Swedfund remains a shareholder as long as there is an opportunity to make a positive difference and contribute financial resources and knowledge, for example in terms of sustainability and impact on society. When deciding whether to sell shares, we consider a range of factors, including the new shareholder's ambitions and the possibility of continuing to run the company in a sustainable way.

Loans

A loan is based on a company's need for financing and entails less risk compared to an equity investment, although the general level of risk in Swedfund's markets is always high. Loans are more predictable as an instrument as there is an agreed repayment plan, ongoing interest payments and a planned maturity date. Requirements regarding sustainability, reporting and further development of sustainability work exist in the same way as for other forms of financing,

but our influence is slightly less once the loan has been disbursed. It is therefore vital for Swedfund to agree on these requirements in a loan agreement before the first payment is made. Many jobs are created in small companies that need small loans or microloans. Using a loan instrument is an effective way of reaching many smaller companies and entrepreneurs.

Guarantees

The relationship between development finance institutions and the EU has deepened as a result of our experience with long-term and sustainable private sector investments in difficult contexts. Several development finance institutions, including Swedfund, have been pillar accredited, meaning we can use the EU's instruments for private sector development. Swedfund is a shareholder of EDFI MC, a management company set up to strengthen cooperation between pillar-accredited development finance institutions and the EU. Through EDFI MC, we have access to EU guarantees worth EUR 1.28 billion.

The guarantee schemes allow us to use the guarantees in high-risk investments in areas such as MSMEs, renewable energy, climate, digitalisation and health.

Indirect investments

Indirect investments

Indirect investments through funds or investment platforms enable small and medium-sized enterprises to access loans or equity. Swedfund also invests in thematic funds to improve access to health-care, digitalisation and renewable energy.

The indirect investments that Swedfund makes involve cooperation with managers who have a high level of expertise in the countries and sectors we invest in, and often a regional presence.

This allows us to reach more small companies, share risk and contribute to better risk diversification in the portfolio. Fund instruments also facilitate the mobilisation of private capital and ensure that Swedfund acts as a catalyst.

By requiring fund managers to impose similar requirements as Swedfund imposes on our direct investments, we contribute to funds developing their sustainability work and ensuring that more companies meet international standards.

Swedfund is often involved in LPAC, a group of representatives from the largest investors. Swedfund may agree with the fund on what is known as an 'opt out right', which entitles us to refrain from an investment that does not meet our requirements, for example regarding the geography of investment or certain sectors.

PLACEHOLDER IMAGE

Technical assistance

Funds for technical assistance are a strategic tool used for quality-enhancing initiatives in portfolio companies to strengthen impact on society and sustainability. As an active owner, Swedfund aims to strengthen the capacity of our portfolio companies in accordance with our mission and objectives. The funds will prioritise initiatives linked to development impact, gender equality and sustainability, including the environment and climate, decent working conditions, business ethics and business integrity.

Our potential, current and closed investments can benefit from technical assistance and we can engage external partners in the implementation of projects. The maximum budget for each project is MSEK 2. Technical assistance cannot be used for activities that are deemed to be part of the portfolio companies' day-to-day operations, such as replacing obsolete equipment or employing specific expertise.

[Read more about technical assistance on page 77](#)



Project Accelerator

A lack of infrastructure in developing countries hampers economic growth and sustainable development, leading to unequal access to essential services such as electricity, clean water and transport. These challenges can be overcome through increased capacity and support for project planning, development, structuring and procurement, making it possible to implement and finance projects.

We assist public institutions such as ministries, municipalities, cities and state-owned companies with infrastructure projects that can create a positive impact on society. The tool is financed through grants and enables the financing of local feasibility studies and capacity-enhancing engagements. Projects are based on local needs and priorities and are aligned with the 2030 Agenda. In many cases, projects correspond to sectors in which Swedish companies can offer sustainable solutions by participating in competitive procurement processes.

In order for a feasibility study to translate into a project, financing is required through a Swedish export credit solution or a development bank, for example. Hence, Swedfund works closely with



actors within Team Sweden, including Business Sweden, SEK, EKN and Sida, in many projects.

The Project Accelerator also plays a crucial role in preparing sustainable projects that boost investment opportunities for private partners and Swedfund. One example is in the green energy sector, where the Project Accelerator supports projects that strengthen the capacity and reliability of the electricity grid, which is often a prerequisite for distributing renewable energy from solar, wind and water – areas in which Swedfund invests.

The Project Accelerator thus acts as a vital bridge between development cooperation, trade and investment, and, by extension, more inclusive growth and a green transition.

Support and engagements

Feasibility studies

A feasibility study is an early analysis to assess the feasibility of a project before significant resources are invested. The purpose of a feasibility study is to identify potential barriers, estimate costs and benefits, and evaluate different options to ensure that the project meets the needs and aims of the local project owner.

Technical feasibility studies

A technical feasibility study is an analysis that evaluates the technical aspects of a project to determine its feasibility. It examines whether the required technology, equipment and technical expertise are available and whether these can be used effectively to meet the needs identified locally and achieve the project owner's aims. A study can also identify potential technical challenges and risks.

Environmental and social impact assessments

Environmental and social impact assessment means identifying, predicting and evaluating the environmental and social impacts of a proposed project. The purpose is to identify risks and potential opportunities in these areas before the project starts. It could include assessing the impact on natural resources, ecosystems, communities and human health, as well as developing strategies to manage risks and opportunities.

Capacity-enhancing engagements

Capacity-enhancing engagements involve strengthening and developing the skills, knowledge and resources required to effectively plan, undertake and evaluate projects. This includes training staff, improving organisational structures and processes, and providing the necessary tools and technologies. The aim is to ensure that the project owner's organisation has sufficient capacity to manage the project successfully and make informed decisions.

Read more about the Project Accelerator on pages 47-49



Chosen sectors

Through our tools, we address a number of prioritised goals relevant to the delivery of the 2030 Agenda. This means we prioritise investments and projects that contribute to jobs with decent working conditions and reduced emissions, as well as increased inclusion and access to capital for companies and individuals. We also invest for greater digitalisation and gender equality.

Investments

In order to achieve development results effectively, we have chosen to organise our investment activities into four sectors, which allows us to focus our resources and continue building expertise: Energy & Climate, Financial Inclusion, Sustainable Enterprises and Food Systems.

We have a theory of change for each sector that forms our starting point when we analyse an investment and identify direct and indirect development impacts. We have also developed sector-specific indicators for impact measurement.



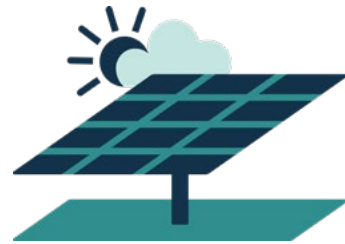
Sectors for the greatest impact

Energy & Climate

Access to renewable energy is a crucial factor for economic growth and poverty reduction. Today, around 750 million people lack access to electricity, three quarters of whom live in sub-Saharan Africa and the least developed regions of Asia.

The Energy & Climate sector only invests in renewable energy sources. The expansion of sustainable energy supplies requires a broad approach and innovative solutions. Through our investments, we finance both grid-connected power sources as well as stand-alone, so-called off-grid solutions that enable households, villages and communities to utilise locally produced energy.

We also finance broader climate-related investments, such as improvements in energy and resource efficiency that are key to the green transition. The sector also includes green infrastructure, such as water and waste management, digital infrastructure, forestry and other carbon sinks as well as biodiversity projects.



In the Energy & Climate sector, we invest in:

- Renewable energy (including production and distribution)
- Resource efficiency (e.g. water, waste) and energy efficiency
- Sustainable forestry and other nature-based solutions
- Green and digital infrastructure
- Other climate-related investments (mitigation and adaptation)

Financial Inclusion

In developing countries, small and medium-sized enterprises account for the majority of all jobs and drive the countries' economic and social development. Lack of capital is one of the most limiting factors for these companies' opportunity to grow.

Financial Inclusion invests in, amongst others, regulated banks. In addition to enabling increased lending to the banks' customers, we also help develop institutions' work on sustainability and corporate governance, which are important aspects for inclusive growth.

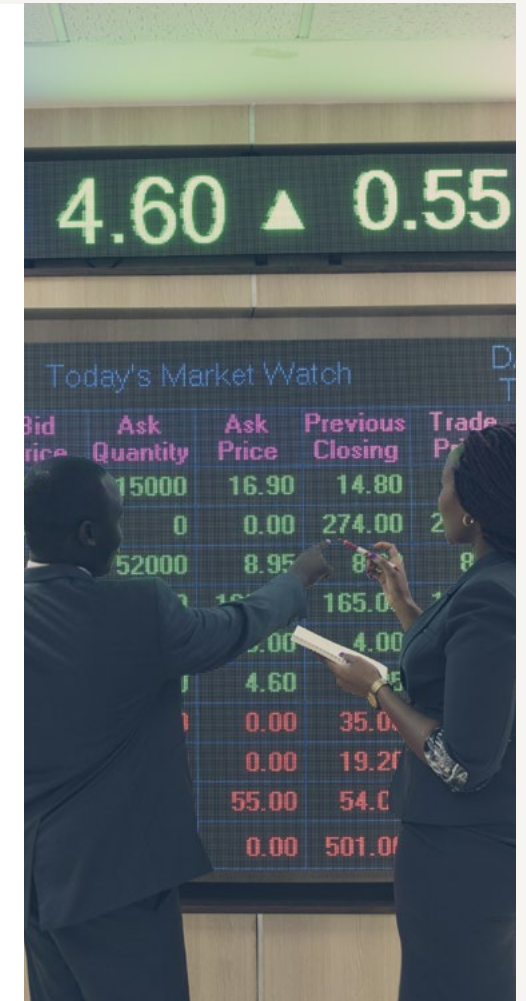
Swedfund also invests in microfinance institutions that provide microloans to entrepreneurs, small businesses and low-income earners. We require microfinance institutions to develop responsible lending practices through Customer Protection Principles (CPP), which certify that they actively promote responsible lending and management. For example, pricing should be transparent, excessive indebtedness



should be avoided, debts should be collected responsibly and personal integrity should be respected.

In the Financial Inclusion sector, we invest in:

- Access to credit (direct and indirect) through financial institutions and microfinance institutions
- Insurance

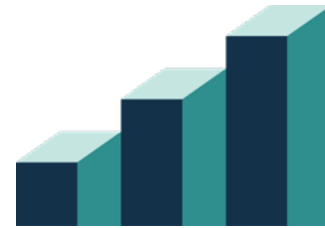


Sustainable Enterprises

With a growing population and an increasing number of young people entering the labour market, an additional 600 million jobs need to be created by 2030. These should be productive jobs in the formal sector with decent working conditions.

Nine out of ten jobs are created in the private sector and investments are required to allow businesses to grow, employ more people and contribute to higher tax revenues. Small and medium-sized enterprises often face difficulties in accessing capital to grow, increase their productivity or otherwise develop their business. Depending on where a company is on its growth journey, different types of capital are required in the form of investments in equity or loans.

The Sustainable Enterprises sector increases the availability of equity directly or indirectly, contributing to the development and growth of the private sector in developing countries. Imposing requirements and encouraging portfolio companies



to attain international standards in areas such as sustainability, for example, promotes sustainable development in the private sector and facilitates mobilisation of capital from institutional and private investors.

In the Sustainable Enterprises sector, we invest in:

- Small and medium-sized companies
- Digital business models
- Health
- Sectors relevant to development

Food Systems

Globally, three billion people cannot afford a nutritious diet and more than 800 million people are undernourished. Despite favourable conditions for agriculture and food production, estimates indicate that Africa imports up to 65 percent of the continent's food.

Two thirds of those living in extreme poverty are subsistence farmers. This often means low and unstable incomes for farmers, and roles in the food sector value chains that are poorly compensated and insecure.

A key area to address in this context is also the low level of processing. In many countries, large quantities of food never reach the market and become waste. At the same time, food security is exacerbated by factors such as climate change, geopolitics, war and population growth.

In the Food Systems sector, we invest to increase food production,

decrease waste during production and increase sustainability throughout the value chain. Investing in the food sector creates formal jobs, economic empowerment and increased food security through increased production and improved resource and energy efficiency. Correctly made, investments can be climate-adapted to better respond to the climate change we are witnessing and reduce the negative impact on biodiversity.

In the Food Systems sector, we invest in:

- Input products
- Agriculture/primary production
- Warehousing and logistics
- Local manufacturing and processing
- Trade, distribution and sales



Sectors according to local needs

Swedfund's Project Accelerator carries out feasibility studies and capacity-enhancing initiatives in the sectors Green Energy, Sustainable Transport, Circular Solutions and Other Sustainable Projects. These sectors have been selected based on identified needs and priorities in developing countries that are also relevant to Swedish companies. All projects aim to create positive impact on society and contribute to the 2030 Agenda.

Green Energy

Access to reliable and affordable energy can promote economic growth and create new jobs. The Green Energy sector includes projects that contribute to stable and efficient electricity grids, transmission, renewable energy and energy storage. Through these types of projects, the Project Accelerator can contribute to economic development, energy security and improved quality of life through better access to energy that enables education, healthcare and communication.

Sustainable Transport

Public transport plays a crucial role in sustainable and inclusive development. In many developing countries, access to public transport is often limited, causing negative impact on people and the environment. Projects in the Sustainable Transport sector include urban transport such as bus rapid transit systems, railways and other types of transport systems. The projects contribute to increasing the availability and affordability of public transport for a community's population, reducing carbon emissions, improving safety and, by extension, economic growth.

Circular Solutions

Access to clean water and sanitation reduces the incidence of waterborne diseases and can improve general public health. Proper waste management can prevent pollution of natural waterways, protecting ecosystems and biodiversity. The Circular Solutions sector includes projects in areas such as water and wastewater treatment, waste management and waste energy recovery. With these projects, the Project Accelerator can contribute to fair access to water and sanitation services, thereby helping to reduce inequalities and promote social inclusion.

Other Sustainable Projects

The sector includes sectors where the Project Accelerator has identified needs and developed a few projects, such as digitalisation, healthcare and forestry. Increased digitalisation can drive economic growth by creating new business opportunities, improving productivity and facilitating access to global markets. Access to safe and effective healthcare leads to better health and quality of life, reduced risk of infant and maternal mortality, and contributes to economic development as a healthy population contributes to increased productivity.

A woman wearing a red patterned headscarf and a striped shirt is standing in a cornfield. She is holding several ears of corn in her arms and looking upwards with a smile. The background shows rows of tall corn plants under a bright sky.

Employment

Overview

Mission and
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Small-scale farmers in Kenya and Zambia future-proof with digital solutions

CASE: In January 2024, Swedfund invested in Apollo Agriculture, a company that supports small-scale farmers in Kenya and Zambia in increasing their resilience to climate change using agricultural technology. Apollo offers a complete solution through an innovative digital platform that combines financing, quality raw materials, training and insurance – from 'seed to sale'. Swedfund's support means that Apollo can scale up its operations and offer easily accessible and innovative solutions that help farmers secure their livelihoods in an increasingly unpredictable climate.

Employment

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INVESTMENT: CILAGRI-CAJOU
LOCATION: ABIDJAN, CÔTE D'IVOIRE

Sustainable resources for an uncertain future

Smallholder farmers produce 80 percent of Africa's food, but many farms have less than one hectare of land and are heavily dependent on rainwater, making them vulnerable to extreme weather conditions. East Africa has been particularly hard hit by climate change, with recurring droughts and floods destroying crops and threatening food supplies. In Zambia, the President declared a national disaster in 2024 due to a prolonged drought – a crisis that affected over a million families and highlighted the urgent need for more resilient agricultural systems.

Despite their crucial role in the continent's food production, rural smallholders are often excluded from credit access, farming technology and distribution. Traditional solutions in the agricultural sector are often adapted to large-scale operators and difficult to apply to small, dispersed farms. Apollo's model solves this problem through a data-driven approach that reduces costs and makes it easier for smallholders to access the necessary inputs and financing.

Digital technology in agriculture

Using machine learning, Apollo assesses creditworthiness and can provide quick financing decisions,

even to those without a formal financial history. Farmers can then order seeds, fertilisers and other inputs via a digital store and collect them from around 700 local agrodealers. A cornerstone of Apollo's business model is the advisory services offered, for example through recordings available to farmers who do not own a smartphone. In this way, they receive support throughout the entire cultivation cycle, from seed to sale, enabling a transition from subsistence farming to a profitable business operation.

The results are promising: Apollo's business model generates a yield 2.5 times higher than the average yield of Kenyan farmers. This increase in productivity stabilises incomes and protects against climate shocks.

If farmers have access to high-quality, drought-resistant hybrid seeds or more modern farming methods, they improve profitability and sustainability of their operations. Apollo also works to make its services easily accessible, simple and efficient, especially given that many of its customers do not own a smartphone.

A partnership for the future

Apollo's progress is partly due to the support of development finance institutions such as Swedfund, which invested early on in Apollo's digital expansion journey. Development

finance is important for projects aimed at long-term development in high-risk areas, offering venture capital to bridge the financing gap.

Apollo's strategy offers farmers insurance against climate-related risks. Currently, only around five percent of African farmers have access to insurance, despite the increasingly apparent effects of climate change. Apollo's built-in insurance solutions provide farmers with a financial safety net that helps them cope with unexpected weather events. The insurance also reduces Apollo's own lending risk, meaning more farmers can access credit.

Apollo's aim of making commercial agriculture available to smallholder farmers is in line with Swedfund's objective of strengthening resilience in vulnerable markets and developing sustainable food value chains. It helps farmers manage the effects of climate change while ensuring a more sustainable future for food production from local to regional level.

During 2024, as part of its greater efforts to increase investments in the food sector, Swedfund also invested in AgDevCo, which supports sustainable agricultural companies in sub-Saharan Africa, and Robust International, which improves the local processing of raw materials in West and East Africa.

Ethical compass to guide our operations

Swedfund's ethical compass consists of the policies, international commitments, guidelines and transparency commitments that we follow. The compass ensures that we contribute to development sustainably.

“Dialogue with our stakeholders is particularly important for us to develop and be challenged, and fulfil our mission as a development finance institution.”

Our ethical compass

The ethical compass has been developed based on Swedfund's mission and the needs that we have identified in close dialogue with our owner, partners and other stakeholders. Dialogue with our stakeholders is particularly important for us to develop and be challenged, and fulfil our mission as a development finance institution. Read more about our stakeholder and materiality analysis on pages 127-128.

Swedfund's Code of Conduct, Policy for Sustainable Development, Business Integrity Policy and Tax Policy are key policies adopted by the Board of Directors and communicated to our stakeholders via our website. The commitments in our policies extend beyond compliance with existing legislation, as we are also committed to complying with voluntary international guidelines. Our employees' adherence to our Code of Conduct

and implementation of our Policy on Sustainable Development, Business Integrity Policy and Tax Policy, amongst others, is crucial to fulfilling our mission as a responsible investor. The ethical compass is an important part of the introduction programme for new employees. To boost sustainability competence internally, Swedfund provides continuous training on international guidelines and commitments, our policies and issues such as climate, gender equality, human rights, business integrity and corporate governance. Policies and commitments in the ethical compass pertain to both Swedfund as a company and our portfolio companies.

Updated policies

Our Business Integrity Policy underwent a review and minor revision during 2024. The term 'business integrity' was introduced as a collective term for corruption, money laundering, terrorist financing and sanctions violations. We made it clear that we must take a risk-based approach to business integrity in our investments and endeavour to minimise material risks during the investment process. We added disloyalty and embezzlement to the list of what is defined as corruption. We also clarified the link between conflicts of interest and corruption. Finally, the Project Accelerator is now explicitly mentioned in the policy.

Ethical compass

Swedfund policies

- Code of Conduct
- Policy for Sustainable Development
- Business Integrity Policy
- Tax Policy
- Transparency and Disclosure Policy

International commitments

- UN Global Compact
- UN Principles for Responsible Investment (UNPRI)
- EDFI Principles on Responsible Financing
- World Bank Framework for Corporate Governance Development
- EDFI Exclusion Lists
- 2X Criteria - Financing for Women
- EDFI Statement on Climate and Energy Finance
- Paris Development Banks Statement on Gender Equality and Women's Empowerment

Guidelines

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- IFC Operating Principles for Impact Management
- IFC Performance Standards on Environmental and Social Sustainability
- IFC Environmental, Health and Safety Guidelines
- EDFI Harmonised Environmental and Social Standards for direct investments, financial institutions and fund investments
- EDFI Guidelines for OFCs

Transparency commitments

- The International Framework for Integrated Reporting
- Global Reporting Initiative (GRI) Standards
- UN Global Compact Communication on Progress (CoP)
- UN Principles for Responsible Investment (UNPRI)
- Open Aid
- IFI Harmonized Development Results Indicators for Private Sector Investment Operations
- Task Force on Climate-Related Financial Disclosures (TCFD)
- OECD DAC PSI Reporting

Read more about business integrity on page 72



Risks and risk management

1. Strategic risks

Description of risk	Management of risk
<p>Geopolitical risks Include trade disruption, the impact of the global economy, monetary policy effects and climate-related threats and risks. External events such as conflicts, natural disasters and pandemics are also included within the framework of geopolitical risks.</p>	<ul style="list-style-type: none"> To manage geopolitical risks, Swedfund closely monitors developments in the countries in which Swedfund invests. Swedfund strives to achieve a balance in the distribution of the portfolio across countries and regions, sectors and instruments. The Board of Directors establishes concentration limits for geographic exposure and counterparties.
<p>Risks linked to contextual circumstances Risks associated with the frequent lack of strong institutions, robust legislation and implementation and follow-up of laws and regulations in the countries in which Swedfund's portfolio companies operate.</p>	<ul style="list-style-type: none"> The contextual risks in a country or sector that risk affecting the portfolio in which Swedfund has invested or intends to invest are managed through a thorough evaluation prior to the investment decision and active ownership. Continuous monitoring to ensure that portfolio companies meet contractual requirements. Quality-enhancing initiatives through technical assistance.
<p>Risks related to reputation and trust Examples of particularly serious events which could impact on risks relating to reputation and trust include allegations of corruption, violations of human rights, poor working conditions or other situations in which Swedfund is not seen as utilising tax revenues and development cooperation funding in a responsible manner.</p>	<ul style="list-style-type: none"> Swedfund primarily manages these risks through a well-defined and solid investment process. Regular monitoring and established routines for incident reporting from portfolio companies. Transparent reporting and dialogue with owners and stakeholders in accordance with Swedfund's Crisis Management Policy.
<p>Risk linked to financing As Swedfund is currently primarily financed through capital injections from the owner, there is a risk that political decisions could affect the conditions for the organisation's operations.</p>	<ul style="list-style-type: none"> Swedfund works to deliver results in accordance with the Company's public policy assignment and financial objectives.

In the table below, we break down and describe our risks and how we manage them. We manage risks at different levels according to the categories listed. Proper risk management is both a prerequisite for the business and enabler of increased impact.

2. Investment risks

Description of risk	Management of risk
<p>Impact on society There is a risk that Swedfund's investment portfolio will not deliver the development impact we aim to achieve in line with the Company's mission objectives and theories of change, or that an individual investment will not have the impact on society that was expected at the time the investment was approved.</p>	<ul style="list-style-type: none"> The risks associated with impact on society are managed through a thorough evaluation process ahead of the investment decision, as well as active ownership. Quality-enhancing initiatives through technical assistance.
<p>Risks related to the sustainability work of investments In individual holdings and at portfolio level, there is a risk that our investments do not meet set sustainability requirements and thus do not contribute to long-term value creation. The identified sustainability risks are linked to our Policy for Sustainable Development and our sustainability requirements (see Swedfund's ethical compass on pages 33-34).</p>	<ul style="list-style-type: none"> Sustainability risks are managed through a thorough evaluation process ahead of the investment decision, as well as active ownership. Agreed needs for improvement are followed up. Continuous follow-up to ensure that the portfolio companies meet set requirements according to agreements. Quality-enhancing initiatives through technical assistance. Frameworks and policies are updated on an ongoing basis as and when necessary.
<p>Risks related to the financial viability of investments Financial risks are linked to the financial viability of our investments. These include, for example, business and partner risks, credit risks and currency and interest rate risks.</p>	<ul style="list-style-type: none"> Risks relating to the financial viability of the portfolio companies are monitored and managed throughout the investment process, from decisions on new investments to the liquidation of holdings. Swedfund's investment team works to prevent and, where appropriate, manage risks in the portfolio through active ownership, which encompasses board and committee processes, visits to portfolio companies, quality-enhancing initiatives through technical assistance and other regular monitoring. The evaluation and selection of partners are vital steps in the management of investment risks in the portfolio, where Swedfund strives to invest in, and together with, robust and competent partners who have experience, integrity and a history of strong performance.

3. Financial risks

Description of risk	Management of risk
<p>Credit and share price risk Investments in equity and funds primarily take place in unlisted businesses where there is a risk of negative value development relative to the amount invested and the process for divesting holdings can be protracted and time-consuming. Credit risk is the risk that a borrower will be unable to fulfil its obligations due to a reduction in its ability to repay, which could potentially lead to credit losses in Swedfund's loan portfolio.</p>	<ul style="list-style-type: none"> Primarily managed on an ongoing basis through the investment process, from investment decision to active ownership and exit. Swedfund strives to have a diverse portfolio where the Board of Directors sets limits for geographical exposure and concentration on individual counterparties. For certain debt investments, Swedfund has the possibility to use EU guarantees to limit the credit risk.
<p>Liquidity risk Liquidity risk refers to the risk that Swedfund will not have access to cash and cash equivalents in order to fulfil its contractual obligations or that the cost of raising cash and cash equivalents increases.</p>	<ul style="list-style-type: none"> Swedfund's own liquidity management must be invested in low-risk instruments, in currencies which match contractual commitments. To invest a certain proportion of the portfolio in loans that provide an ongoing return, which finances operating costs, but also more secure and predictable final payments on exit compared to equity investments. Liquidity risks are managed and governed by the Finance Policy established by the Board of Directors which sets out the principles and risk limits that are to be applied to Swedfund's liquidity management.
<p>Currency risk Swedfund is exposed to currency risk in that financing from the owner takes place in Swedish kronor (SEK) while contractual commitments usually take place in other currencies (USD and EUR). The currency risk in Swedfund's business is complex, with transactions normally being executed in an internationally viable currency, while real currency risk often lies in local currencies where the portfolio companies actually operate. Fluctuations in exchange rates can lead to substantial exchange rate effects with an associated impact on Swedfund's financial results which are reported in Swedish kronor.</p>	<ul style="list-style-type: none"> The general principle is to not protect the investments in the portfolio against currency risk. The risk is managed and regulated through Swedfund's Finance Policy.

4. Operational risks

Description of risk	Management of risk
<p>Risks linked to Swedfund's operations and organisation These can be poor internal processes, defective systems, legal risks, fraud, corruption and the human factor. Specific risk areas are IT/cyber risks, other security risks and money laundering risks.</p>	<ul style="list-style-type: none"> In order to safeguard Swedfund's day-to-day operations, efforts are constantly made to identify and limit operational risks. Swedfund's Code of Conduct is a governing policy which all employees are given regular information and training on. Establishment of process descriptions for key areas of the operation and numerous internal guidelines. Work relating to the development of leadership and values. Internal audit function with responsibility for reviewing and evaluating Swedfund's organisation, governance, procedures for risk management and internal control. Established whistleblower service and complaints mechanism.

5. Climate risks

Description of risk	Management of risk
<p>Risks linked to investments There is a risk that climate risks are not correctly identified at the time of an investment, which may lead to inadequate risk management, including a lack of implementation of climate policy or exposure to reputational risks.</p>	<ul style="list-style-type: none"> As part of our review at the time of an investment, we analyse the company's potential climate risks, both physical and transition risks, based on the country's vulnerability to climate change and sector- and project-specific risks. We then work with our companies to help them assess and manage the impact of climate risks.
<p>Physical climate risks Climate research shows that extreme weather events affect all regions of the world, but Swedfund's markets are being hit harder than the global average. Regarding physical climate risks, Swedfund is exposed to such risks through our portfolio companies operating in countries that are already, and will continue to be, exposed to physical climate impacts, such as drought, higher temperatures, floods, erratic rainfall and other natural disasters. The sectors that are generally expected to be most affected by physical climate risks are transport, infrastructure and agriculture.</p>	<ul style="list-style-type: none"> Swedfund has had limited exposure to these high-risk sectors, since high-risk sectors were not the focus of our investment strategy during the previous strategy period. Physical assets within Swedfund's Energy & Climate sector may be affected by physical climate risks, and it is therefore becoming more common to incorporate climate risks into technical due diligence and construction. Sectors such as microfinance can be impacted indirectly by physical climate risks, as the income of many microfinance customers depends on agriculture, a sector exposed to physical climate risks such as drought, rising sea levels, extreme weather events and floods. With the new Food Systems sector, Swedfund will need to include climate risks in its analyses more systematically, as it may include direct exposure to agriculture.
<p>Transition risks Examples of transition risks include rising prices for emissions or fossil fuel-based assets that fall sharply in value.</p>	<ul style="list-style-type: none"> The risks entailed in the transition to a low-emission economy in our portfolio are limited, as Swedfund has invested exclusively in renewable energy production since 2014.

Our value creation



Operating model

Swedfund's operating model describes how we create value when carrying out our mission of reducing poverty through sustainable investments in the world's poorest countries.

We accomplish our mission by investing in sustainable businesses and creating impact and inclusive growth, particularly in sub-Saharan Africa, certain regions of Asia and Eastern Europe. Impact on society, Sustainability and Financial viability form the foundation of our business model and also underpin our value creation and performance measurement.

1. Mission

OUR MISSION is to help reduce poverty by making sustainable investments in developing countries. We are guided by the 2030 Agenda for Sustainable Development, our mission objectives and theory of change, and our business plan describes our strategy for fulfilling our mission.

2. Strategy

OUR BUSINESS PLAN outlines the choices we make and activities we engage in to deliver on our mission.

- Geography
- Sector
- Instrument

3. Sectors for greatest impact

FOUR SECTORS have been identified within which we believe we have the best chance to address our key themes and deliver on the 2030 Agenda: Energy & Climate, Financial Inclusion, Sustainable Enterprises and Food Systems.

4. Business model

OUR PILLARS Impact on society, Sustainability and Financial viability form the foundation of our business model and underpin our value creation and performance measurement.

5. Our capital

OUR CAPITAL is tied to requirements and support in the form of financial capital, expertise and technical assistance, EU guarantees, partners and networks.

6. Results and performance monitoring

WE MEASURE development impact through our indicators, which are based on our public policy assignment and mission objectives.

A thorough investment process

Overview

Mission and organisation

Value creation

Results and governance

Sustainability notes and other information

We invest in companies, financial institutions and funds by providing direct and indirect loans and equity to deliver on our mission. Our mission is to create jobs with decent working conditions and improve access to essential products and services such as renewable energy, food and healthcare.

Investing in developing countries is associated with major risks, particularly financial risks. We endeavour to manage these risks through a comprehensive investment process.

Our investment process follows the same phases regardless of the sector in which the investment is made, the instrument used and whether it is a direct or indirect investment.



Path to a sustainable investment

Sourcing

Local presence
Needs
Priorities
Business opportunities

Potential investment

Evaluation

Pillars
Strategy

Due diligence

Financial
ESG
Impact
Legal
Site visit

Analysis

Agreement

Active ownership

- Ongoing dialogue
- Active board work and advisory services
- Monitoring
- Follow-up of development impact
- Technical assistance
- Special operations (as and when required)

Exit

Evaluation of results according to pillar

Objective:

Portfolio companies with access to private capital that create development impact

Concept clearance

Decision

CONTRACT NEGOTIATION AND REQUIREMENTS (ESG AND IMPACT)

EXPERIENCE FEEDBACK



The investment process in practice

Our thorough investment process follows the same phases regardless of sector, instrument or whether the investment is made directly or indirectly.



Investment phase

Prior to investment decision Initial assessment

Swedfund actively works to identify different investment needs and our regional offices play an important role here. A wide variety of investment proposals are evaluated every year. Initial assessments examine whether the proposal is consistent with our investment strategy and criteria, and how the investment can contribute to Swedfund's mission objectives and the UN Sustainable Development Goals. We carry out an overall evaluation of the country, the company and its business plan, strategic partners and our potential role. In every investment, our role must be additional, which means that we provide resources which are crucial to the development of the investment that would otherwise not have been available.

Concept clearance

Following the initial assessment, the investment team draws up a proposed decision, concept clearance, which is then presented to Swedfund's Investment Committee. The Committee consists of the management team and an external participant. The Committee has both an advisory and a decision-making role. Together with the investment team, key opportunities and the greatest risks associated with the investment, which must be analysed during the due diligence process, are identified and discussed.

Due diligence

If a decision is made to proceed, the investment proposal will continue on to the due diligence phase. A thorough analysis of the company is initiated. Examples of areas analysed include business idea, business model, market, financial history and forecast, investment calculation, partners, legal aspects, expected impact on society as well as sustainability risks and impacts, including the environment, working conditions,

human rights, tax, risk of corruption, gender equality and climate issues. During the due diligence phase, the investment team meets representatives from different areas of the company to gain a deeper understanding of the company, its processes and procedures, and the documents that have been shared with us. We enlist the help of our regional offices which possess local expertise and knowledge. If necessary, external expertise is used to examine specific issues. Before the meeting, the company will be asked to complete a comprehensive questionnaire on environmental, social and corporate governance. The due diligence process forms the basis for decision-making, including the required and contractual ESG Action Plan (ESGAP), which describes the changes that the company needs to make in order to meet to Swedfund's sustainability requirements.

Screening

Once the due diligence process is complete, a screening meeting takes place during which the Investment Committee will decide whether the investment meets our requirements and whether it should be presented to the Board of Directors. If the investment is not approved at this stage, it may be because new information has come to light during the due diligence process. It is not uncommon for new questions to be raised, which the team then examines in the final stage of the due diligence process.

Decision by the Board of Directors

After screening, the Board of Directors makes a decision on the proposal. In some cases, the CEO may decide if it falls within the investment mandate granted by the Board of Directors. If the investment is approved, a contract will be negotiated. The investment contract also includes requirements regarding sustainability and reporting.



Active ownership phase



Ongoing work and follow-up

Once the contract has been signed and the money paid out, the work initiated earlier in the investment phase continues. We work actively and regularly with our portfolio companies, focusing on commercial, risk and sustainability issues identified during the due diligence phase. The regional offices play an important role in the regular follow-up.

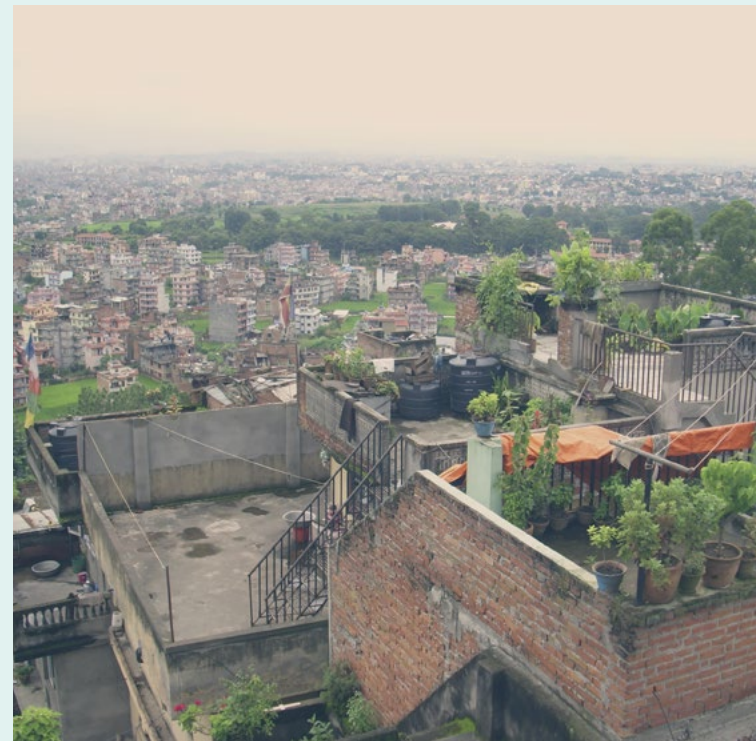
During the period in which we are shareholders or lenders to a company or fund, usually seven to ten years, we maintain ongoing dialogue and close contact with the portfolio companies to follow up on risks and results, achievement of objectives and fulfilment of contractual conditions. This is done through visits, active board work and dialogue, as well as through the company's annual status reports. Both internal audits and third party audits are conducted. In connection with fund investments, we can have direct contact with the underlying holdings of the funds, for example through visits, analyses, initiatives within ESG and impact, with support from technical assistance and through their reports.

Investment managers are responsible for following up and ensuring that companies comply with the contractual conditions, relevant parts of our policies and ESGAP. Companies must achieve Swedfund's strategic sustainability objectives within three years of the date of disbursement. To help companies achieve these goals, we can allocate funds in the form of technical assistance which can, for example, be used for training or consultancy.

Special Operations

Some of Swedfund's investments may sometimes require extra time or measures. There may be several underlying causes as to why a portfolio company does not develop as planned, such as poor market development, war and conflict, difficult divestment or liquidation situations or other aspects related to a company's governance. The Special Operations function exists to support the portfolio companies in such situations. In Special Operations, we conduct an in-depth analysis and draw up an action plan to help reverse the trend. For companies in Special Operations, it can be an

advantage to receive extra support in areas where there are challenges, such as financing, strategy or ESG issues. The move to Special Operations can be advantageous for Swedfund as a different team can shed new light on the investment and the assessment of risks and opportunities, as well as provide the investment with dedicated time to deal with the situation that has arisen.



Exit phase



Results, learning and experience

Swedfund is a long-term investor, not a permanent owner. We exit an investment either by selling our shares, the loan being repaid or the fund closing.

The exit phase generally begins when Swedfund considers that the objectives established for the investment have been achieved or when we cease to be 'additional'. Selling shares in the markets in which we operate can be a difficult and protracted process. Ahead of the exit process, the portfolio company is analysed on the basis of Swedfund's three pillars, and an assessment is made as to whether further initiatives are necessary.

An exit report is prepared for each exit, where we analyse the results achieved, what we have learned and what relevant knowledge and experiences we can take with us into future investments. The report must also clearly describe how the investment has met Swedfund's requirements and contributed to the objectives decided on at the time of investment.

Investments in 2024

Apollo Agriculture

Type: Loan (direct)

Country/region: Kenya, Zambia

Sector: Food Systems

Amount: MUSD 5

In Kenya, agriculture accounts for a large part of the country's economy. 80 percent of the country's area consists of dry and moderately dry regions, making the agricultural sector extremely vulnerable to climate shocks. Rural communities dependent on rain-fed crops are particularly vulnerable. At the same time, the UN has classified Zambia as particularly vulnerable, partly due to the ongoing drought, meaning that a large number of people are facing or are expected to be affected by critical levels of food security. The already life-threatening situation is expected

to become even worse in combination with the increasing effects of climate change.

Swedfund agreed a loan to Apollo Agriculture, an agri-fintech company offering smallholder farmers in Kenya and Zambia a comprehensive solution that includes agricultural inputs, advice, insurance and financing through innovative use of technology, data and a scalable distribution model. Swedfund's investment gives Apollo the opportunity to further develop and expand its operations, which in turn will boost job creation, enhance agricultural output and, in the long term, food security.

The loan is granted in partnership with DEG, Germany's development finance institution, and the high risk is partly covered by a guarantee provided by the EU strategy Global Gateway.



Teyliom Finance

Type: Loan (direct)

Country/region: Côte d'Ivoire

Sector: Financial Inclusion

Amount: MUSD 5

Small and medium-sized enterprises in Côte d'Ivoire have limited access to capital, particularly those led by women. By increasing access to capital, the private sector can be developed, jobs with decent working conditions can be created and women's economic empowerment can be strengthened.

Swedfund agreed to provide a loan to Teyliom Finance directed towards its subsidiary Bridge Bank Microfinance (BBM), which promotes financial inclusion in sectors where access to financing and risk capital is low. The loan is expected to strengthen financing for micro, small and medium-sized enterprises and women's economic empowerment given BBM's aim to develop specific offerings aimed at female entrepreneurs and businesses headed up by women.

The loan is a co-investment with BluePeak, a private credit fund in which Swedfund has been a shareholder since 2022.



Sturdee Energy

Type: Equity (direct)

Country/region: South Africa, Botswana, Namibia

Sector: Energy & Climate

Amount: MUSD 22

The countries in South Africa have a significant deficit in electricity supply, while at the same time a large proportion of electricity production in the region still comes from fossil fuels, primarily coal. Limited access to venture capital makes it difficult to finance investments in renewable energy and slows down the green transition.

Swedfund agreed an equity investment in Sturdee Energy, an independent power producer that develops, owns and operates renewable energy projects. The company provides sustainable energy solutions to state-owned electricity companies, large companies and industrial customers, with the aim of driving economic growth and socio-economic development.

The investment will help enhance the company's sustainability work in areas such as human rights and working conditions. The investment was made with IFU, Denmark's development finance institution.



Victoria Commercial Bank

Type: Loan (direct)
Country/region: Kenya
Sector: Financial Inclusion
Amount: MUSD 7.5

Small and medium-sized enterprises (SMEs) are the backbone of Kenya's economy, driving both employment and innovation. Despite their importance, access to long-term financing is a major challenge in the SME sector, hampering their growth.

Swedfund agreed a loan of MUSD 7.5 to Victoria Commercial Bank (VCB) to bolster the bank's growing portfolio of SMEs in areas such as manufacturing, trade and agriculture. Since Swedfund's first investment in 2018, VCB has strengthened its governance, expanded its SME portfolio and introduced an environmental and social management system (ESMS) to ensure that sustainability and working conditions are systematically managed in the bank's operations.

The loan will free up capital for the SME sector and boost job growth and economic resilience in Kenya.

Novastar III Africa People+Planet Fund

Type: Equity (indirect)
Country/region: Sub-Saharan Africa
Sector: Sustainable Enterprises
Amount: MUSD 10

Africa faces significant climate challenges, while sustainable innovations are needed to drive economic growth and create new jobs. Swedfund has agreed on an equity investment in Novastar III Africa People+Planet Fund, a pan-African fund that invests in early growth companies in renewable energy, e-mobility, smart logistics, circular economy and regenerative agriculture. The investment will strengthen access to long-term capital for sustainable companies that reduce carbon emissions and conserve biodiversity.

The investment is made in partnership with Norfund, Proparco and British International Investment (BII) and is part of a planned fund totaling USD 200 million.

AgDevCo

Type: Equity (direct)
Country/region: Sub-Saharan Africa
Sector: Food Systems
Amount: MUSD 20

The agricultural sector plays a vital role in the economy of many African countries and employs a large proportion of the labour force, particularly on small farms. Despite this, the sector faces challenges such as inefficient value chains, limited market access and a shortage of long-term financing.

Swedfund agreed an investment of MUSD 20 in AgDevCo, a company that promotes the development of sustainable farming businesses in the region. AgDevCo invests in the entire food value chain, including high-quality export crops such as avocados and macadamia nuts, as well as food industries for domestic markets and affordable meat protein sources such as poultry and fish.

Through this investment, Swedfund is helping increase access to long-term and flexible financing for agribusinesses in sub-Saharan Africa.

The investment is made together with development finance institutions Norfund and British International Investment (BII).

Emerging Africa & Asia Infrastructure Fund (EAAIF)

Type: Loan (indirect)
Country/region: Africa, Asia
Sector: Energy & Climate
Amount: MEUR 40

75 percent of the world's population without access to electricity lives in Africa, the continent with the greatest energy deficit. In the Asia-Pacific region, over 150 million people have no electricity, while another 350 million have limited access. One consequence of this is a lack of digitalisation, which makes it difficult to access important social services such as education and healthcare.

Swedfund agreed to invest in the Emerging Africa & Asia Infrastructure Fund (EAAIF), part of the Private Infrastructure Development Group (PIDG). This investment aims to reduce the shortage of climate-friendly infrastructure and the digitalisation deficit in Africa and Asia. By financing projects in green energy, digital infrastructure and sustainable social services, the investment is expected to help economic development and strengthen resilience in marginalised areas.

AfricInvest Small Cap Fund

Type: Equity (indirect)
Country/region: Africa
Sector: Sustainable Enterprises
Amount: MEUR 15

Small and medium-sized enterprises (SMEs) play a vital role in job growth and economic development in Africa, but they often struggle to access capital. At the same time, the SME sector is crucial for driving sustainable innovation and strengthening the local economy.

Swedfund agreed an equity investment in AfricInvest Small Cap Fund, a fund that vitalises SMEs through growth capital and

strategic support. Investments are made in key sectors such as education, health and agriculture, and aim to create jobs, improve access to essential services and contribute to more inclusive economic development.

The investments also supports women's economic empowerment and climate change. It will help mobilise private capital for the SME sector and ensure that companies receive both resources and guidance so they can grow sustainably.

The Urban Resilience Fund (TURF)

Type: Equity (indirect)
Country/region: Sub-Saharan Africa
Sector: Energy & Climate
Amount: MEUR 30

Urbanisation and climate change mean that fast-growing cities in Africa are facing challenges such as insufficient infrastructure, high levels of pollution and significant social inequalities. Addressing these problems reduces the risk of issues such as overpopulation, poverty and increased warming.

Swedfund agreed an equity investment in The Urban Resilience Fund (TURF), a fund managed by Meridiam that aims to combat the effects of these challenges in sub-Saharan Africa. TURF develops and invests in new infrastructure projects and companies that improve the urban environment and provide important social services.

To help cities adapt to climate change and reduce greenhouse gas emissions, the Fund is expected to invest in micro-grids, waste management facilities and energy-efficient socio-environmental conditions such as street lighting and sustainable transport to reduce congestion and pollution in densely populated areas.

PT Xurya Daya Indonesia (Xurya)

Type: Equity (direct)
Country/region: Indonesia
Sector: Energy & Climate
Amount: MUSD 10

As a major producer and consumer of energy, Indonesia plays a crucial role in international efforts to combat climate change. Indonesia has the fourth largest population in the world, amounting to 250 million people. Helping the country transition to more fossil-free electricity production could therefore have an impact on global emissions.

Swedfund agreed an equity investment in PT Xurya Daya Indonesia (Xurya), a company with over 170 solar power projects in Indonesia. Xurya enables companies across the country to install solar panels with no upfront costs, which is expected to lead to lower carbon emissions, job creation and sustainable economic development. With the capital from the funding round in which Swedfund was involved, the company is expected to avoid 370,000 tonnes of CO₂ emissions per year.

Through active ownership, Swedfund also intends to improve Xurya's capacity to manage its ESG risks.



Access Bank Nigeria

Type: Loan (direct)
Country/region: Nigeria
Sector: Financial Inclusion
Amount: MUSD 30

Nigeria has 230 million inhabitants and an unemployment rate of 33 percent. More than half of the rapidly growing population is also under 30, which further increases the need to create jobs and develop the private sector. Nigeria is also struggling with several crises occurring in tandem, such as violence, food shortages and inflation. The resilience and capacity of small and medium-sized enterprises is important for creating sustainable development and reducing poverty.

Swedfund agreed a loan to Access Bank, a bank with systemic importance for Nigeria's financial system. The bank has good opportunities to reach a significant number of underfunded micro, small and medium-sized enterprises (MSMEs) in the country.

Swedfund's investment will help promote sustainable development of the private sector, encouraging inclusive growth and increasing access to financing. Using long-term capital and capacity-building measures for companies lacking access to banking services, the investment is expected to contribute to inclusive growth and sustainable development that reaches young people, women and entrepreneurs in the rural areas of Nigeria.

Inside Equity Fund II

Type: Equity (indirect)
Country/region: Sub-Saharan Africa
Sector: Sustainable Enterprises
Amount: MUSD 10

In many sub-Saharan African countries, small and medium-sized enterprises often have limited access to financing. Given that these enterprises make up a large part of the countries' economies, increased access to long-term financing contributes to the sustainable development of the region's private sector and strengthens the countries' economic resilience.

Swedfund agreed an equity investment in Inside Equity Fund II, which provides growth capital to small enterprises with sustainable business models in sectors such as renewable energy, waste recycling and the production of essential goods. The enterprises operate in Zambia, Madagascar, Mauritius, Tanzania, Malawi and Mozambique. The investment will help support sustainable local private sector and socio-economic development by creating jobs, improving access to quality products and services, and generating income and tax revenue.

Siddhartha Bank

Type: Loan (direct)

Country/region: Nepal

Sector: Financial Inclusion

Amount: MUSD 10

Nepal has a large trade deficit, which is why increased export revenue is important for the country's economic development. Nepal has a surplus from hydroelectricity production that is exported to India, a country known for its high carbon emissions. This investment will contribute both to reducing greenhouse gas emissions and strengthening the country's financial and climate resilience.

Swedfund agreed a loan to Siddhartha Bank, which will be used to support the growth of micro, small and medium-sized enterprises, agribusinesses and the development of the hydroelectricity sector in Nepal through increased lending. The investment will also

support gender equality and women's economic empowerment, with at least 30 percent of the contracted amount to be allocated to female entrepreneurs. The bank has developed tailor-made products for female entrepreneurs and currently 41 percent of its customers are women. Swedfund will also be able to support Siddhartha with the development of its internal processes for managing environmental and social issues and for assessing and mitigating climate risks and impacts in connection with its operations.

Micro, small and medium-sized enterprises represent almost all registered businesses in Nepal. By supporting improved access to financing for these businesses, Swedfund's investment can help Siddhartha Bank contribute to Nepal's national objective to become a middle-income nation by 2030 and a developed country by 2043.



Robust International

Type: Loan (direct)

Country/region: Côte d'Ivoire, Mozambique, Burkina Faso

Sector: Food Systems

Amount: MUSD 15

Africa exports large quantities of agricultural products for processing abroad, which means that value creation often takes place outside the continent. At the same time, small-scale farmers have limited access to stable markets and financing, hampering their growth and income opportunities.

Swedfund agreed a working capital loan to Robust International, a provider of international trading services dealing specifically with agricultural commodities, mainly sesame seeds and cashew nuts. The loan will enable Robust to buy commodities directly from local cooperatives, buyers and small-scale farmers in East and West Africa for processing at its local plants.

The investment will boost local processing capacity, which will create jobs, strengthen local supply chains and improve the economic resilience of the region. In addition, the investment will help reduce carbon emissions as a result of shorter transport routes and help achieve decent working conditions throughout the supply chain.

The loan is being granted together with European development finance institutions FMO, British International Investment (BII) and Proparco.

Compagnie Financière Africaine (COFINA)

Type: Loan (direct)

Country/region: Western Africa

Sector: Financial Inclusion

Amount: MEUR 20

Small and medium-sized enterprises in West Africa often struggle to access capital in order to grow, increase productivity and develop their business. Lack of financial education and unstable income limit many people's opportunities for involvement in the formal financial system. Non-bank financial institutions account for a small proportion of the financial sector in West Africa, but play a crucial role in promoting financial inclusion by targeting customers who normally do not have access to banking services, such as women and small and medium-sized enterprises.

Swedfund agreed a loan to Compagnie Financière Africaine (COFINA), a leading financial institution that provides loans to small and medium-sized enterprises in West and Central Africa so they can grow and develop. The loan is aimed at underfinanced micro, small and medium-sized enterprises, female entrepreneurs and agribusinesses in Côte d'Ivoire and Senegal. The investment is expected to support job creation, growth in small and medium-sized enterprises and better livelihoods.

The high financial risk is partially covered by a guarantee provided through the EU's European Fund for Sustainable Development Plus (EFSD+), part of the EU strategy Global Gateway.

Project Accelerator



Swedfund's Project Accelerator contributes to the development, financing and long-term sustainability of critical projects in our partner countries. We offer support for various project preparation and support initiatives to public actors in developing countries adapted to needs and capacities.

The Project Accelerator is often active throughout the project development process and includes various support and initiatives depending on the project. Part of the offering means that Swedfund can finance studies for project preparation and support as well as capacity-building measures that are needed in order to enable decision-making and financing.

By adopting a structured approach to achieving project objectives, we ensure that resources are used efficiently, risks are managed and objectives are achieved in line with the agreed timetable and budget. Swedfund's Project Accelerator works throughout the project cycle and gets to know the project owner's aims, capacity and requirements linked to the country's local needs, to which our projects are tailored.

By entering the project phase early and with Swedfund's project managers' strong technical expertise, we become a trusted and strategic partner for the project owner. This allows us to influence the design of the projects

and enable a sustainable solution to be procured in line with the respective party's wishes and needs. The studies funded by the Project Accelerator are carried out together with international consultants, who are selected through a competitive process in accordance with local laws and regulations.

All projects also have access to one or more advisers with significant industry experience, who work together with Swedfund and the local project team. This approach ensures a transfer of knowledge and boosts the capacity of the local teams, creating a lasting ability to run projects efficiently and responsibly in the future. As such, our support goes beyond financial support and contributes to sustainable development.

We are involved throughout the project cycle, often determining the scope of the study together with the local project owner and approving the selection of the consultant to conduct the study. The competitive procurement of consultants enhances the local partner's capacity and competence in sustain-



able procurement, ensuring that the process complies with international standards and transparency criteria. We operate in regions with high needs, with a focus on developing countries that are economically vulnerable and face different challenges. Our main portfolio is located in Africa, parts of Asia and Ukraine and the surrounding area - a prioritised region for which we have received earmarked funds.

We are active in green energy, sustainable transport, circular solutions and other sustainable projects. The sectors often coincide with Swedish companies' offerings, a broader group of Swedish actors in the public and private sectors, as well as civil society, which have the opportunity to participate in competitive procurement.

To turn the feasibility study into a project, financing is required from a Swedish export credit solution or a development bank, for example. This is why Swedfund partners with actors in Team Sweden on many projects.

Our process

We follow a standardised process to identify and initiate new engagements to support the development of sustainable infrastructure projects. We follow up engagements regularly, allowing us to act quickly if required by cancelling projects that have not been developed according to plan or by deciding to make additions linked to needs that arise during the project development phase.

Initial development of engagement

We evaluate all potential projects to ensure they are in line with our mission, objectives and the 2030 Agenda. We also assess environmental, social and business integrity risks. We assess the local project owner's capacity, the interest of Swedish companies, the likelihood that the project will be implemented and that funding may be available for implementation.

Formal request

Together with the local project owner, we determine the scope of the project and assess how risks can be mitigated. The local partner then submits a formal request for support to Swedfund.

Concept clearance

Once a formal request has been evaluated and deemed to comply with the requirements, the project is presented

during concept clearance and a decision is made as to whether to include the project for discussion in the Project Accelerator Committee.

Development

The project is developed in close cooperation with the local project owner. A more detailed plan is developed in terms of the scope of the study and terms of reference, which form the basis for a competitive procurement to be carried out by the local partner. A senior advisor with deep sector and/or sustainability expertise is included in the project team.

Approval

The project is presented by the responsible project manager to the Project Accelerator Committee chaired by the head of department and includes the CEO, CFO, Chief Investment Officer, Chief Sustainability Officer and Chief

Legal Counsel. The Project Accelerator Committee decides whether to approve the project and allocate the budget.

Execution

The local project team leads the work of procuring a consultant with the skills required in a competitive procurement process. Swedfund supports the work and has to approve the local project owner's choice of consultant based on our own analysis of the tender documentation.

An agreement is negotiated between the consultant and the local project team. This agreement clearly states that Swedfund is financing the study. Swedfund has the right to refuse financing if the choice of consultant is not in line with the defined requirements. Following a signed consultancy agreement, work on the study begins. The Project Accelerator often visits a project while work is under way, main-

tains the partnership with the local project team and performs follow-up during the project development phase. Implementation may also include dialogue with Team Sweden actors or with a development bank that intends to finance the project.

Completion

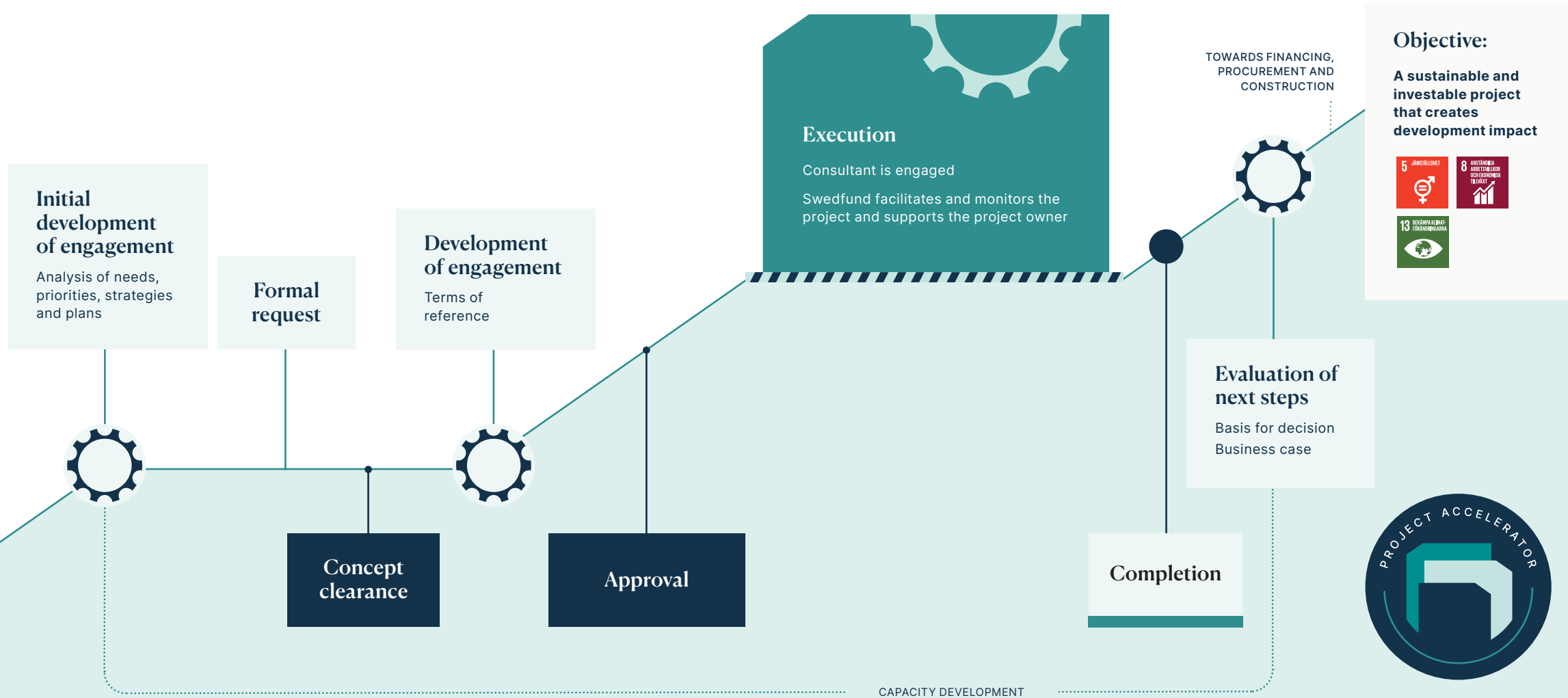
Once a project has been completed, Swedfund will follow up and evaluate project execution and results. We can also decide on any additional support, studies or capacity development locally in order to facilitate project implementation, as needed. Infrastructure projects have long lead times and Swedfund has limited opportunities to influence or speed up the process. Several projects have now been implemented and reached the required maturity level, giving us the opportunity to evaluate project realisation.

Evaluation of next steps

The work carried out during an engagement aims to help the project owner take the next step in the project development process, which varies depending on the type of engagement and the phase in which we have provided support. For example, it could be an approved infrastructure project, a granted licence or secured financing from a development bank.



Path to a sustainable and financable project



Selected projects

Biogas production in Colombia

Country: Colombia

Sector: Green Energy

Decision: March 2018

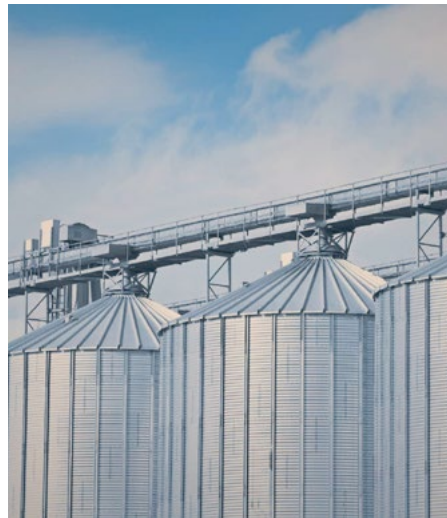
Cost: MSEK 6.8

Status: Completed

Colombia is striving to improve environmental sustainability in urban areas through integrated circular waste management systems. The aim is to reduce waste to landfill and increase wastewater treatment capacity in order to produce alternative fuels. Locally produced biomethane from organic waste is a major opportunity for the transport sector and could reduce GHG emissions significantly. The promotion of biomethane is crucial for a more diversified and sustainable energy mix, in line with Colombia's 2050 targets.

The study assessed the feasibility and potential of local biogas production and was conducted in two phases: the first phase focused on analysis and an initial evaluation of 13 different value chains in both Bogota and Barranquilla to understand and identify the most promising value chains for in-depth analysis.

In the second phase, two value chains were selected for development and analysis in more detail in order to assess economic feasibility. The feasibility study provided an initial insight into the potential costs, revenue and sensitivity of the financial models for the two selected value chains. The study provided recommendations for next steps and identified the key aspects of the implementation roadmap as well as key roles and stakeholders identified during the study.



Strengthened resilience in Mozambique's energy system

Country: Mozambique

Sector: Green Energy

Decision: August 2022

Cost: MSEK 4.7

Status: Completed

Mozambique has been severely affected by extreme weather conditions such as hurricanes, storms, floods and droughts. Weather-related disasters have affected important parts of the energy system, power lines have been brought down and provinces have often been left completely without power. The project aimed to examine the energy system's preparedness and risk management capacity and how this could be adapted to increase resilience in line with national contingency plans and strategies.

The project has helped strengthen the energy system's preparedness and resilience to recurring weather-related disasters due to climate change. It has also helped strengthen preparedness in terms of financing disaster response. Projects included proposals for a financing model that would be able to finance disaster support for the energy sector more quickly and efficiently in crisis situations.

Development of wastewater treatment in South Sudan

Country: South Sudan

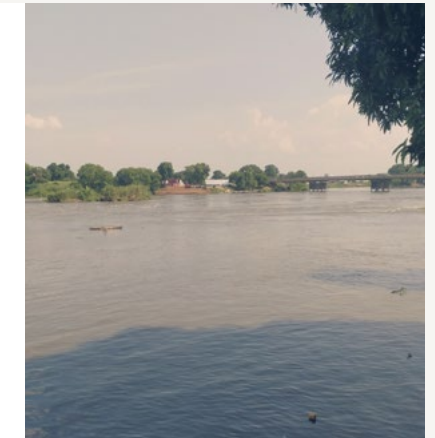
Sector: Circular Solutions

Decision: November 2022

Cost: MSEK 8.5

Status: Completed

After several years of conflicts, global crises and droughts in the south and floods in the north, the population of South Sudan is in a serious humanitarian crisis. More than 80 percent of South Sudan's population lives below the poverty line. The lack of essential sewage infrastructure has a negative impact on both the environment and human health. The engagement included the preparation of a feasibility study, preliminary design and an environmental and social impact assessment (ESIA) for wastewater and sludge treatment. The overall objective was to minimise the spread of untreated wastewater and sludge to the environment.



The project aimed to reduce reported cases of waterborne diseases, and child mortality, through better sanitation and reduced contamination of the water supply. The project will contribute to better environmental sustainability due to less pollution in the White Nile and the wetlands around Juba, as well as generate more opportunities for economic growth thanks to better functioning infrastructure. The African Development Bank is planning to finance the first phase of the infrastructure project.

Public transport in Abidjan

Country: Côte d'Ivoire

Sector: Sustainable Transport

Decision: March 2023

Estimated cost: MSEK 8

Status: Approved

Côte d'Ivoire is aiming to develop transport solutions for cities in the country and several initiatives are under way to develop sustainable solutions aimed at providing efficient solutions for its inhabitants. The project involves the expansion of the public transport system in Abidjan through a new BRT route (Bus Rapid Transit). It will include a feasibility study and preliminary design of a new BRT route with a particular focus on integration of the informal sector and connection to other modes of transport.

The work will support the continued development of the urban transport system to increase access to cost-effective and sustainable solutions whilst facilitating a transition for the informal transport sector. The aim is to help reduce emissions, promote economic development and safer transport and more efficient mobility for the population.

The establishment of well-functioning transport solutions in Abidjan has inspired several countries in the region.



Water supply in Burshtyn

Country: Ukraine

Sector: Circular Solutions

Decision: April 2024

Estimated cost: MSEK 6

Status: Approved

Ukraine has a great need to repair and modernise essential infrastructure, including the development and restoration of water supply systems. The project will evaluate options for improving energy efficiency,

developing new water sources and upgrading treatment plants and equipment. These include efforts to reduce carbon emissions and improve water quality and access to water. The purpose is to support Burshtyn in upgrading and modernising its water supply, and prepare a feasibility study to support the next step in the implementation.

Wastewater treatment and energy recovery in Vinnytsia

Country: Ukraine

Sector: Circular Solutions

Decision: January 2024

Estimated cost: MSEK 12

Status: Approved

Vinnytsia currently has an outdated wastewater treatment plant that has been in operation for a long time. The project involves support for the modernisation of the wastewater treatment plant and energy supply. The project will support efforts to reduce carbon emis-

sions and improve water quality and access to water. The project will evaluate alternatives for biogas production for heat and electricity, as well as heat recovery from treated wastewater for use in the district heating system.

The project is expected to help improve surface water quality as a result of better wastewater treatment, and reduced emissions as a result of modernised equipment and energy recovery.



Biogas production in São Paulo

Country: Brazil

Sector: Green Energy

Decision: April 2024

Estimated cost: MSEK 8

Status: Approved

Brazil has both major needs and opportunities in terms of biogas production, which could contribute to the country's green transition and economy. Brazil has a large number of diesel and petrol-powered urban buses and transport vehicles. It also has large amounts of organic waste from agriculture and a growing demand for sustainable transport solutions. In 2019, the Project

Accelerator decided to initiate a biogas project in São Paulo. The project ended in 2024 and determined that there was great potential for biogas production, both in urban environments and in the sugar industry.

During the year, we decided on a new initiative in São Paulo as a continuation of the first project. The new project will focus on drawing up plans to connect rural biogas production centres with urban demand and along the main transport corridors. By focusing on biogas, Brazil could reduce its dependence on fossil fuels, reduce emissions from the transport sector and promote economic and social sustainability.



Wind power in Ukraine

Country: Ukraine
Sector: Green Energy
Decision: May 2024
Estimated cost: MSEK 7.5
Status: Approved

Ukraine's energy infrastructure has been severely affected by Russia's war of aggression. Over 7 GW of power generation capacity has been destroyed since the start of the war. State-owned com-

pany Naftogaz plans to expand wind power projects in the country to assist the country's energy supply and promote resilience, as well as to support the country's long-term transition to fossil-free energy production with lower carbon emissions. The project is expected to help improve Ukraine's renewable energy production capacity, which in turn will help reduce GHG emissions.

Radiotherapy in East Africa

Country: Kenya
Sector: Other Sustainable Projects
Decision: November 2024
Estimated cost: MSEK 10
Status: Approved

Access to modern cancer treatment is severely limited in many developing countries. High cost of treatment and insufficient funding constitute major obstacles to effective treatment. In addition, the use of advanced medical devices is hampered by the lack of training on handling and maintaining these devices, making it difficult to ensure long-term and efficient use.

The project aims to develop and implement an innovative financing model to increase access to radiotherapy solutions. The goal is to improve access to radiotherapy in Kenya, which will help provide more cancer patients with access to advanced equipment and treatment within the country.

Waste management in Moldova

Country: Moldova
Sector: Circular Solutions
Decision: June 2024
Estimated cost: MSEK 6
Status: Approved

The waste sector in Moldova faces significant challenges, with limited resources and infrastructure for efficient waste management. Many landfill sites do not meet current environmental standards, leading to soil and water pollution. To address these problems, Moldova has developed a national plan to modernise waste management in accordance with EU requirements.

The aim of the project is to create a sustainable and efficient waste system that reduces impact on the environment and human health, whilst reducing the risk of illegal dumping. The new system is also expected to help increase recycling rates, improve environmental safety in waste management and reduce emissions of carbon dioxide and methane.

Upgrading transmission in Namibia

Country: Namibia
Sector: Green Energy
Decision: September 2024
Estimated cost: MSEK 7
Status: Approved

Namibia is aiming to increase its production of renewable electricity. The existing Zambezi high voltage direct current (HVDC) overhead link is an important part of Namibia's transmission system. On the one hand, it maintains stability in the system as the proportion of renewable energy increases, and on the other, it ensures the country's ability to import and export electricity in the regional energy market.

Improving electricity transmission across international borders promotes regional development and improves access to reliable and sustainable energy. By facilitating trade in electricity, the project will promote regional energy integration and cooperation, strengthen ties between countries and contribute to the region's development objectives.



Environment

Overview

Mission and
organisation

Value creation

Results and
governanceSustainability notes and
other information

Lagos invests in biogas-powered buses for public transport

CASE STUDY: Transforming Lagos's transport system

The Nigerian city of Lagos is one of Africa's largest and fastest growing cities with over 20 million inhabitants. The city's population is expected to double by 2050, creating significant challenges for the underdeveloped transport system. Currently, many of Lagos's 21 million daily journeys are made by privately owned minibuses, which are operated without central planning. The system hampers economic development, restricts access to the labour market for vulnerable groups, increases safety risks (particularly for women), increases the risk of traffic accidents and is detrimental to air quality. The transport sector accounts for around 43 percent of Lagos's total greenhouse gas emissions.

Lagos State has an ambitious climate action plan, including a goal of achieving net zero emissions by 2050. The plan includes converting tonnes of solid waste generated in the metropolitan area into usable energy.

The Lagos Metropolitan Area Transport Authority (LAMATA) is investing heavily in expanding the transport system to include more modes of transport (bus, train and boat) as well as diversifying fuel use from diesel to alternatives such as natural gas, biogas and electricity.

The results of a recently completed feasibility study funded by Swedfund showed that the production of biogas from organic waste represents a significant business opportunity for Lagos. This transition will improve the availability and efficiency of the transport system while reducing emissions and improving waste management, bringing significant socio-economic benefits.

Swedfund's role

Swedfund is supporting the development of the transport system in Lagos as a way to foster economic growth, reduce carbon emissions, improve living conditions for the city's inhabitants and promote a sustainable solution to meet its increased transport needs. As part of a broader initiative from Team Sweden to support sustainable transport development, Swedfund's Project Accelerator

has worked with LAMATA for the past two years to assist in the development of a sustainable transport system and the phasing out of diesel fuel. In an initial study, various alternative fuels were evaluated and biogas was identified as a financially and environmentally beneficial alternative.

The study involved close cooperation with the Lagos Waste Management Authority (LAWMA) and other public authorities. Since biogas has the same chemical composition as natural gas, gas buses can initially run on fossil gas and then gradually switch over to biogas.

Swedfund's partnership with LAMATA has also been expanded to include feasibility studies on rail transport and the development of commuter train lines. These feasibility studies not only support sustainable development in Lagos, they also open up sustainable solutions for Sweden to meet the challenges that exist locally today.

The positive development of the transport system in Lagos, supported by partnerships such as those between Swedfund and LAMATA, paves the way for more sustainable and inclusive development.



“We have evaluated biogas as an attractive alternative for transport in Lagos and also developed a roadmap for its implementation, including policies and a legal framework for cooperation with the private sector.”

Abimbola Akinajo, CEO of LAMATA



18
technical assistance
initiatives approved
in 2024

INVESTMENT: MOHIZ
LOCATION: ABIDJAN, CÔTE D'IVOIRE

Value-creating initiatives

In addition to our investments and feasibility studies, we have also created development impact during the year through a range of value-creating initiatives linked to our thematic areas and the 2030 Agenda.

These initiatives include the provision of technical assistance to our portfolio companies, development of our methods and strategies, and collaborations with our partners. A selection of initiatives from 2024 can be found on the next page.



Value-creating initiatives during the year

Women's economic empowerment

Through our Female Future programme, we offered a third round of leadership and board development initiatives to female employees in our portfolio companies and the funds' underlying companies in Kenya, Tanzania, Uganda, Ghana and Tunisia.



EU MSME+

We signed an agreement with several other European development finance institutions to gain access to technical assistance within the EU MSME+ guarantee programme in order to support portfolio companies with quality-enhancing initiatives.

Decent work

We have continued to support our portfolio companies in their work to strengthen implementation of decent working conditions based on our Decent Work Handbook, other material produced and associated tools.

Climate

A new agreement between the Project Accelerator and the São Paulo State Secretariat for Environment, Infrastructure and Logistics (SEMIL) focuses on expanding the production and use of biogas and biomethane, including exploring more efficient means of transport and developing business models to convert by-products of biogas plant production.

Digitalisation

As part of our strategic work on inclusive and sustainable digitalisation, we developed a policy to serve as guidance for our internal processes. These policies include a definition of what we mean by a digital investment and how we assess the risks and opportunities associated with digitalisation during the investment process.

Human rights

We continued to develop our approach to human rights in fragile states and conflict-affected situations and carried out due diligence on several portfolio companies in fragile states.

Business Integrity

We developed a business integrity tool together with Transparency International in Sweden to support the implementation of common industry principles, work that was led by Transparency International in the UK in partnership with Swedfund and the UK's development finance institution.

ESG

We continued to develop our environmental and social management system to account for the latest international norms and standards as well as standards within the EFDI network and lessons learned from other development finance institutions.

During the year, we updated our climate strategy and developed a biodiversity roadmap that describes how we work on the issue through our portfolio companies.



Results and governance

Results from our portfolio companies

This section, which opens the Directors' Report, presents the results of Swedfund's investment portfolio. It also describes how Swedfund works to achieve its stated objectives and to support implementation of the 2030 Agenda. The results are presented for all three pillars (Impact on society, Sustainability and Financial viability), and are illustrated using a number of indicators.



66%

of our investments are estimated to meet at least one of the 2X Criteria

The structure of the analysis and the selected indicators are based on the mission objectives adopted for Swedfund by the Annual General Meeting. The performance indicators are defined in the objectives set out in the Owner Instructions which have also constituted the adopted objectives for sustainable value creation approved by the Board of Directors since 2020. In order to further clarify the trends in performance under each pillar, Swedfund reports on the additional performance indicators within the pillars Impact on society and Sustainability, which are based on the business strategy approved by the Board of Directors. The State's ownership policy and principles for state-owned companies are also taken into account. As in previous years, Swedfund is reporting the results of portfolio companies with a one-year lag, which means that this year's report is based on the results of the portfolio companies in 2023.

The performance of the portfolio companies indicates further growth in direct jobs, especially in the funds' underlying companies. The number of indirect jobs created through supply chains, consumption and access to finance and energy is also growing. With regards to gender equality and women's economic empowerment, the portfolio has exceeded the targets set. The percentage increased to 66 percent (target is 60 percent), mainly due to new investments signing memoranda of understanding to promote gender equality and more energy

and climate investments meeting the 2X Criteria. The proportion of female employees has remained stable over the past three years, but the proportion of women in senior positions has risen since 2022.

Reported total greenhouse gas emissions from Swedfund's portfolio remained stable during the year. However, emissions per Swedish krona invested have continued to fall compared to the previous year. Emissions avoided, an indicator that was introduced last year, increased due to the growing energy and climate portfolio. The sustainability indicators regarding decent work, management systems for environmental and social issues are at the same high level as the previous year, and management systems for business integrity show that an increasing proportion of the companies that have been part of Swedfund's portfolio for more than three years are considered to meet the requirements that we have set.

Some indicators point to a decline, which is likely to reflect the geopolitical tensions affecting the global economy. 54 percent of direct investments increased both turnover and profitability (EBIT) with the investment year as the base year. This is lower than the figure of 64 percent in the previous year. Tax payments from the portfolio companies decreased and 48 percent of the portfolio companies increased their number of employees (target is >50 percent).

Indicator, goal type and target per pillar

	Indicator	Type of goal	Target	Definition	
Impact on society	Climate impact	Mission objective	By 2045, the Company's investment portfolio will be climate neutral	Total CO ₂ e emissions per Scope (thousand tonnes) Reduced emissions per invested Swedish krona (tCO ₂ e/MSEK) Total emissions avoided (tCO ₂ e)	
	Gender equality and women's economic empowerment	Mission objective	Improved gender equality in the Company's investment portfolio. Target level >60% of investments to fulfil the 2X Criteria no later than three years from the investment date	Proportion of investments meeting the 2X Criteria	
		Other objective	Increase in the proportion of women on company boards, in senior positions and in the overall workforce	Development of the proportion of women on boards, in senior positions and in total percentage	
	Jobs	Other objective	Increase in the number of employees in a majority of companies in the portfolio	Number of jobs in the portfolio Number and proportion of companies showing growth in jobs Number of indirect jobs in the portfolio	
	Tax revenue	Other objective	Increased tax revenues overall in the portfolio	Taxes and other similar items (corporation tax as a minimum) translated into Swedish kronor (SEK)	
Sustainability	Decent working conditions	Mission objective	Decent working conditions in accordance with the ILO Declaration on Fundamental Principles and Rights at Work to be provided by all the Company's investments within no more than three years from the date of investment	Proportion of investments complying with the ILO Core Conventions	
	Environmental and social management system	Other objective	An environmental and social management system to be implemented by all of the Company's investments within no more than three years from the date of investment	Proportion of investments that have implemented environmental and social management systems	
	Business integrity management system	Other objective	A management system for combating corruption to be implemented by all of the Company's investments within no more than three years from the date of investment	Proportion of investments that have implemented a business integrity management system	
Financial viability	Economically sustainable investments	Mission objective	Turnover and profitability to increase over a five-year period, with the investment year as the base year. Target level > 60%	Proportion of investments reporting increased turnover and profitability with the investment year as the base year	
		Other objective	Increased proportion of holdings in the fund portfolio with a positive return	Proportion of funds in the fund portfolio reporting a positive IRR	
		Mission objective	Increased mobilisation of private capital. Target > 30% mobilised capital in investments made by Swedfund	Total private capital mobilised relative to Swedfund's contracted investment volume	

Definitions, sources and presentation

A general overview is provided on the right of the methodology employed for data collection, as well as the definitions and assumptions used in reporting and presenting the trends in the performance of portfolio companies across the three pillars.

Reporting cycle

Swedfund and Swedfund's portfolio companies prepare their annual reports during the same period, which means that the information used for the portfolio companies' performance reports cannot be presented for the current year. Swedfund has therefore opted to present trends in the performance of the portfolio companies with a one-year lag, which means that the following report on performance is based on 2023.

In the few cases where portfolio companies have a financial year that does not coincide with the calendar year, the cut-off date has been 31 March, i.e. the figures for 2023 correspond to financial information in the annual report for the financial year 1 April 2023 to 31 March 2024.

Sources

The indicators described in the subsequent sections are based on reports from portfolio companies and the underlying holdings of funds. The underlying data for the reports primarily comprise the following:

- Sustainability Reports (prepared and distributed by Swedfund)
- Annual E&S Monitoring Reports (prepared and distributed by other DFIs)
- Annual reports
- Fund reports

Annual reports

The annual reports of the portfolio companies constitute the source, in full or in part, of the following indicators:

- Carbon footprint indicator (CO₂e calculation)
- Indicator for tax
- Indicators for women's empowerment

- Indicators for job creation
- Indicators for financial viability for direct investments and funds

Sustainability Reports (prepared and distributed by Swedfund)

Swedfund requires portfolio companies to submit information annually concerning the pillars 'Impact on society' and 'Sustainability' in Sustainability Reports designed by Swedfund. Data are collected via Sustainability Reports through system support and a largely digitalised process. Information from the Sustainability Reports distributed by Swedfund constitutes the source, in full or in part, of the following indicators:

- Carbon footprint indicator (CO₂e calculation)
- Emissions avoided indicator
- Indicators for women's empowerment
- Indicators for job creation
- Indicator for tax
- Decent work indicator
- Environmental and social management system indicator
- Business integrity management system indicator

The Sustainability Reports are tailored to the type of investment concerned; direct investments (equity or loans), financial institutions and funds. Reports intended for direct investments contain more detailed questions regarding management systems for sustainability issues etc., while those intended for investments in financial institutions and funds are more process-oriented. This is because Swedfund's evaluation focuses primarily on the procedures, expertise and guidelines that have been estab-

lished to ensure that the banks' customers and the funds' holdings in turn comply with the requirements and conditions which Swedfund imposes on its portfolio companies. Sustainability Reports for the underlying holdings of funds are prepared by the fund managers.

Annual E&S Monitoring Reports (prepared and distributed by other DFIs)

In some cases, the sources used for Swedfund's financial reports consist of Annual E&S Monitoring Reports designed by another development finance institution, but where the results are provided to Swedfund in its capacity as co-financier. These Annual E&S Monitoring Reports are evaluated by Swedfund's sustainability experts and included in the aggregated performance reports. For 2023, this applies to fewer than ten investments.

Fund reports

Fund reports consist of both financially oriented quarterly reports and sustainability reports.

Scope of performance reports Aggregated portfolio information

In this Integrated Report, Swedfund presents the aggregated performance of the investments in the portfolio. Swedfund does not present trends in the performance of individual investments, partly because Swedfund sees the investments as a portfolio, and partly because, in many cases, the investment agreements that Swedfund enters into and the information that is collected under each agreement (such as financial reports and sustainability reports) constitute confidential information.

Sample

The portfolio sample/composition that is presented may vary depending on the indicator presented in the following sections. Unless stated otherwise, three main samples, including the number of investments, are presented:

Sample	2021	2022	2023
Portfolio companies	55	58	65
Portfolio companies and co-financing facilities including the funds' underlying holdings	252	258	306
Direct investments in equity and loans	27	28	28

The sample that is presented in the following sections comprises all investments that are part of the portfolio at the end of the respective year (unless stated otherwise).

Direct investments

The sample includes all direct investments in the form of equity and loans.

Portfolio companies

The sample includes all direct investments in the form of equity and loans as well as indirect investments via funds.

Portfolio companies and co-financing facilities, including the funds' underlying holdings

The sample includes all direct investments in the form of equity and loans, indirect investments via funds, co-financing facilities and the funds' underlying holdings.

When an investment is included in the sample

An investment is included in the sample for performance reporting from the year in which

the first disbursement for the investment takes place.

The portfolio of investments presented in the following sections consists of the investments that were part of the portfolio at the end of the respective year (unless stated otherwise), which means that investments which have been closed are not included in the calculation for the year in which the investment was actually closed.

Weighting based on participating interest or share of financing

When reporting trends in the performance of portfolio companies, funds and co-financing facilities' underlying holdings, the overall outcome is considered, i.e. no weighting is carried out in relation to Swedfund's participating interest or share of the company's financing. This follows an established principle for reporting within EDFI. The exceptions to this principle are the indicators 'carbon footprint' (CO₂e) and 'emissions avoided', for which weighting is based on Swedfund's participating interest/share in the investment.

Non-availability of information

For a number of portfolio companies and underlying holdings in funds and co-financing facilities, no reports are available for one or more years. In some cases, the reported information is incomplete or of poor quality, which has a variable impact on the calculation of one or more indicators. This means that the reporting of indicators only covers holdings and years for which data have been obtained.

Presentation and comparisons

The following sections present the trends in the portfolio's performance. In order to clarify the investment phases and age structure

of the portfolio, some indicators are presented in the phases of the investment process as a supplement to reporting the respective indicators for the entire portfolio.

Phases of the investment process

In order to reflect how Swedfund operates with investments over their lifetime, the organisation's investments have been divided into the following three categories in the report on certain indicators under the pillars 'Impact on society' and 'Sustainability':

1. Active ownership phase, part 1
 - Investments held for three years or less.
2. Active ownership phase, part 2
 - Investments held for more than three years
3. Exit phase - Investments which, at the end of the respective reporting period, have been identified for closure.

Swedfund is a long-term investor, not an indefinite one. Swedfund closes investments and terminates partnerships either by selling its equity holding, by a loan being repaid or expiry of a fund's term. The exit phase generally begins when Swedfund considers that the investment is achieving results within all three pillars. The absence of any scope to pursue active ownership may be another reason why an investment is closed.

See also the description of the investment process on pages 41-42.

Comparative year

In the case of indicators where relevant historical data are available, indicators for the reporting year and four comparative years are presented.



PILLAR

Impact on society

Environment and climate-related sustainable investments

Type of objective: Mission objective

Objective and description of objective

Swedfund's investment portfolio to be climate neutral by 2045, meaning that greenhouse gas emissions from the portfolio are to be net zero as defined by the IPCC. The portfolio's total greenhouse gas emissions per Swedish krona invested must therefore decrease over time, with 2020 as the base year.

Indicator

Total CO₂e emissions per Scope (thousand tonnes), emissions per Swedish krona invested (tCO₂e/MSEK), alignment of the portfolio with the Paris Agreement and emissions avoided.

SDG



13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.



13.2 Integrate climate change measures into national policies, strategies and planning.



13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



Introduction

Combating climate change and its consequences is a key element in Swedfund's mission. Vulnerable people living in poverty are also among those affected most by climate change, although the countries in which Swedfund invests have historically contributed the least to global greenhouse gas emissions. Swedfund has two mission objectives regarding the environment and climate, which we measure and report results for. Climate is also one of the strategic themes which permeate all our investments, and we actively work on the climate topic with our portfolio companies. Our efforts in relation to the environment and climate form an integral part of the investment process, based on Swedfund's Policy on Sustainable Development and Guiding Notes on Climate. Since 2014 we have been investing exclusively in renewable energy.

However, Swedfund needs to find a balance between its development and climate objectives. Investments in food systems, local manufacturing and financing of small and medium-sized enterprises - sectors which employ large numbers of people, increase access to essential products and services and generate local income - contribute to increased economic activity, but are likely to lead to higher greenhouse gas emissions in the portfolio.

Results and analysis

Alignment of the portfolio with the Paris Agreement

Combating the consequences of climate change and poverty go hand in hand. Swedfund's aim is to help ensure that the goals of the Paris Agreement are achieved. To realise our ambition and mission objec-

tives in relation to climate, we work at portfolio, sector and portfolio company level.

In 2024, we updated our climate strategy and modelled development of the portfolio towards a climate-neutral and resilient portfolio aligned with the Paris Agreement that can contribute to low emissions, climate adaptation and poverty reduction. At portfolio level, we regularly evaluate how closely aligned our portfolio is with the Paris Agreement. The most recent evaluation was conducted in 2020 and, at the time, Swedfund's investment portfolio showed a relatively strong alignment with the Paris Agreement: 90 percent of our direct investments were deemed to align with the Paris Agreement in both 2030 and 2045. Approximately 90 percent of indirect investments were deemed to align with the Paris Agreement in 2030, approximately 80 percent for 2045. The relatively high degree of alignment is the result of Swedfund's investment strategy. Alignment of the portfolio with the Paris Agreement is due to be recalculated in early 2025. We are also closely monitoring the development of a common approach to portfolio alignment with the Paris Agreement, together with other European development finance institutions (EDFIs).

Total CO₂e emissions per Scope (thousand tonnes)

Swedfund has estimated greenhouse gas emissions from the portfolio in accordance with the GHG Protocol since 2016. In 2021, EDFI agreed to adopt the PCAF Global Standard for the Financial Industry¹, a common method for measuring portfolios' greenhouse gas emissions. As part of the efforts being made to bring about har-

monisation between EDFIs, the Joint Impact Model (JIM)² was also updated to support the estimation of greenhouse gas emissions in the portfolio according to the PCAF method.

According to the PCAF method which JIM follows³, the portfolio companies' own reported emissions (primary data) have been used where they are considered reliable and to have been estimated in line with the GHG Protocol. In other cases, modelling has been carried out using financial and other data reported by the portfolio companies, which have then been converted into emissions using emission factors based on sector and geography. In addition to carbon dioxide (CO₂), other GHG emissions are also included (N₂O, CH₄ and F-gases), and the results are reported in tonnes of CO₂ equivalents (tCO₂e). First, the total emissions of all the portfolio companies are estimated. Next, Swedfund's share of these emissions is determined based on the share of financing. As a result of the switch to the JIM calculation model in 2021, comparative data can only be reported for three years.

In 2023, total emissions from the portfolio amounted to around 132 thousand tonnes, which is consistent with the levels reported in the previous year. The fact that emissions at portfolio level have remained unchanged can be explained by the fact that increased emissions from new investments during the year have been offset by reductions in other parts of the portfolio. A significant factor is that Swedfund's share of emissions from the company with the highest emissions has decreased. A large proportion of the portfolio's emissions originate from one of Swedfund's older investments, a gas-fired power station in

¹ <https://carbonaccountingfinancials.com/>

² <https://www.jointimpactmodel.org/>

³ https://c990f083-1dd0-46c6-bd86-9c35d8ba1b51.filesusr.com/ugd/7aa894_af1116d-9866d4aeb8588760b527733d6.pdf

Nigeria (2013). Emissions from this gas-fired power plant account for more than 20 percent of the portfolio's total emissions. Other direct investments account for 15 percent of the portfolio's emissions. About 20 percent of total emissions originates from lending to larger commercial banks that finance small and medium-sized enterprises with exposure to many different sectors, while emissions from the funds' underlying companies account for 45 percent of total emissions. With the exception of the gas-fired power station, emissions are distributed across several companies, where each individual company's contribution to the total emissions is relatively low.

The portfolio's Scope 3 emissions, which include emissions from investments made by the funds and financial institutions in addition to other indirect sources, account for 53 percent of the portfolio's total emissions (2022: 54 percent). Direct greenhouse gas emissions, Scope 1, account for 42 percent of the portfolio's total emissions (2022: 38) and Scope 2 five percent (2022: eight percent). The emissions per Scope in Swedfund's portfolio vary annually depending on portfolio composition, but Scope 3 emissions from indirect sources are generally the most significant. Swedfund has supported several fund managers in developing and implementing climate strategies, as well as supporting them in creating models to estimate and report greenhouse gas emissions from their portfolios.

To achieve our objective of a greenhouse gas-neutral portfolio by 2045, we will continue to invest in projects that make a positive contribution to the Paris Agreement and, together with other development finance institutions, further develop our climate assessment of new investment opportunities.

We will reduce emissions from the portfolio by imposing requirements on and supporting our portfolio companies to estimate, monitor and reduce their emissions and contribute to a greener transition. However, the total emissions from our portfolio could increase as a consequence of our new strategy. This stems from a growing portfolio, increased investment in the food sector and expanding investments in businesses that produce goods locally. We will also start to evaluate opportunities to invest in carbon capture or storage, initially through investments in sustainable forestry. It remains crucial that every investment opportunity, including those focused on climate initiatives, actively contributes to poverty reduction and aligns with our overarching objectives across our three pillars. We continue to harmonise with other EDFIs and refine data collection to improve primary data and emissions accuracy. We closely track methodology developments, adjusting our approach as needed to enhance accurate reporting and comparability with other investors.

Emissions per invested Swedish krona (tCO₂e/MSEK)

The indicator 'emissions per invested Swedish krona' (tCO₂e/MSEK) is based on the portfolio's total emissions and Swedfund's commitment report. This is an important key indicator in our monitoring of the efforts being made to achieve the emission reduction target. In 2023, emissions per invested Swedish krona fell from 28.38 tCO₂e per invested MSEK in 2022 to 23.93 tCO₂e per invested MSEK in 2023. The decrease is driven by virtually unchanged total emissions despite significant growth of the portfolio (in MSEK) compared to 2022.

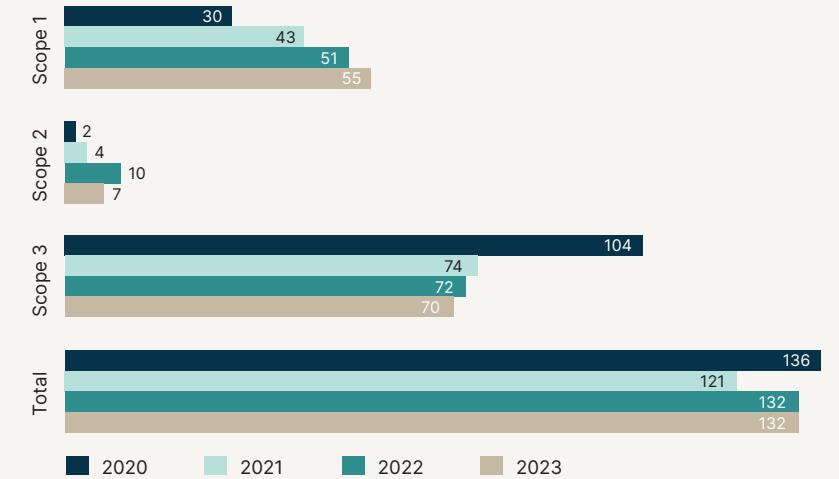
Emissions avoided

'Emissions avoided' is an indicator that was first reported in 2022. Swedfund invests a high proportion of its portfolio in the production of renewable energy in Africa and Asia. This indicator clarifies the impact of investments that replace emissions from fossil-based energy. This is particularly important in fossil-fuel-dependent economies such as India, South Africa and Indonesia.

Swedfund follows the methodology of the International Financial Institutions Technical Working Group (IFI TWG) for calculating emissions avoided, as agreed by EDFIs. Both large-scale grid-connected energy production and off-grid production are included and weighted against Swedfund's share of financing. Emissions avoided from grid-connected energy production are estimated based on annual energy production data from primarily solar, wind and hydropower and using IFI TWG's electricity grid emission factors. Emissions avoided from off-grid projects are calculated according to standardised factors ('impact metrics') from the Global Off-Grid Lighting Association (GOGLA).

In 2023, the portfolio contributed to emissions avoided equivalent to 79,000 tonnes of CO₂e, which represents an increase of 8,000 tonnes of CO₂e year-on-year (2022: 71,000 tonnes). 55 percent comes from on-grid production and 45 percent from off-grid production. Compared to last year, emissions avoided from grid-connected investments decreased due to lower emission intensity in the electricity grids. Emissions avoided from off-grid solar increased due to the inclusion of an increasing number of investments.

Total CO₂e emissions per Scope (thousand tonnes)



Emissions from Swedfund's portfolio, i.e. the emission categories of the portfolio companies:

- Scope 1:** Direct greenhouse gas emissions over which the company has direct control, e.g. from the company's own vehicles and the combustion of fuels in production.
- Scope 2:** Indirect emissions from the consumption of purchased energy distributed via a network (not generated by the company), i.e. the consumption of electricity, district heating and district cooling.
- Scope 3:** Other indirect emissions, which occur outside the boundaries of the business either upstream or downstream, such as purchased goods and services, purchased transport, waste, business travel, hired equipment, distribution, use of products and investments. The results were calculated using the Joint Impact Model, a web-based tool for impact investors in developing markets developed by Steward Redqueen in conjunction with Bill, FMO, BIO, Proparco, AfDB and FinDev Canada. The results were calculated using User Guide JIM 3.1. They are based on economic modelling and do not represent actual figures, but are estimates and should be interpreted as such.

Emissions per invested Swedish krona



Gender equality and women's economic empowerment

Type of objective: Mission objective

Objective and description of objective

Greater gender equality in the Company's investment portfolio in terms of the 2X or equivalent criteria, which are to be met in at least 60 percent of the Company's investments within no more than three years from the date of investment.

Indicator

Proportion of investments that meet the 2X Criteria and proportion of women on company boards, in senior positions and in the overall workforce.

SDG



5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.



5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.



Introduction

Gender equality and women's economic empowerment have long been key issues for Swedfund, which, in accordance with the Owner's instructions and the company's strategy, must be systematically taken into account in the investment process irrespective of sector, region and investment instrument. We have identified that, as a development finance institution, Swedfund can promote gender equality and women's economic empowerment, especially in the following three areas:

- **Women as owners**, entrepreneurs and leaders: Swedfund works to promote meaningful and equal participation for women as owners and entrepreneurs, as well as in senior positions and on boards.
- **Women as employees**: Swedfund works to create secure, meaningful and equal opportunities and conditions for women to develop both at their workplace in particular and in working life generally.
- **Women as consumers**: Swedfund encourages the development and financing of products, services and business models which help to improve the situation and participation of women and girls in society.

In addition to this, Swedfund works to help ensure that workplaces in its portfolio companies are free from discrimination and violence.

Results and analysis

Proportion of investments which meet the 2X Criteria

Swedfund's overall goal in the area of gender equality and women's economic empowerment is to ensure that, by no later than three years from the date of invest-

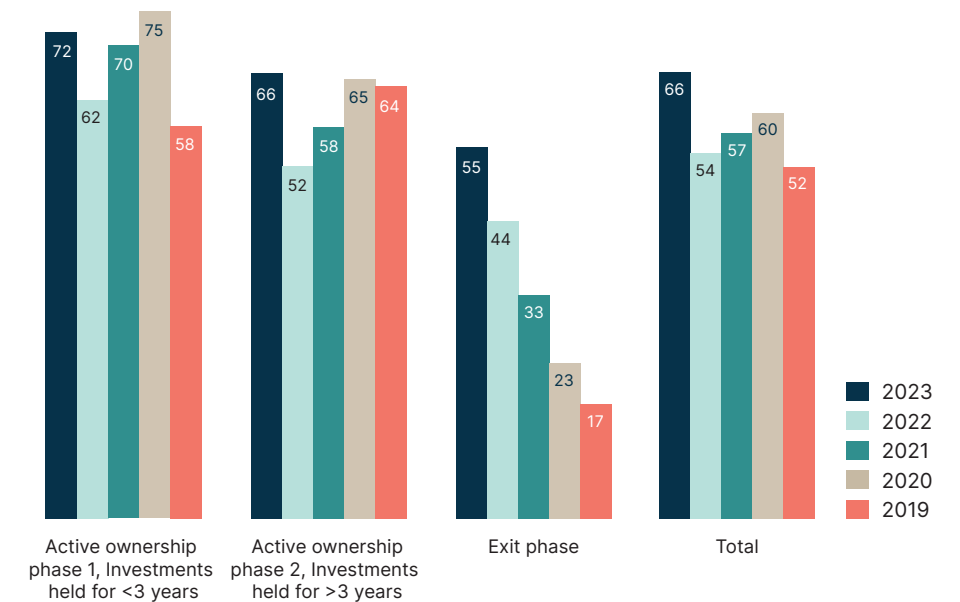
ment, at least 60 percent of the investments in our portfolio meet at least one of the 2X Challenge Criteria, established by the G7-founded initiative 2X Global in 2018. The aim is to identify and promote investments that can either strengthen women's development, women-led companies and companies that employ many women or that offer products and services that specifically improve the situation facing women or girls in society.

In 2023, 66 percent of the investments in Swedfund's portfolio met at least one of the 2X Criteria. This represents an increase from the previous year (54 percent) and is largely due to Swedfund and its portfolio companies having written

2X Challenge

The 2X criteria are a global framework for identifying and evaluating investments to promote women's entrepreneurship and ownership, leadership and labour opportunities, and access to capital, products and services that can contribute to economic empowerment and gender equality. The framework was initiated by the G7 but now serves as an industry standard that unites efforts to increase gender equality amongst financiers, companies and other stakeholders worldwide.

Proportion of investments meeting at least one 2X Challenge criterion (% per phase)



declarations of intent to ensure they meet the 2X Criteria. The proportion of investments that fulfil at least one of the 2X Criteria is highest (71 percent) in the Sustainable Enterprises sector (which includes investments in health). The Financial Inclusion sector continues to perform well in terms of meeting the 2X Criteria (67 percent). Banks in particular have a relatively high number of female employees and specific policies and programmes that support the employment of women. Many of the banks also have a relatively high proportion of women on their boards and in senior positions, or promote products and services aimed at women, resulting in a high proportion of female customers. For Energy & Climate investments, the proportion of investments that meet at least one of the 2X Criteria increased from 42 percent in 2022 to 59 percent in 2023. The work to strengthen

gender equality is particularly challenging in this sector, as it is traditionally relatively male-dominated. Looking ahead, 2X Global has updated the framework for the 2X Criteria, which is likely to affect the results in the next annual report.

Proportion of women on company boards, in senior positions and in the overall workforce

Data from 2023 shows that 18 percent of all board members in Swedfund's reporting holdings were women. Over the past three years, the proportion of female board members has remained around 14-17 percent. As in previous years, a significant proportion of portfolio companies reported that they either have no female board members or only one female board member. This applied in particular to the portfolio's underlying companies, confirming the need to continue

our efforts in the area of gender equality amongst fund managers. The proportion of women on boards is generally lower in the Energy & Climate sector, compared to the Financial Inclusion and Sustainable Enterprises sectors.

The proportion of women in senior positions in Swedfund's portfolio has shifted over the past three years, from 28 percent in 2021, 23 percent in 2022 to 31 percent in 2023. Financial institutions such as banks and microfinance institutions contribute with a higher proportion of women in senior positions, while the proportion of women in senior positions is generally lower in the funds. Financial Inclusion has the highest proportion of women in senior positions, followed by Energy & Climate, while Sustainable Enterprises has the lowest proportion.

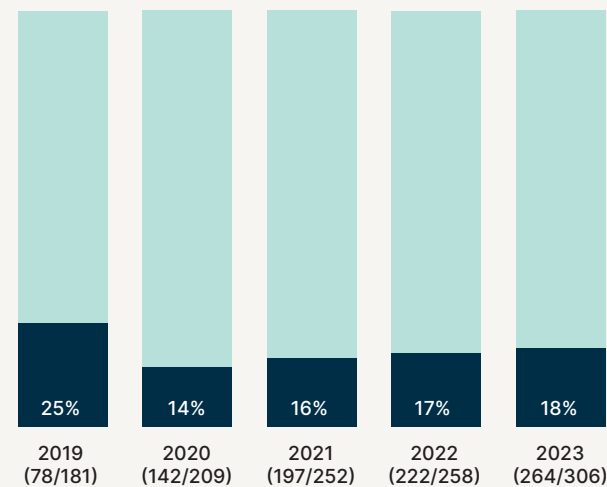
The proportion of female employees has stabilised at between 33 and 35 percent

over the past three years and was 35 percent in 2023. Companies in the Energy & Climate sector contribute a significantly lower proportion of female employees. A higher proportion of women is found among employees in the Sustainable Enterprises and Financial Inclusion sectors. The proportion of female job opportunities is highest in the financial institutions and lowest in the underlying holdings of the portfolio companies.

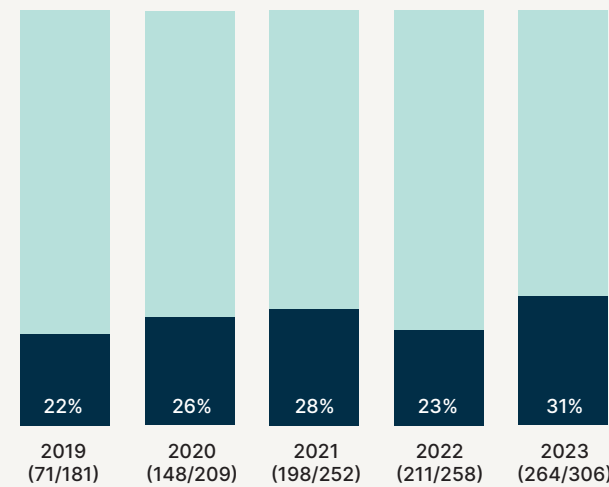
In order to achieve our objective, we will continue to evaluate how our portfolio and all new investment proposals contribute to gender equality and the economic empowerment of women. For the new investment proposals, improvement measures, or opportunities, are identified with the aim of promoting gender equality, which are included in the specific Impact and ESG action plans (Impact/ESGAP) that are inte-

grated into the agreements for the new investments. In 2023, we continued to offer the Women4Growth programme to our portfolio companies and supported women with leadership potential to take part in The Female Future programme. Phase 2 of the collaboration with the Kvinna till Kvinna Foundation has continued to raise awareness of gender-based violence. We built on last year's activities and organised two workshops for portfolio companies in East and West Africa. The focus has been on how gender-based violence, sexual exploitation, abuse and harassment can be prevented, whilst at the same time promoting women's economic empowerment through the investment process.

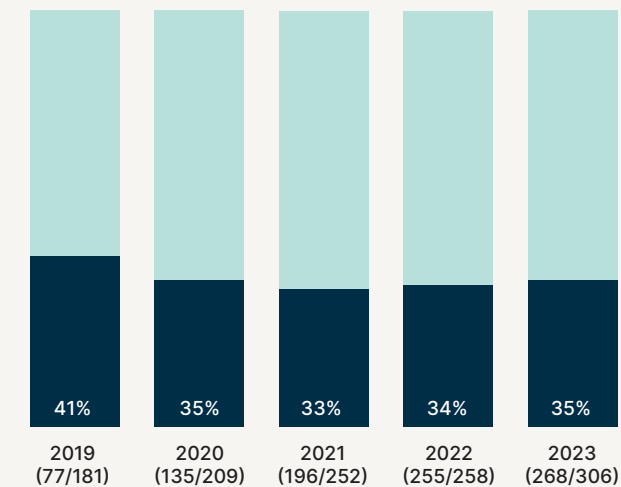
Proportion of women on boards



Proportion of women in senior positions



Proportion of women out of total number of employees



Jobs

Type of objective: **Other**

Objective and description of objective

The majority of portfolio companies to increase the number of employees.

Indicator

Number of and growth in jobs in Swedfund's portfolio and an estimate of the number of indirect jobs.

SDG



8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value



Introduction

In order to achieve Swedfund's overall objective of contributing to a reduction in poverty, we must contribute to job creation. Creating jobs with good working conditions requires long-term and sustainable investments that contribute to responsible business. We are monitoring developments in the number of direct jobs in the companies financed by Swedfund, and aim to increase this number over time in a majority of Swedfund's investments. Our portfolio companies also help to create indirect jobs, which is why we use a model (see section on indirect jobs) to calculate and monitor the number of indirect jobs that our portfolio companies contribute to through supply chains, increased consumption and better access to finance and energy.

Results and analysis

Direct jobs

Companies that Swedfund finances directly or indirectly through funds employed more than 421,000 people in 2023. This again represents an increase over the previous year (2022: 338,000), which can be mainly attributed to two factors: firstly, the fact that Swedfund's portfolio is growing, and secondly, that the existing portfolio companies reported a higher number of jobs. Overall, the number of jobs increased by just over 83,000, where most of this increase is due to the fact that the existing portfolio companies reported more jobs. Of the total number of employees in 2023, approximately 62 percent (approximately 261,000) were employees of indirect investments and 38 percent (approximately 158,000) were

employees of direct investments. The graph on the next page illustrates the investments that were part of the portfolio at the end of each year, which means that the difference in the number of employees between the two years is partly affected by the fact that certain investments have either been added or closed.

An alternative way of analysing job creation within Swedfund's portfolio is to analyse comparable entities. The graph on the next page shows that there were 241 investments in Swedfund's portfolio in both 2022 and 2023, of which 208 submitted reports. Nearly half (48 percent) of these comparable entities in the portfolio recorded job growth in 2023 (22 percent of these also reported significant growth with >50 more employees), while 27 percent recorded a decrease. This meant that around 66,000 jobs were added to Swedfund's portfolio through the companies which took on more employees, while around 13,000 jobs were lost through the companies which laid off more staff than they recruited. The net increase in the number of jobs for comparable entities between 2022 and 2023 amounted to approximately 53,000 jobs. This net increase can be attributed mainly to developments in the portfolio companies' underlying holdings as well as to positive growth in a number of financial institutions.

Indirect jobs

Swedfund's investments also enable indirect jobs in Swedfund's markets. To begin with, an investment in a portfolio company can lead to an increase in demand for sub-contracted products and services, which in turn contributes to the creation of new

jobs. At the same time, people with higher incomes generally consume more goods and services, which in turn can help to generate more jobs and higher income for people other than those directly employed by a business. An investment which improves access to finance and energy can also facilitate the establishment and expansion of businesses, which in turn leads to the creation of more jobs and the reduction of poverty.

In order to calculate and report indirect effects on job creation, EDFI has developed the Joint Impact Model (JIM) as part of its harmonisation agenda.¹ JIM estimated the total number of indirect jobs in Swedfund's portfolio to be approximately 2.5 million² in 2023, which is in line with previous estimates based on various studies and models which indicate that one direct job typically creates between five and seven indirect jobs. As Swedfund's portfolio in 2023 contributed to approximately 421,000 (2022: 338,000) direct jobs, it can be concluded that, on average, one direct job contributed to approximately 5.9 indirect jobs. The model shows that the largest contributing factor to indirect jobs was improved access to finance, around 1,015,000, followed by increased consumption due to wages spent, just over 837,000. The number of indirect jobs through supply chains was just over 421,000, while the number through increased access to energy was approximately 223,000. The vast majority of indirect jobs in the portfolio are created through investments in financial institutions and portfolio companies, which account for as much as 90 percent of indirect jobs. These figures reflect the development of Swedfund's portfolio.

¹ <https://www.jointimpactmodel.org/>

² The results were calculated using the Joint Impact Model, a web-based tool for impact investors in developing markets developed by Steward Redqueen in conjunction with CDC, FMO, BIO, Proparco, AfDB and FinDev Canada. The results were calculated using User Guide JIM 3.1. They are based on economic modelling and do not represent actual figures, but are estimates and should be interpreted as such.

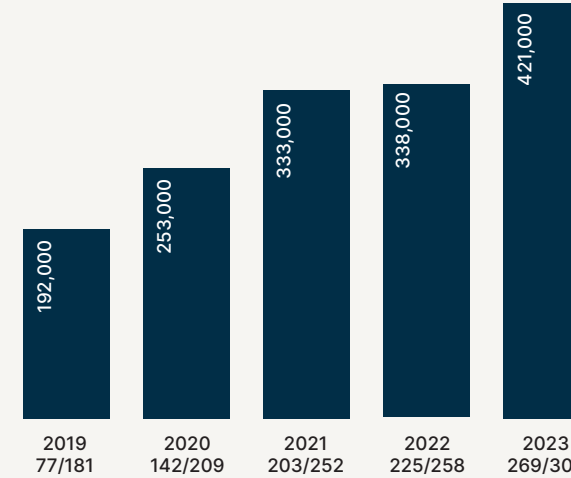
Total number of indirect jobs (estimated in thousands)

	2020	2021	2022	2023
Through increased consumption of wages spent	345,000	417,000	683,000	837,000
Through supply chains	300,000	283,000	468,000	421,000
Through increased access to finance	640,000	650,000	428,000	1,015,000
Through increased access to energy	160,000	179,000	259,000 ¹	223,000
Total	1,445,000	1,529,000	1,839,000	2,496,000

¹ Restated.

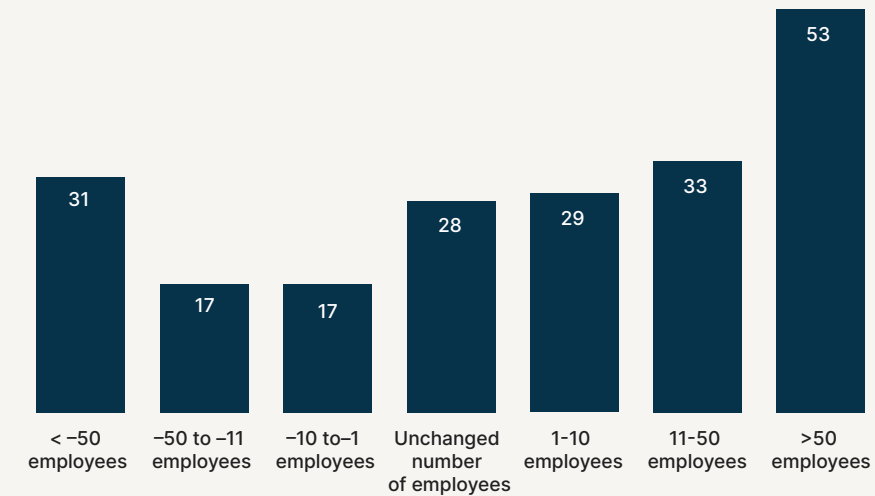


Total number of employees



2.5
million indirect jobs in Swedfund's portfolio in 2023

Change in number of employees (-/+) between 2022 and 2023 by category (comparable entities, sample 208/241 investments)



Tax

Type of objective: Other

Objective and description of objective

Higher tax revenue.

Indicator

Taxes and other similar items (corporation tax as a minimum) translated into Swedish kronor (SEK).

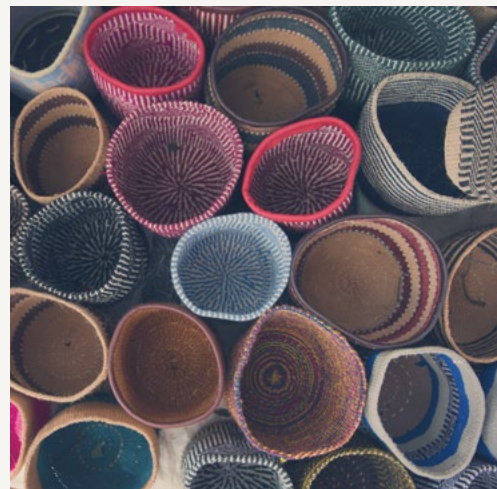
SDG



8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.



17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.



Introduction

Tax is a key issue and an important indicator for Swedfund. Profitable and growing companies generate tax revenue and jobs, giving the state more scope to finance welfare measures and economic growth, and contribute to reducing poverty. Prior to an investment, we review the project and its structure from a tax perspective.

Our main focus is on ensuring that taxation takes place where value is created, i.e. in the country in which we operate, and that the structure through which we invest does not contribute to tax evasion. For example, Swedfund does not participate in investments through intermediate jurisdictions which have not been deemed to comply sufficiently with the requirements adopted by the OECD or which are included in the EU list of non-cooperative jurisdictions for tax purposes. Parallel to this, we also work to promote responsible management through a dialogue and advocacy work together with other co-investors. We require our portfolio companies to account for their tax circumstances, an aspect which we follow up on annually. We encourage our portfolio companies to adopt an active approach to tax issues and to act responsibly regarding taxes. As a relatively small investor, it is important to strive to influence major players in the area and increase the proportion of sustainable investment amongst the world's poorest countries.

Results and analysis

Swedfund has been collecting data on portfolio companies' taxes and reported taxes by country for many years. In 2021, the data collection method was altered and data on taxes is now obtained from annual Sustainability Reports that the portfolio companies submit to Sweden annually, rather than annual reports. This has helped increase the amount of data available concerning taxes considerably. In connection with the change in data collection method, the definition of the indicator has also been revised, so that it is now harmonised with other development finance institutions and includes taxes and other similar items paid to authorities locally in the country. The geographical

distribution of taxes is based on the most recent updated list of countries, which means that geographical distribution is estimated, especially for funds with investments in several countries. As a result of these changes, only two comparative years are reported for the tax indicator.

As the table shows, Swedfund's portfolio companies and the underlying holdings of the funds contributed just over SEK 16.9 billion in tax revenue in 2023. This corresponds to a decrease of just over 7 percent compared with 2022 (when the amount was SEK 18.2 billion). The decrease can be explained by the fact that several of the companies that previously contributed the highest tax amounts have either reported lower taxes or not reported compared with the previous year. Analysis of the portfolio companies indicates that they have generally been affected by a weakened global economy. When making comparisons between years, it should also be noted that exchange rate fluctuations

may affect results. The lower reported figures are likely to be a combination of reduced tax revenues and exchange rate fluctuations, especially when converting between local currencies, USD and SEK.

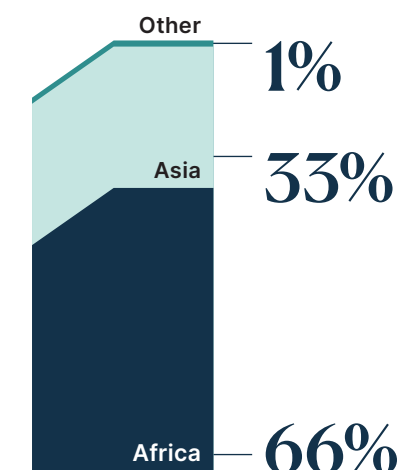
The table also shows tax amounts by country for the ten countries with the highest tax revenue from portfolio companies. The total taxes are also presented by region. In four countries, Kenya, India, Nigeria and Georgia, tax revenue accounted for almost 50 percent of total reported taxes. The investment in the portfolio that paid the most tax contributed just over 16 percent of the total reported tax, while the ten largest tax-paying investments accounted for approximately 77 percent. Viewed from a portfolio perspective, financial institutions and co-investment facilities account for the largest share of taxes paid, along with some major underlying holdings in the portfolio.

Tax - countries with the largest tax revenue in 2023 (10 largest (MSEK))

Country	Tax MSEK			Proportion of portfolio in 2023 (%)
	2021	2022	2023	
Kenya	2,813	3,343	2,761	16%
India	1,282	2,218	2,378	14%
Nigeria	1,363	2,804	2,146	13%
Georgia	175	1,077	1,133	7%
Vietnam	128	174	1,057	6%
South Africa	2,272	1,110	831	5%
Tanzania	434	1,494	726	4%
Uganda	141	407	704	4%
Ghana	360	463	664	4%
Egypt	500	592	647	4%
Others ¹	2,904	3,675	3,869	23%
Total	12,372	18,203	16,916	100%

¹ The table shows the countries where the portfolio reported the highest tax amounts in 2023 and the respective countries' tax amounts for previous years.

Share of total tax by region in 2023



PILLAR

Sustainability

Decent working conditions

Type of objective: Mission objective

Objective and description of objective

Compliance by all of the Company's investments with decent working conditions in accordance with the ILO Declaration on Fundamental Principles and Rights at Work within no more than three years from the date of investment.

Indicator

Proportion of investments that comply with the ILO Declaration on Fundamental Principles and Rights at Work.

SDG



8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers. Eliminate all forms of child labour by 2025.



8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



Introduction

The core of Swedfund's mission, which is also part of our public policy assignment, is to create jobs so that people can escape poverty. It is equally important that these jobs are linked to decent working conditions. In conjunction with the initial analysis of a prospective investment, an assessment is made of the present situation and the scope to bring about improvements. If Swedfund opts to proceed with an investment, the requirements for improvements are linked to the financial conditions for the disbursement of funds to the portfolio company. We follow up on the improvement plans and work actively with our investments. We operate in markets where working conditions in accordance with our requirements are far from clear. This makes our work particularly important. To support our portfolio companies, in 2023, we launched a handbook on the implementation of decent working conditions, as well as a handbook that explains how gender-based violence, sexual exploitation, abuse and harassment can be prevented. Both handbooks were launched along with a training course, and we have continued to use the handbooks in our work to achieve decent working conditions in 2024.

Results and analysis

To determine whether a portfolio company is complying with the ILO's Declaration on Fundamental Principles and Rights at Work, an assessment is made of whether the company is acting in line with the following Core Conventions:

- Freedom of Association and Protection of the Right to Organise, ILO 87, 98.

- Abolition of Forced Labour, ILO 29, 105.
- Equal Remuneration, ILO 100.
- Discrimination (Employment and Occupation), ILO 111.
- Minimum Age and Worst Forms of Child Labour, ILO 138, 182.
- Occupational Safety and Health and the Working Environment, ILO 155.

Swedfund's ongoing efforts also encompass the monitoring of developments in ILO's basic working conditions:

- Hours of Work and Overtime, ILO 1.
- Minimum Wage, ILO 26, 131.

Read more about how we work in practical terms during the investment process on pages 41-42.

Active ownership phase 1 - investments held for three years or less

The graph below shows that 96 percent of portfolio companies held for less than three years were considered to act in a manner consistent with the ILO Declaration on Fundamental Principles and Rights at Work in 2023. One portfolio company, equivalent to 4 percent, is considered to act in accordance with most of the Core Conventions, but some deficiencies have been identified and action plans to correct these deficiencies have been put in place. These results are in line with last year. Swedfund can invest in companies which do not meet all our requirements from the outset, and a key part of our advocacy work is to improve the work of these companies in relation to sustainability, including working conditions, ideally within three years from the date of investment.

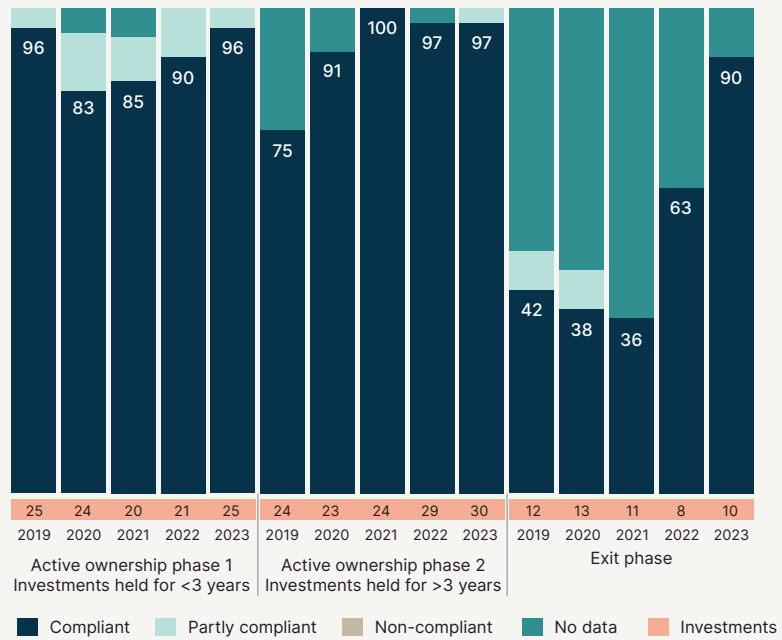
Active ownership phase 2 - investments held for more than three years

Of the portfolio companies which were in the category of investments held for longer than three years in 2023, Swedfund estimates, on the basis of the reported data, that 97 percent of the holdings fulfil the requirement regarding acting in a manner consistent with the ILO's Core Conventions. Swedfund's requirements in connection with new investments and advocacy have led to a gradual improvement in the performance of the portfolio companies.

Exit phase

Ten investments were identified as being in the process of closure at the end of 2023. Based on reported data, Swedfund estimates that 90 percent of the holdings in the exit phase act in a manner consistent with the ILO's Core Conventions. One portfolio company, corresponding to 10 percent of the portfolio companies in this category, did not submit a sustainability report. This is a company where investment was decided before 2013. In this case, Swedfund has little or no scope under contract law to demand reporting. The absence of any scope to pursue active ownership may be one reason why an investment is included in the exit list. Within this ownership phase, Swedfund's view is that all holdings, for which responses from Sustainability Reports are available, fulfil the requirements in full.

Compliance with the ILO Declaration on Fundamental Principles and Rights at Work 2019-2023 (% by phase of investment process)



INVESTMENT: HDECOVA
LOCATION: ADDIS ABABA, ETHIOPIA

Environmental and social management system

Type of objective: **Other**

Objective and description of objective

An environmental and social management system is to be implemented by all the Company's investments within no more than three years from the date of investment.

Indicator

Proportion of investments that have implemented environmental and social management systems.

SDG



10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

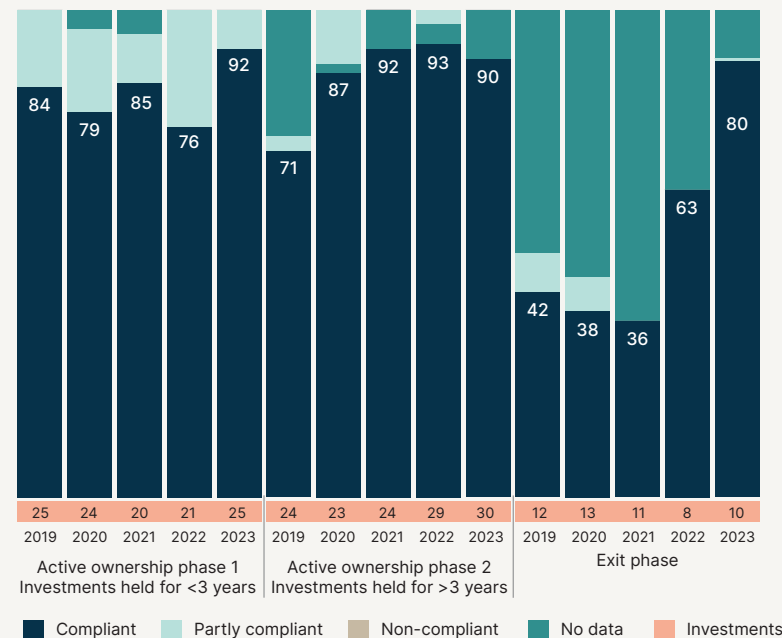


12.2 By 2030, achieve the sustainable management and efficient use of natural resources.



12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Existence of management system for sustainability issues 2019-2023 (% , per phase of the investment process)



Introduction

In order for Swedfund to contribute to the creation of businesses that are sustainable in the long term, we have been imposing a requirement on our portfolio companies for a number of years now to have systems in place for managing environmental and social issues. It is crucial to us that such systems are implemented and that the companies adopt an active approach to these issues. Read about the activities we have undertaken to support the implementation of systems for managing social and environmental issues in our portfolio in 2023 on page 77.

Results and analysis

Proportion of investments that have implemented environmental and social management systems

In order to determine whether a portfolio company has implemented a management system, we evaluate whether it contains the components that are relevant in accordance with IFC Performance Standards:

- Sustainability policy – A sustainability policy must be established and adopted by the management of the portfolio companies.
- Identification of risks and impacts - A system/procedure must be in place in order to identify sustainability risks and the areas that are affected.
- Performance management - The enterprise's performance within identified risk and impact areas must be measured and evaluated regularly in order to monitor and improve results over time.
- Responsibility and competence - A member of the enterprise's management must have overall responsibility for sustainability issues.

- Emergency preparedness - In the case of fixed installations, action plans must be in place for accidents and emergency situations.
- Reporting - Reporting must take place regularly and at least annually to both the management and to the board of directors of the portfolio company and to Swedfund.
- Stakeholders - Internal and external stakeholders must be identified and consulted in situations which affect them and be given relevant information at appropriate times and intervals.

Active ownership phase, part 1 – investments held for three years or less

The graph below shows that 92 percent of portfolio companies held for less than three years are judged to meet the requirements for a system for managing sustainability issues. 8 percent of the portfolio companies, corresponding to two companies, meet the requirements in part. Some deficiencies in the companies' environmental and social management systems were identified during due diligence, and the companies are working on improvement measures in accordance with an action plan. No company reported that they have no environmental and social management system. This represents a higher level compared with last year's outcome, when only 76 percent of the companies were assessed to meet the requirements in full and 24 percent in part. Swedfund can invest in companies which do not meet all our requirements from the outset, and a key aspect of our advocacy work is to improve the work of

these companies in relation to sustainability, ideally within three years from the date of investment.

Active ownership phase, part 2 – investments held for more than three years

For the portfolio companies which were in the category of investments held for more than three years in 2023, 90 percent were judged to meet the requirements in their entirety. Three companies were judged to meet the requirements in part. Swedfund's requirements in connection with new investments and advocacy have led to a gradual improvement in the performance of the portfolio companies, although there is still a need to support the implementation of environmental and social management systems during this ownership phase.

Exit phase

Ten portfolio companies were in the process of closure at the end of 2023. Of these holdings, nine portfolio companies provided information, eight of which are considered to have a functioning management system as regards sustainability issues and one company is judged to meet the requirements in part. However, no information is available for one portfolio company which failed to submit Sustainability Reports. The investment was made before 2013 and consequently Swedfund has little or no scope under contract law to demand reporting. The absence of any scope to pursue active ownership may be one reason why an investment is included in the exit list.

Business integrity management system

Type of objective: **Other**

SDG



16.5 Substantially reduce corruption and bribery in all their forms.

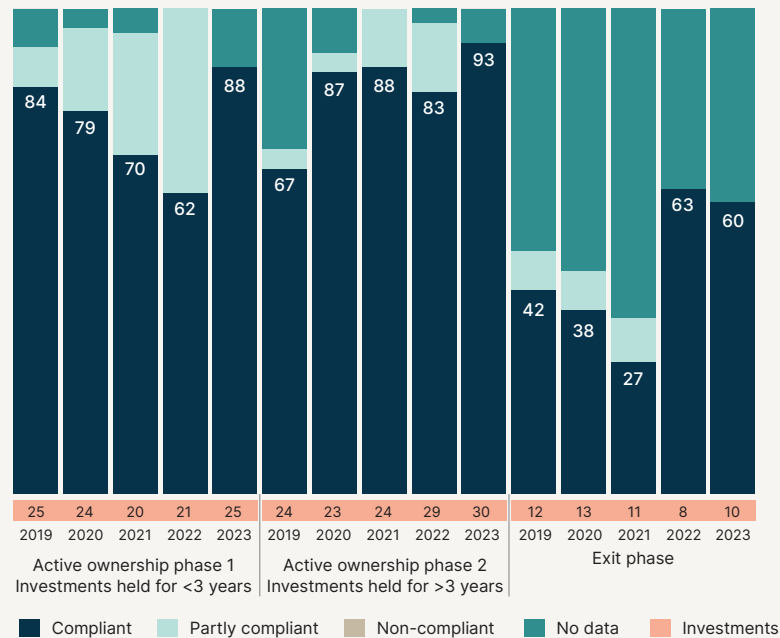
Objective and description of objective

A business integrity management system is to be implemented by all the Company's investments within no more than three years from the date of investment.

Indicator

Proportion of investments that have implemented a business integrity management system.

Existence of business integrity management system 2019-2023 (% , per phase of the investment process)



Introduction

In order for Swedfund to contribute to long-term sustainable enterprises, we have been imposing a requirement on our portfolio companies for a number of years now that they must have a business integrity management system in place. It is crucial to us that a system is implemented and that the companies have an active approach to these issues. Read more about how we developed our work relating to business integrity in 2024 to improve our ability to impose requirements and better support the portfolio companies on page 131.

Results and analysis

Proportion of investments that have implemented a business integrity management system

The incidence and risk of corruption are high in the markets in which Swedfund operates. We have an active approach to ensuring that our portfolio companies have the necessary processes and competence in place to work preventively on business integrity and corruption issues and act if necessary. However, we can never guarantee that individuals do not sometimes make incorrect decisions or that corruption does not occur. To determine whether a portfolio company meets the requirements which we stipulate in our business integrity policy, Swedfund monitors whether the company has a business integrity management system in place and, if so, whether it includes the relevant components:

- Business integrity policy - A policy must be established as a starting point for the anti-corruption management system.
- Responsibility - Responsible person at management level.

- Systems - Processes or controls to detect the existence of corruption and manage business integrity.
- Competence - Identification and training of key personnel (those most exposed to business integrity risks).
- Information - Regular reporting must take place.

Active ownership phase 1 – investments held for three years or less

88 percent of the portfolio companies held for less than three years reported and were judged to meet the requirements for a business integrity management system. 12 percent, corresponding to three companies, were deemed to meet the requirements in part. Agreed action plans are in place for the companies that meet out requirements in part. No company reported that they have no business integrity management system. This represents a higher level compared to last year's outcome, when 62 percent of the companies were judged to meet the requirements in full and 38 percent in part. The outcome was expected because Swedfund can invest in companies which do not meet all our requirements from the outset, and a key aspect of our advocacy work is to improve the work of these companies in relation to sustainability, ideally within three years from the date of investment.

Active ownership phase 2 – investments held for more than three years

Among the portfolio companies that were in the category of investments held for more than three years in 2023, 93 percent

submitted reports and were deemed to meet Swedfund's requirements in their entirety. 7 percent, corresponding to two companies, reported that they meet the requirements in part. Swedfund's requirements in connection with new investments and advocacy have led to a gradual improvement in the performance of the portfolio companies, although there is a still a need to impose requirements and support the implementation of business integrity management systems during this ownership phase.

Exit phase

Ten portfolio companies were in the process of closure at the end of 2023. Six of these portfolio companies submitted reports and were considered to have an adequate business integrity management system. Three companies were deemed to meet the requirements in part and one company failed to submit reports for 2023. The investment was made before 2013 and consequently Swedfund has little or no scope under contract law to demand reporting. The absence of any scope to pursue active ownership may be one reason why an investment is included in the exit list.

PILLAR

Financial viability

Economically sustainable investments

Type of objective: Mission objective

Objective and description of objective

Investments are to be financially sustainable. Mobilise at least 30 percent in private capital in investments that are made.

Indicator

Turnover and profit must increase in at least 60 percent of the Company's investments during the holding period, with a base year corresponding to the investment year. The proportion of funds in the portfolio with a positive IRR. Mobilise at least 30 percent in private capital in investments that are made.

SDG



8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Introduction

Our portfolio companies must grow and achieve profitability if the development impact we help to create is to remain intact in the longer term. Capital mobilisation means that development finance institutions act as a catalyst through our invested capital enabling co-investment with private capital. Swedfund and other development finance institutions can act as a bridge to private capital and, thanks to their many years of experience in investing in developing countries and proven business models with an emphasis on sustainability and impact on society, are well placed to act as catalysts.

Results and analysis

Turnover and profitability to increase in at least 60 percent of the Company's investments

The graph below shows the percentage of Swedfund's direct investments that met the mission objective at the end of each of the years 2019-2023. Indirect investments via

funds are excluded, but these are reported in the separate follow-up on the next page.

The outcome is binary, i.e. companies have either grown in terms of both turnover and profit or not grown at all, which facilitates comparability between companies of different sizes and maturity.

In 2023, the total sample increased to 26 holdings (up from 24 holdings in 2022). This can be explained by the fact that more portfolio holdings have been added to this category than there are investments that have been closed.

The direct holdings in the portfolio displayed weaker financial viability in 2023, where 54 percent of the holdings showed an increase in both turnover and profit compared with the investment year (2022: 67 percent). The proportion of investments that showed a decrease in one or both parameters was 42 percent in 2023.

The proportion of investments that have met the target is therefore below the established target level. Many holdings have been both directly and indirectly

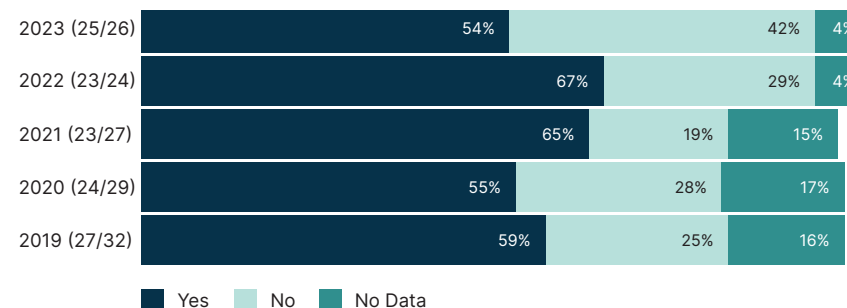
affected by higher inflation and global uncertainty. Data coverage remains high as only one company in the portfolio has no provision for KPI monitoring as a result of a restructuring which has delayed financial reporting.

Within the group that meets the Financial viability objective are companies which are active in different sectors and regions, as well as companies of different sizes, with a common denominator being that the majority of holdings have been operating for a long time. The graph below shows the percentage of Swedfund's direct investments that met the mission objective at the end of each of the years 2019-2023. The pace of financial development varies considerably between direct investments, depending on various factors, including the development phase, local market conditions and the sector. Volatility in the markets in which Swedfund operates is generally greater than in more developed economies.

Proportion of funds with a positive IRR

The graph on the following page presents a summary of the proportion of Swedfund's active fund portfolio that has a current return in excess of three percent and a return between zero and three percent, and the proportion of the fund portfolio that has a negative return. The return is calculated in USD as net IRR, i.e. accumulated average annual return per investment where realised and unrealised changes in value are compared with the amount actually invested. The fact that a high proportion of the fund holdings can report a positive return over time is an important indicator that the investments

Share of investments that increase both sales and profitability with the investment year as base year



are economically viable and that the funds' underlying holdings are showing financial viability. IRR figures are based on the latest valuation of the funds as of 31 December 2024, which means that they are not reported with the same lag as the majority of the other performance indicators. The sample includes 36 funds, which includes all active funds where the first payment was made no later than in 2023.

Of the 36 funds included in the sample, 15 funds (42 percent) have a positive IRR. The remaining 21 funds (58 percent) had a negative IRR at the end of 2024. Swedfund's fund portfolio has grown with seven new funds during the year and one third of the fund portfolio portfolio has been contracted during the last three years. Of the total of 12 funds that were contracted in the last three years, four have a positive IRR. For funds older than three years, the corresponding proportion of holdings with positive return is eleven out of 24 funds. An explanation for why the proportion of holdings with a negative IRR has increased during 2024 is a relatively high number of younger funds. A typical private equity fund will normally need a certain number of years of investment and active ownership in its underlying holdings before any growth in value can be demonstrated. The indicator should therefore be

monitored over an extended period of time in order to evaluate how a more mature portfolio will develop over time.

Capital mobilisation

Swedfund's special public policy assignment includes mobilising at least 30 percent in private capital within the investments we make. For many years, Swedfund has acted as a catalyst and helped to mobilise private capital through co-investments with private operators. The multi-lateral development banks have developed a method for calculating mobilised capital, and Swedfund reports annually to EDFI in accordance with this method.

Volume of capital mobilised

The mission objective is monitored using 2020 as the base year and the calculation is based on private capital mobilised during the year in relation to the contracted amount of the year's agreed investments. This means the indicator is reported without a lag, unlike most other indicators for the portfolio companies. The result is calculated with Swedfund's share of mobilised private capital weighed in relation to other development finance institutions and development banks' invested amounts. In 2024, Swedfund is estimated to have contributed to private capital

mobilisation corresponding to 36 percent of the total contracted value during the year, which is slightly lower compared to 39 percent during 2023. Private mobilised capital in 2024 is primarily attributable to a number of fund investments, with Apis Growth Markets Fund III, Amethis III and Novastar III People + Planet fund having contributed the most private capital in relation to investments made by Swedfund and other development finance institutions. The proportion of mobilised private capital for 2024 exceeds the target level of 30 percent of the contracted amount. In the follow-up of the whole 2020-2024 period, the proportion of mobilised capital amounts to 32 percent, which is in line with the target level stated in the mission objective. Greater uncertainty and risks in the global economy have generally had a negative impact on direct foreign investment in developing countries, which makes it more challenging to mobilise private capital. Through the investments which were contracted in recent years, Swedfund has helped to attract more long-term private investors and capital.

Total share of Fund portfolio (IRR per Q4 2024)



36%
Total private capital mobilisation 2024



Grant-funded activity

A variety of tools are needed to increase the overall development impact that our operations generate. Swedfund receives grants for initiatives relating to project preparation and support in developing countries through the Project Accelerator. Funding for technical assistance is used for quality-enhancing initiatives among portfolio companies.

Project Accelerator

Swedfund's Project Accelerator is a vital tool in the efforts being made to deliver on the 2030 Agenda for Sustainable Development, the UN's blueprint for people, the planet and prosperity. The initiative aims to support public sector project owners in countries receiving aid, so that more renewable energy, green infrastructure and sustainable transport projects can be developed and completed. The Project Accelerator acts a bridge to Swedfund's investing activities, particularly in the field of energy. The initiative is also a specific example of how synergies between trade and development cooperation can be utilised and developed.

The need for the Project Accelerator is linked not only to the fact that too few investable projects are being developed, but also to the fact that sustainability aspects are often not taken into account to the desired extent in the projects that are developed, procured and implemented.

Swedfund's financing is intended to strengthen the capacity for project development and sustainable procurement. In this way, the Project Accelerator helps to ensure that project owners do not commit to costly solutions and technologies that are not sustainable in

the long term, and helps to boost business opportunities for enterprises that offer sustainable and long-term profitable solutions.

The Project Accelerator has been in use since autumn 2016 and is funded through annual grants. The grants for 2024 originate from expense area 7 (International development cooperation) and amounted to MSEK 240 in total. Of this amount, MSEK 90 was specifically intended for initiatives in Ukraine, and MSEK 15 was specifically intended for Moldova. The funding that has been allocated includes management costs. In 2024, four new employees were recruited to manage the expanded mission and growing project portfolio.

Ongoing initiatives are in different phases of engagement and activity. A total of 41 initiatives were instigated in 2024 and a number of previous initiatives were wound up. Projects are usually preceded by a comprehensive anchoring process before a decision is taken concerning the initiative. The project itself is then carried out for about a year, depending on the procurement process and the scope of the initiative. The immediate outcome of the work is normally used as a basis for decision-making, which in turn forms the basis for procuring a sustainable solution to meet the needs of the country concerned. The timing of the procurement will depend on the national and local circumstances of the project owner, particularly its financial circumstances.

In 2024, operations were carried out with a strong focus on Ukraine. The war in Ukraine and the economic impacts at macroeconomic level have been felt in many of the countries in which the Project Accelerator operates. Many countries are experiencing fiscal problems as a result of high inflation and higher interest rates, making it difficult for them to manage their debt situation. In the long run, this will also reduce the scope for investment. As a result, the Project Accelerator's cooperation with various development banks became increasingly pivotal in 2024 as demand for soft financing increased.

Project Accelerator, general status

Aggregate	Number
Ongoing	82
Initiatives closed	43

New initiatives began in the following countries in 2024: Angola, Brazil, Cameroon, Colombia, Kenya, Malaysia, Moldova, Mozambique, Namibia, Nigeria, Philippines, Senegal, South Africa, Sri Lanka, Tanzania and Ukraine.

Since 2016, the Project Accelerator has also instigated initiatives in the following countries: Albania, Bolivia, Burkina Faso, Egypt, Eswatini, Georgia, Indonesia, Democratic Republic of Congo, Laos, Lesotho, Rwanda, Thailand, Uganda, Zambia and regional initiatives in South Africa.



The projects are being carried out in the circular solutions, sustainable energy, sustainable transport and sustainable project sectors.

Funds for Technical Assistance (TA)

Technical assistance funds are used to develop and support Swedfund's investments mostly relating to sustainability and development impact, including human rights, gender equality, the environment and climate, decent working conditions, business ethics and business integrity. The funds can be used to develop several investable objects. TA funds may be used in any country in which Swedfund operates, in accordance with the annual letter of allocation. For 2024, Swedfund was allocated MSEK 18.0 for Technical Assistance, of which MSEK 1.8 was allocated to administration of initiatives. A total of 18 decisions to fund projects with a combined value of MSEK 16.2 were made in 2024. MSEK 1.8 was used for administration purposes in 2024.

TA initiatives – approved 2024	Description
Preventive initiative in the field of business ethics and anti-corruption	Project which aims to boost a fund management company's capacity and scale up working methods in order to identify, mitigate and respond to corruption risks in the fund's portfolio companies.
Female Future Program	Additional funding for activities within the leadership development programme that aims to increase female representation in leadership roles within portfolio companies and funds' underlying companies in Kenya, Tanzania, Uganda, Ghana and Tunisia.
Climate initiative	Initiative aimed at boosting the capacity and developing a methodology for a fund manager to implement a model for calculating the climate impact of the funds and the underlying portfolio companies.
Model for managing and measuring development impact	Support for second phase of project to develop a standardised Impact Measurement and Management System (IMMS) offering for Swedfund's portfolio companies.
Preventive initiative in the field of business ethics and anti-corruption	Additional funding for initiative aimed at promoting standards and developing a common framework for business integrity that can be used by Swedfund's portfolio companies, mainly financial institutions and fund managers.
Gender equality in the energy sector	Activity to support fund management companies' underlying portfolio companies improve initiatives and achieve better results, as well as build capacity in order to achieve far-reaching, long-term results in the area of gender equality.
Gender equality in the financial sector	Initiative to provide in-person training sessions/workshops to support fund managers and financial institutions in their work to strengthen the implementation of a gender equality perspective within the companies' own organisations and investment processes.
Initiative within human rights	Activity to develop guidelines and provide training to underpin Swedfund's portfolio companies' processes, competence and capacity to manage risks and negative impacts in the area of human rights.
Development impact, gender equality and sustainability	Project which aims to boost the competence and capacity of a fund portfolio company in line with international ESG standards, as well as for women's empowerment, diversity and inclusion, and to contribute to the sustainable growth and development of small and medium-sized enterprises.
Initiative to improve working conditions	Activity to underpin the work of portfolio companies to implement decent working conditions. The initiative is based on a Decent Work Handbook and related material and associated tools.
Certification of consumer protection principles	Support for the fund's underlying company in Tanzania in the area of consumer protection for capacity building and alignment with Customer Protection Principles (CPP).
Capacity and quality-enhancing initiatives within ESG	Activity to update and develop portfolio company policy and procedures and provide training in the areas of environment, social responsibility and business integrity to underpin the company's risk management and performance monitoring.
Preventive initiative in the field of business ethics and anti-corruption	Framework project to boost portfolio companies' capacity and scale up working methods to identify, mitigate and address corruption risks, including the funds' portfolio companies.
Female Future Program	Support for a third round of activity within the leadership development programme that aims to increase female representation within portfolio companies and funds' underlying companies in Kenya, Tanzania, Uganda, Ghana and Tunisia.
Capacity-building measures within ESG, including consumer protection	Initiative to boost the capacity of portfolio companies to manage environmental and social risks, including in the area of consumer protection, for capacity building and alignment with international standards.
Climate initiative	Activity to improve fund managers' methodology and processes for calculating and monitoring the underlying portfolio companies' climate impact, with a specific focus on Scope 4 (avoided emissions).
Gender equality in the energy sector	Support for portfolio companies in the area of gender equality and women's empowerment to underpin and develop the company's policies and processes internally and within activities that drive projects. The activity also includes training and a follow-up study of the project companies' external impact in the field.
Capacity and quality-enhancing initiatives within ESG	Initiative aimed at fund companies' underlying portfolio companies active in B2B e-procurement of foodstuffs to carry out an ESG audit and underpin, develop and align the company's policies and processes with international ESG standards.

Swedfund's performance

Swedfund is Sweden's development finance institution for sustainable investment in the world's poorest countries. Swedfund is wholly owned by the State and managed by the Ministry of Finance. Its business operations are financed through capital injections from the owner and from the returns generated by the investment portfolio. Swedfund invests in shares and loan instruments, directly in companies and financial institutions and indirectly through funds. This section presents Swedfund's performance and financial position for the 2024 financial year, as well as follow-up on the financial objectives defined by the owner.

Investing activities

Portfolio

During the past financial year, work on developing and changing the composition of the portfolio continued in line with Swedfund's strategy to invest in the four sectors: Energy & Climate, Financial Inclusion, Sustainable Enterprises and Food Systems.

In 2024, Swedfund contracted fifteen (15) investments, of which fourteen (14) were new portfolio holdings and one (1) was an additional investment in an existing portfolio holding. The total contracted value of all investments agreed during the year was just over MSEK 2,700, split between seven (7) equity investments (of which four through funds) and eight (8) loan investments. The investments agreed in 2024 are described below under the sections for the relevant sector.

During the year, a total of two portfolio holdings were closed completely. These were a loan and an indirect equity investment. In addition to the holdings that were closed completely, two loans in co-financing facilities were also closed in 2024. Net capital gains during the financial year from the sale of shares and participating interests amounted to MSEK 243.7 (56.1), where the capital gain in 2024 was attributable in its entirety to partial divestments in a number of equity funds; a partial divestment in South Asia Growth Fund II during Q3 had the greatest individual impact on net profit/loss for the year.

The book value of Swedfund's portfolio of shares, fund units and loans amounted to MSEK 6,121 (4,990) as of 31 December 2024. At the end of the year, unrealised surplus values of shares and fund units amounted to MSEK 1,107 (591), measured at fair value. Together with contractually agreed, but as yet unpaid commitments of MSEK 5,931 (4,492), the total value of the portfolio was MSEK 13,159 (10,073) at the end of the year. The change in value of the portfolio was mainly due to the fifteen contracted investments, the total value of which was significantly higher than the value of portfolio holdings that were closed during the year. In 2024, the value of the portfolio was also positively affected by currency translation, as the Swedish krona weakened significantly during the latter part of the year, particularly against the USD, which is the most common transaction currency in Swedfund's investment portfolio. The estimated impact of currency translation on the value of the portfolio in 2024 is approximately MSEK 800 compared to the value at the beginning of the year.

The return on the investment portfolio, expressed as IRR, showed positive trends in 2024 and is expected to amount to 5.6% at the end of the year, compared with 4.6% at the start of the year. IRR is calculated in USD, which is the main transaction currency, and relates to the total portfolio with the 2013 investment year as the base year. Unrealised changes in the fair value of shares and participating interests as well as realised partial divestments within a number of PE funds had a positive

impact on IRR in 2024. Falling market interest rates have generally had a positive impact on the measurement of shares and participating interests, while the predominant share of the loan portfolio, with variable interest rates, generated a slightly lower return.

Investments

Energy & Climate Sector

In 2024, Swedfund continued to invest in the Energy & Climate sector based on its strategic decision to only invest in renewable energy sources. Access to cost-effective, reliable and sustainable energy is one of the UN's Sustainable Development Goals. The technical prerequisites for energy supply through renewable sources are often very good in developing countries, yet many energy projects cannot be implemented due to lack of knowledge or funding. The Energy & Climate sector's share of the contracted value of the total portfolio increased during the year and was 42% as of 31 December 2024. Four (4) investments were agreed in the Energy & Climate sector during the year. These are presented below:

- In Q2, an indirect equity investment was agreed through a commitment of up to MEUR 30 in the Urban Resilience Fund (TURF). TURF develops and invests in new infrastructure projects and companies that improve urban environments and provide important social

services. Investments are expected to be made in areas such as microgrids, waste management facilities and energy-efficient social environments, such as street lighting and sustainable transport. The fund is managed by Meridiam and has a geographical focus on Africa and mainly sub-Saharan countries.

- In Q2, Swedfund agreed an equity investment of up to MUSD 10 in solar power company PT Xurya Daya Indonesia (Xurya). This investment was part of a financing round totalling MUSD 55 headed up by Norwegian development finance institution Norfund. By the time of the investment, Xurya had developed over 170 solar power projects. The investment is expected to contribute to the transition to more fossil-free electricity production in Indonesia.
- A share capital investment of up to MUSD 22 in independent power producer Sturdee Energy (Sturdee) was agreed in Q4. Sturdee develops, owns and operates renewable solar and wind turbines in South Africa, Botswana and Namibia. Countries in South Africa have a significant deficit in electricity supply and the region is also heavily dependent on fossil fuels. Swedfund's investment in Sturdee was carried out in partnership with Danish development finance institution IFU and is expected to contribute to the green transition in the region.
- In Q4, a loan of up to MEUR 40 to The Emerging Africa and Asia Infrastructure Fund (EAAIF) was agreed. EAAIF is a platform that provides loans for infrastructure projects in Africa and Asia, and has an active project portfolio of over 60 projects spread over 20 countries, mostly in Africa. The platform invests broadly in infrastructure in several different sectors such as energy systems, transport and logistics and digital infrastructure. Swedfund's loans to EAAIF will primarily be for climate and digital infrastructure projects, and the investment is also expected to enable the mobilisation of private capital for the platform.

Financial Inclusion sector

In developing countries, small and medium-sized enterprises account for the majority of all jobs and are therefore a driving factor for the countries' economic and social development. The lack of funding is one of the most restrictive factors in terms of SME growth. Swedfund's investments in the Financial Inclusion sector may be made directly in regulated banks, financial institutions and microfinance institutions as well as indirectly through credit funds. This sector's share of Swedfund's total investment portfolio was 28% at the end of 2024. In 2024, five (5) investments were agreed in the Financial Inclusion sector:

- In Q1 2024, a loan of MUSD 5 was agreed to Teyliom Finance, a subsidiary of the Teyliom Group, which operates in a number of industries in twelve African countries. Swedfund's loan to Teyliom Finance is aimed at its subsidiary Bridge Bank Microfinance, which is mainly active in Côte d'Ivoire and focuses on lending to micro, small and medium-sized enterprises (MSMEs). The loan to Teyliom Finance was made as a co-investment with BluePeak Private Capital Fund, in which Swedfund has invested as a shareholder since 2022.
- In Q2 2024, a loan of up to MUSD 10 was agreed with the Nepalese bank, Siddhartha Bank. The agreement with Siddhartha is Swedfund's first direct investment in Nepal, and the loan complements the bank's financing and capital structure. The loan to Siddhartha creates the prerequisites for the bank's financing of MSMEs through growth in prioritised segments such as agriculture, food production and energy production.
- In Q3, a loan of up to MUSD 30 was agreed with Access Bank in Nigeria. Swedfund's loan to Access Bank is part of a syndicated loan of up to MUSD 300 granted together with other European development finance institutions, under the leadership of Dutch development finance institution, FMO. Access Bank is a systemically important bank in Nigeria and the focus of the loan is MSMEs, largely outside the major cities, where increased access to financing can contribute to growth and the creation of jobs.
- A loan agreement of up to MEUR 20 with Compagnie Financière Africaine (COFINA) was agreed in Q4. COFINA is a financial institution that provides loans to small and medium-sized enterprises in West and Central Africa. Swedfund's loan is aimed at MSMEs, female entrepreneurs and agribusinesses in Côte d'Ivoire and Senegal. The loan to COFINA is 50% covered by a credit guarantee from the EU.
- An extended commitment to the existing portfolio holding Victoria Commercial Bank (VCB) was agreed in Q4 through a loan of up to MUSD 7.5. VCB is a Kenyan bank that has been part of Swedfund's investment portfolio since 2018. The extended loan commitment is expected to support VCB's strategy to finance small and medium-sized enterprises in sectors such as manufacturing, retail and agriculture.

Sustainable Enterprises sector

Strengthening the growth and resilience of small and medium-sized enterprises in developing countries is crucial for local job creation, the

2700

MSEK total contracted value of investments agreed 2024

accessibility of products and services, tax revenue and women's economic empowerment. The Sustainable Enterprises sector is helping to increase venture capital, which in turn will strengthen the business community in the countries in which Swedfund invests. The sector invests broadly in a range of industries where digital business models, gender equality and health are priority issues. Investments are usually made using equity as an instrument, both directly and indirectly through funds. The sector's share of Swedfund's total investment portfolio was 25% at the end of 2024, and a total of three (3) investments were contracted during the year.

- In Q2, an indirect equity investment of up to MUSD 10 in Inside Equity Fund II (IEF II) was agreed. IEF II is a sector-agnostic PE fund with a focus on investing in small and medium-sized enterprises (SMEs) in South East Africa, mainly in Zambia and Madagascar. Swedfund's investment in the fund is expected to contribute to job creation, tax revenue and development of the private sector in South East Africa, where the shortage of venture capital is felt particularly by SMEs in the growth phase.
- An indirect equity investment was agreed in Q3 through a commitment of MUSD 10 in Novastar III Africa People + Planet Fund (Novastar III). Novastar III is an early-stage venture capital (VC) fund with a focus on investing in companies involved in climate and environmental technology and digital services. The financing from Novastar III is expected to have an impact on sector and market development within the African VC ecosystem, as well as contribute to job creation and higher tax revenue.

The fund's investments will be made in a number of countries in Africa, predominantly sub-Saharan countries, including Kenya, Uganda, Nigeria and Ghana.

- An indirect equity investment of up to MEUR 15 in the AfricInvest SME Fund was agreed in Q4. AfricInvest SME is a sector-agnostic PE fund that invests in a number of countries in North, West and East Africa. The focus of its investments is fast-growing small and medium-sized enterprises displaying a clear need for growth capital. In addition to increased access to venture capital, the investment in AfricInvest SME is also expected to contribute to job creation and improved gender equality.

Food Systems sector

In developing countries, agriculture and food production employ a high proportion of the population and constitute an important part of many countries' economies. Despite good conditions for agriculture and food production in many cases, it is estimated that Africa imports up to 65 per cent of the continent's food. In many countries, a large proportion of the food produced never reaches the market and becomes waste. At the same time, food security is exacerbated by factors such as climate change, geopolitics, war and rapid population growth. Within the Food Systems sector, which was established in 2023, Swedfund invests across the entire value chain for agriculture and food production. At the end of 2024, the sector's share of the total investment portfolio amounted to just over 3% after three (3) investments were contracted during the year.

- In Q1, Swedfund agreed its first investment in the Food Systems sector through a loan of up to MUS\$ 5 to Apollo Agriculture (Apollo). Apollo is an agri-fintech company that, through innovative use of technology, data and a scalable distribution model, offers smallholder farmers in

Kenya and Zambia a comprehensive solution for agricultural inputs, advice, insurance and financing. The loan gives Apollo the opportunity to further develop and expand its operations, in turn creating the conditions for job creation and improved agricultural production. 50% of Swedfund's loan is covered by a credit guarantee from the EU.

- In Q4, Swedfund agreed to invest share capital of up to MUS\$ 20 in AgDevCo Limited (AgDevCo), an investment company focusing on investments through debt and equity instruments in medium-sized enterprises in the agricultural sector in sub-Saharan Africa. Swedfund made this investment alongside development finance institutions, BII and Norfund, which are existing shareholders in AgDevCo. The investment in AgDevCo will create the conditions for continued growth in the Company's investment portfolio and the opportunity to mobilise private capital. The expected primary effects of this investment are job creation as well as strengthening and growth in the agricultural sector in several markets in Africa.
- A loan agreement was contracted at the end of Q4 through a MUS\$ 15 loan to Robust International Pte. Ltd. (Robust). Swedfund's loan to Robust is part of a syndicated loan led by Dutch development finance institution FMO. Robust is a global company specialising in trade in cashew nuts and sesame seeds. Its parent company is based in Singapore and it has local operations in several African countries. The loan will primarily be used to boost Robust's working capital in its African subsidiaries for the purchase of raw materials from local agricultural cooperatives and smallholder farmers for further processing in new processing plants. Increased local production capacity and refining of raw materials is expected to contribute to market development, jobs and growth in the African agricultural sector.

Disposals

In 2024, two (2) portfolio holdings were closed completely, one of these was a loan and the other an indirect equity investment.

Divestments of shares and participating interests

In Q4, the last underlying holding in the Adenia Capital III fund was divested, and the investment is therefore considered to have been divested from Swedfund's active portfolio.

Termination of loan

One direct loan investment was closed completely in 2024:

- The loan to Equity Bank in Kenya (MUS\$ 15) was repaid in full in Q3 in accordance with the terms of the loan agreement and the portfolio holding is therefore closed.

In addition to the loan investments that were closed completely, two loans within the EFP and ICCF co-financing facilities were also closed during the year as planned.

**Earnings performance
Financial objectives**

Swedfund's financial objectives were adopted in 2019 and entail that operating profit (EBIT) should be positive when measured as an average over a five-year period. This objective requires the Company's operations to be financially viable and cost-effective for taxpayers. The financial objective is long-term and has to be evaluated over an extended period of time. Swedfund reports a clearly positive EBIT for 2024. A summary of EBIT for the last five-year period 2020-2024 (see table below) shows that total operating profit amounted to just under MSEK 250 or an average of MSEK 50 per year, which means that the financial objective was achieved at the end of 2024. Performance and the achievement of objectives are largely affected by exchange rate effects. The impact of currency on earnings is characterised by high volatility, given that no currency hedging has been applied.

EBIT for the 2024 financial year amounted to MSEK 376.4 (-103.4). The positive performance in 2024 was largely influenced by currency, the majority of which was due to unrealised exchange rate effects in Swedfund's loan portfolio and unrealised exchange rate effects included in the revaluation of shares and participating interests. Given the limited size of the investment portfolio, individual transactions and exchange rate effects can have a major impact on EBIT, which can therefore

EBIT – rolling 60 months

MSEK	2020	2021	2022	2023	2024	Total 2020–2024
EBIT	-373	197	151	-103	376	249

fluctuate significantly, both negatively and positively, and between quarters and years. EBIT excluding exchange rate effects (or alternative performance measure) amounted to MSEK 68.7 (-15.7) during the year and is presented in more detail in Note 8.

Comments on the return on investing activities

A total of two holdings in the portfolio were closed completely during the year. One of these was a direct loan and the other an indirect equity investment. Swedfund's return on investing activities during the 2024 financial year was MSEK 538.1 (27.4). The weakening of the Swedish krona against the USD and EUR in particular during the latter part of the year had a positive impact on the return from investing activities through unrealised exchange rate effects when valuing the holdings in the portfolio. For the loan portfolio, the effects from currency are reported in the exchange rate effects line item, while the effects from currency for shares and participating interests are included in the net impairment line item. In addition to exchange rate effects, earnings during the year were clearly positively affected by capital gains from partial divestments in a number of equity funds.

Shares and fund units

Shares and participating interests in the investment portfolio had a book value of MSEK 3,638 (2,808) and an unreported excess of MSEK 1,107 (591) at the end of the financial year.

Swedfund's investing activities generated dividend income of MSEK 31.1 (32.7) in 2024. Dividend income during the year is relatively evenly distributed between reflows from credit funds and equity funds.

Net capital gains from the sale of shares and participating interests for the full year 2024 amounted to MSEK 243.7 (56.1). Transactions during the year with the greatest impact on net capital gains came from partial divestments in the South Asia Growth Fund II, Apis Growth Fund I and Ninety One Africa Private Equity Fund. No divestments of direct shareholdings took place in 2024.

Net interest income

Loan receivables in the investment portfolio had a book value of MSEK 2,483 (2,182) at the end of the year.

Net interest income for the full year 2024 amounted to MSEK 224.7 (227.7). Net interest income was positively affected by currency translation during the year, while falling market interest rates had a negative impact.

Other portfolio income and portfolio expenses

Other portfolio income refers to, for example, board fees in portfolio companies. Other portfolio expenses refer to direct costs attributable to active projects and investments, such as legal expenses and fees paid to external advisers, as well as other costs in connection with due diligence. The net amount of other portfolio income and other portfolio expenses for the full year 2024 was MSEK -8.9 (-5.5). Swedfund's growing investment portfolio, with a higher number of projects in the late evaluation phase, is the main reason behind the higher other portfolio expenses compared with the previous year.

Exchange rate effects

Reported exchange rate effects for the 2024 financial year amounted to MSEK 179.9 (-85.3). The profit/loss line includes both realised exchange rate gains and losses as well as unrealised exchange rate effects for loan receivables, which were strongly affected by the weakening of the Swedish krona in the last quarter of 2024. Given Swedfund's strategy of not hedging loan receivables against currency, reported exchange rate effects correlate with exchange rate fluctuations in the currency market between Swedish kronor and particularly USD and EUR.

Impairments (measured at fair value) and credit losses

Swedfund operates in difficult geographical markets whilst the size of the portfolio is limited. For the valuation of shares and fund units (including holdings of shares in group companies, associated companies and joint ventures), Swedfund follows the IFRS by applying RFR2. This means that impairment is recognised in the income statement in cases where the fair value is less than the book value. This can lead to large variations in impairments (net) between different reporting periods. If a surplus value compared with the acquisition cost can be shown when measuring at fair value, this surplus value is reported in the notes. As of 31 December 2024, the unrealised surplus amounted to MSEK 1,107 (591), see also Note 22.

For the 2024 financial year, impairments of shares and fund units (net) amounted to MSEK -60.0 (-210.1). Currency translation had a positive impact on impairments during the year of approximately MSEK 53, which means that the underlying change in the value of equity and fund holdings recognised in the income statement is approximately MSEK -113. The impairments are mainly attributable to indirect equity holdings in the Sustainable Enterprises sector.

The measurement of loans in accordance with IFRS 9 had a negative impact in 2024 due to higher expected credit losses, which had an impact on earnings of MSEK -72.5 (9.2). The negative effect on earnings during the year was greatly affected by an impaired loan that was moved to stage 3.

Comments on operating profit (EBIT) and financial expenses

Swedfund's operating profit (EBIT) for 2024 was MSEK 376.4 (-103.4). The positive performance and the difference compared with the previous year were primarily due to currency translation effects and capital gains from the sale of fund units. Recurring income from net interest and dividends also exceeded operating expenses by a good margin in 2024.

As the effects of currency translation have a significant impact on reported earnings, Swedfund has introduced an alternative performance measure as of 2022, where the exchange rate effects on net income from investing activities are not included in reported operating profit. Currency effects on net income arise primarily from the revaluation of portfolio holdings, where exchange rate effects from loan instruments are reported on a separate line in the income statement, while the corresponding exchange rate effect for shares and fund units is recognised in the income statement through net impairments. In addition to this, certain exchange rate effects are also recognised in the income statement through shares and fund units as well as net interest income. For further information on the alternative performance measure, see Note 8.

For the full year 2024, EBIT excluding exchange rate effects was MSEK 68.7 (-15.7). The positive performance in 2024 is mainly due to capital gains from the divestment of fund units that clearly exceed the total effect on earnings of the year's impairments and expected credit losses.

Other operating income and expenses

The separate lines in the income statement 'Other operating income' and 'Other operating expenses' relate to the activities within Technical Assistance and Swedfund Project Accelerator, which are funded through separate grants. These income and expenses amounted to MSEK 0 (0) net for the 2024 financial year. Swedfund's costs are normally covered in full by the grants, which means that these activities do not have a direct impact on the Company's financial results.

Capitalised work for own account, which amounted to MSEK 0.8 (1.2) in 2024, has also been included as a separate line in the income statement under 'Other operating income'. All of this relates to the capitalisation of

external costs for the development of a new external website. The revenue of MSEK 0.8 has a corresponding cost that is recognised in 'Other external costs'. Capitalised expenses will be written off against earnings and shown as depreciation as of 2024.

Other external costs and personnel costs

The Company's other external costs amounted to MSEK -51.6 (-39.9) in the 2024 financial year, where the increase in costs is mainly due to IT-related costs, licences, external consultants, higher costs for office premises and lower input VAT deductions.

Personnel costs during the year amounted to MSEK -108.6 (-90.6), where the increase in costs during the year is explained by continued growth in the average number of employees and wage inflation.

Other financial items

Net income from other financial items in 2024 amounted to MSEK 547.3 (95.1) and is attributable to Swedfund's financial management in the

form of cash and cash equivalents and interest-bearing securities. Surplus liquidity is managed in low-risk securities with a short duration in accordance with the Company's Financial Policy. During the year, surplus liquidity was invested in fixed-income securities in the same currency as Swedfund's contractual commitments and in Swedish kronor. As a large proportion of liquidity management is invested in interest-bearing instruments in USD and EUR, this entails a currency translation effect, which had a positive impact on other financial items during the year. At the same time, trends in market interest rates have resulted in a stable underlying return in liquidity management and for bank deposits in accounts, which explains why the net income from other financial items is positive for the full year 2024.

Taxes

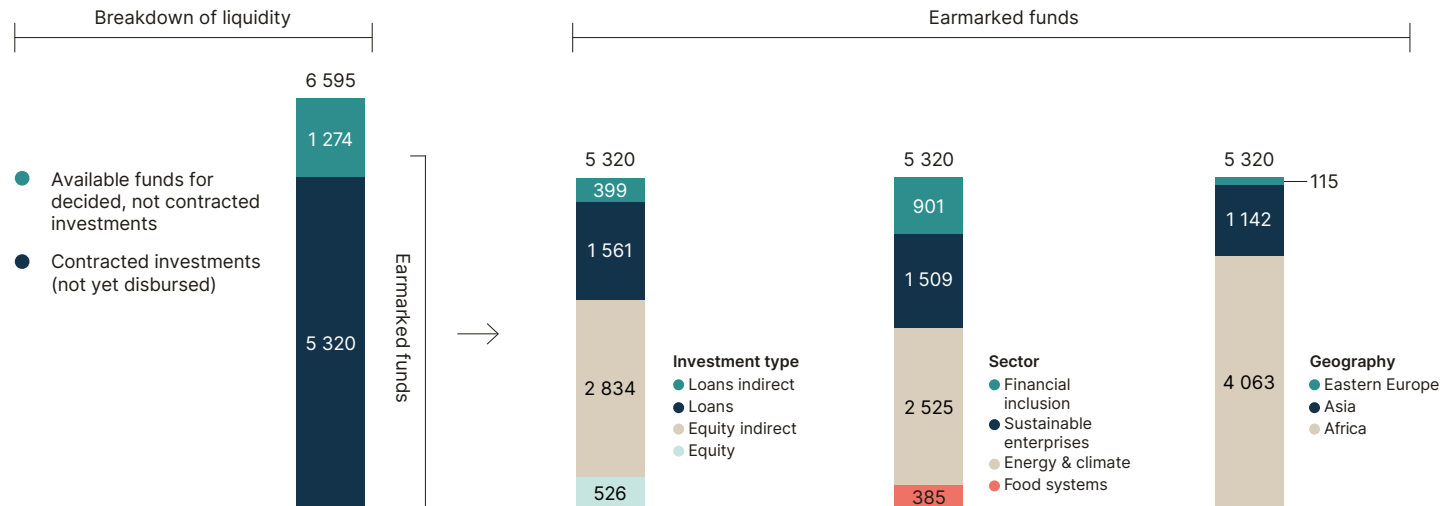
The estimated tax expense on net profit/loss for the year was MSEK -153.8 (-28.7) in the 2024 financial year. See also Note 10 for calculation of tax on profit for the period.

Financial position

With the exception of Technical Assistance and Swedfund Project Accelerator, which are funded through grants, Swedfund is financed through equity, i.e. capital injections and accumulated profit. For 2024, the government approved a capital injection of MSEK 1,460, which was called off in full. An additional capital injection of MSEK 300 was also approved and earmarked for investments in Ukraine, which was called off in Q3. The financial position is strong and the equity/assets ratio as of 31 December 2024 was 95% (96). For 2025, the Swedish Parliament has decided to allocate a capital injection of MSEK 1,800 to Swedfund in the government budget.

Swedfund's cash and cash equivalents, including interest-bearing securities, amounted to MSEK 7,138 (5,606) as of 31 December 2024, of which MSEK 6,595 (5,212) relates to funds that Swedfund can have at its disposal for investing activities. These funds, also referred to as 'own funds', are allocated as shown in the illustration on the left. Reserved 'earmarked funds' for contracted investments amounted to MSEK 5,320 (4,492) as of 31 December 2024, while funds available for new investments amounted to MSEK 1,274 (720). Cash and cash equivalents are reserved for contracted investments in order that the Company is able to fulfil its future obligations in connection with payment. 100% is reserved for direct investments in shares and loans, while 50-90% of the contractual commitment is reserved for co-financing facilities and funds. Reserved and earmarked funds for future investments corresponded to 90% of Swedfund's contracted commitments at the end of 2024.

Distribution of own funds as of 31 December 2024, MSEK



Cash flow

Cash flow from operating activities, before changes in working capital, was positive and amounted to MSEK 561.1 (212.5). Including changes in working capital, cash flow from operating activities was MSEK 509.3 (205.0). Cash flow from investing activities amounted to MSEK -887.0 (-1,143.3) and shows a continuing high level of investment in 2024. The growth in the portfolio through the acquisition of new financial assets significantly exceeds disposals. Cash flow from financing activities amounted to MSEK 1,760.0 (1,460.1), which corresponds to the capital contribution for 2024. Total cash flow for the year amounted to MSEK 1,382.3 (521.8).

Employees

The average number of employees in 2024 was 85 (70). On average, 77 employees worked at the office in Stockholm, five employees at the office in Nairobi (Kenya) and three employees at the office in Abidjan (Côte d'Ivoire). See also Note 5.

Risks

As a development finance institution, risk is pivotal to our business. Swedfund invests in countries and environments where the risks are more numerous and potentially more serious than in developed markets. Read more about risks and risk management in Swedfund's operations on pages 35-36 and about financial risks in Note 21.

Corporate governance

In accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code, a separate corporate governance report with a section on internal control has been prepared. The Corporate Governance Report is included on pages 116-120 of this Integrated Report.

Board of Directors

At the Annual General Meeting on 26 April 2024, Catrin Fransson, Torgny Holmgren, Josefin Ekros Roth, Catrina Ingelstam, Roshi Motman, Caroline af Kleen and Anna Stellingner were re-elected as members of the Board of Directors. Johan Mörnstam was re-elected to the Board of Directors at the same time as Kerstin Borglin resigned from her position on the Board. Catrin Fransson was re-elected as Chair of the Board.

Proposal for appropriation of profit

The Board proposes that profit be appropriated as follows:

	2024
The following funds are at the disposal of the Annual General Meeting:	
Retained earnings	9,599,016,713
Capital injection	1,760,000,000
Net profit/loss for the year	769,966,418
	12,128,983,131
The Board of Directors proposes that the funds available to the Annual General Meeting be allocated as follows:	
To be carried forward	12,128,983,131
	12,128,983,131



Five-year summary

Amount in MKR	2024	2023	2022	2021	2020
Income Statement					
Income from shares and fund units	275	89	103	126	98
Net income from group companies, associated companies and joint ventures	-	3	2	1	-
Income from interest-bearing instruments	225	228	114	85	85
Net income from other portfolio income and portfolio expenses	171	-91	142	54	-44
Net income from impairments and credit losses	-132	-201	-107	19	-432
Income from investing activities	538	27	255	284	-292
Net income from other operating income and expenses	-162	-131	-104	-87	-81
Operating profit (EBIT)	376	-103	151	197	-373
Income from other financial items	547	95	166	47	-3
Earnings before tax	924	-8	317	244	-376
Financial objectives					
EBIT – rolling 60 months	249	-86	28	-73	-269
Alternative performance measures					
Income from investing activities excluding exchange rate effect ¹	230	115	49	118	-
Operating profit (EBIT) excluding exchange rate effect ¹	69	-16	-55	31	-
Operating result ²	94	132	33	26	50
Financial position					
Shares and fund units	3,617	2,788	2,185	1,704	1,521
Participating interests in group companies, associated companies and joint ventures	20	20	20	27	48
Loan receivables	2,483	2,182	1,916	1,560	1,328

Amount in MKR	2024	2023	2022	2021	2020
Equity	12,721	10,191	8,768	7,314	6,094
Total assets	13,409	10,669	9,160	8,221	7,172
Equity/assets ratio (%)	95%	96%	96%	89%	85%
Investing activities					
Capital contribution	1,760	1,460	1,200	1,000	800
New (contracted) investments	2,726	2,540	2,097	1,109	950
Contracted portfolio including surplus values	13,159	10,073	8,435	5,864	4,915
Portfolio return expressed as IRR (%) ¹	5.6%	4.6%	5.1%	5.4%	-
Number of investments in the portfolio	85	73	64	61	65
Grant-funded activities					
Project Accelerator					
Allocated funds	240	175	85	70	86
Number of projects decided	41	23	13	11	12
Number of active projects in the portfolio	82	57	43	33	16
Accrued expenses	104	66	50	24	24
Technical assistance					
Allocated funds	18	15	15	15	15
Number of approved projects	18	18	23	20	30
Accrued expenses	19	20	12	11	22
Other key performance indicators					
Average number of employees	85	70	62	52	46

¹ No figures were produced in 2020.

² Operating result consists of the income statement lines Dividends received, Income from interest-bearing instruments and Net income from other operating income and expenses.

Income Statement

Amount in TSEK	Note	31.12.2024	31.12.2023
Shares and fund units			
Dividend received	3	31,142	32,736
Proceeds from sales	3	347,675	82,824
Acquisition cost of sold shares and fund units		-103,971	-26,739
Income from shares and fund units		274,847	88,820
Group companies, associated companies and joint ventures			
Dividend received	3	-	2,608
Proceeds from sales	3	-	-
Acquisition cost of sold shares		-	-
Net income from group companies, associated companies and joint ventures		-	2,608
Interest income and expenses			
Interest income	3	225,067	227,687
Interest expenses		-418	-
Income from interest-bearing instruments		224,650	227,687
Other portfolio income and portfolio expenses			
Other portfolio income	3	975	786
Other portfolio expenses		-9,829	-6,292
Exchange rate effects		179,945	-85,276
Net income from other portfolio income and portfolio expenses		171,091	-90,783
Impairments and credit losses			
Impairment of shares and fund units, net		-59,982	-210,085
Impairment of group companies, associated companies and joint ventures, net		-	-
Impairment of credit losses on loans, net		-72,488	9,160
Net income from impairments and credit losses		-132,470	-200,925
INCOME FROM INVESTING ACTIVITIES		538,117	27,407

Amount in TSEK	Note	31.12.2024	31.12.2023
Other operating income			
Other operating income	3, 4	122,830	86,389
Capitalised work for own account		816	1,181
Operating expenses			
Other external expenses	6, 7	-51,598	-39,948
Personnel expenses	5	-108,556	-90,590
Other operating expenses	4	-122,830	-86,389
Depreciation of tangible and intangible assets	11, 12	-2,386	-1,410
Net income from other operating income and expenses		-161,724	-130,767
OPERATING PROFIT (EBIT)	8	376,394	-103,360
Income from other financial items			
Other financial income	9	552,892	172,782
Other financial expenses	9	-5,546	-77,677
Income from other financial items		547,346	95,104
EARNINGS AFTER FINANCIAL INCOME/EXPENSE		923,739	-8,256
EARNINGS BEFORE TAX		923,739	-8,256
Tax on profit/loss for the period	10	-153,773	-28,683
PROFIT/LOSS FOR THE PERIOD		769,966	-36,939
THE COMPANY'S STATEMENT OF COMPREHENSIVE INCOME			
Profit/loss for the period		769,966	-36,939
Other comprehensive income		-	-
COMPREHENSIVE INCOME FOR THE PERIOD		769,966	-36,939

Balance Sheet

Assets

Amount in TSEK	Note	31.12.2024	31.12.2023
Fixed assets			
Intangible assets			
Capitalised development expenses	11	1,820	1,181
Tangible fixed assets			
<i>Buildings and land</i>			
Cost of improvements to leased property	12	3,845	4,030
<i>Equipment, tools and installations</i>			
Equipment	12	3,020	2,696
Total		8,684	7,907
Financial assets			
Shares and fund units	13, 22, 23	3,617,393	2,787,767
Participating interests in group companies, associated companies and joint ventures	14, 22, 23	20,469	20,469
Loan receivables	15, 16, 22, 23, 26	2,483,382	2,181,814
Other non-current securities	22, 23	2,113	738
Other non-current financial assets		8,600	8,600
Deferred tax assets	10	487	487
Total		6,132,444	4,999,876
Total fixed assets		6,141,128	5,007,782
Current assets			

Amount in TSEK	Note	31.12.2024	31.12.2023
Accounts receivable	22, 23	666	60
Other receivables	18, 22, 23	77,283	7,951
Prepaid expenses and accrued income	19, 22, 23	51,138	47,186
Total		129,088	55,197
Interest-bearing securities	20, 22, 23, 26	5,751,009	4,932,762
Cash on hand and bank balances	22, 23, 26	1,375,779	661,265
Retained funds on behalf of other party	22, 23, 26	11,619	11,648
Total		7,138,407	5,605,675
Total current assets		7,267,495	5,660,872
TOTAL ASSETS		13,408,623	10,668,654

Equity and liabilities

Amount in TSEK	Note	31.12.2024	31.12.2023
Equity			
Share capital		50,000	50,000
Statutory reserve		540,000	540,000
Fund for development expenses	11	1,820	1,181
Total		591,820	591,181
Retained earnings		11,359,017	9,636,595
Profit/loss for the period		769,966	-36,939
Total		12,128,983	9,599,656
Total equity		12,720,803	10,190,837
Liabilities			
<i>Provisions</i>			
Other provisions	16, 25, 26	12,137	3,134
Total		12,137	3,134
<i>Current liabilities</i>			
Accounts payable	22, 23, 27	3,845	7,579
Tax liabilities	27	93,950	65,030
Other liabilities	22, 23, 27	20,253	19,736
Accrued expenses and deferred income	22, 23, 28	557,635	382,339
Total		675,683	474,684
Total provisions and liabilities		687,820	477,818
TOTAL EQUITY AND LIABILITIES		13,408,623	10,668,654

Statement of changes in equity

Amount in TSEK	Restricted equity			Unrestricted equity		Total equity
	Share capital	Statutory reserve	Fund for development expenses	Retained earnings	Net profit/loss for the year	
Opening equity as of 1 January 2023	50,000	540,000	-	7,923,761	254,013	8,767,775
Transfer to fund for development expenses	-	-	1,181	-1,181	-	-
Reversal result previous year	-	-	-	254,013	-254,013	-
Profit/loss for the period	-	-	-	-	-36,939	-36,939
Other comprehensive income for the year	-	-	-	-	-	-
Comprehensive income for the year	50,000	540,000	1,181	8,176,595	-36,939	8,730,836
Capital contribution	-	-	-	1,460,000	-	1,460,000
Total transactions with owners	-	-	-	1,460,000	-	1,460,000
Closing equity as of 31 December 2023	50,000	540,000	1,181	9,636,595	-36,939	10,190,837
Opening equity as of 1 January 2024	50,000	540,000	1,181	9,636,595	-36,939	10,190,837
Transfer to fund for development expenses	-	-	639	-639	-	-
Reversal result previous year	-	-	-	-36,939	36,939	-
Profit/loss for the period	-	-	-	-	769,966	769,966
Other comprehensive income for the year	-	-	-	-	-	-
Comprehensive income for the year	50,000	540,000	1,820	9,599,017	769,966	10,960,803
Capital contribution	-	-	-	1,760,000	-	1,760,000
Transactions with owners	-	-	-	1,760,000	-	1,760,000
Closing equity as of 31 December 2024	50,000	540,000	1,820	11,359,017	769,966	12,720,803

The share capital consists of 50 shares with a quota value of 1,000.

Cash flow statement

Amount in TSEK	Note	2024	2023
Operating activities			
Earnings after financial income/expense		923,739	-8,256
Adjustment for items not affecting cash flow	30	-237,803	268,050
Income tax paid		-124,851	-47,319
Cash flow from operating activities before changes in working capital		561,085	212,475
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-73,429	4,734
Increase (+)/Decrease (-) in operating liabilities		21,613	-12,165
Cash flow from operating activities		509,269	205,044
Investing activities			
Acquisition of intangible assets (-)		-816	-1,181
Acquisition of tangible assets (-)		-2,471	-5,134
Acquisition of financial assets (-)		-1,231,385	-1,219,769
Disposal of financial assets (+)		347,675	82,824
Cash flow from investing activities		-886,997	-1,143,260

Amount in TSEK	Note	2024	2023
Financing activities			
Capital contribution		1,760,000	1,460,000
Change in blocked funds		-	50
Cash flow from financing activities		1,760,000	1,460,050
Cash flow for the year		1,382,272	521,834
Cash and cash equivalents at the beginning of the year¹		5,212,449	4,690,615
Cash and cash equivalents at the end of the year¹		6,594,721	5,212,449

¹ This item has been reduced by cash and cash equivalents relating to Swedpartnership, TA funds and Swedfund Project Accelerator.

Notes

Note 1 | Significant accounting policies

Introduction

The Report covers Swedfund International AB (556436-2084), a limited liability company registered in Sweden with its head office at Drottninggatan 92-94, 103 65 Stockholm, Sweden.

On 28 March 2025, the Board of Directors approved this Annual Report, which will be presented to the Annual General Meeting on 25 April 2025.

Basis of accounting

Swedfund International AB has produced this Annual Report in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and as adopted by the EU. In addition, the standards of the Swedish Financial Reporting Board and its recommended RFR 2 Supplementary Accounting Rules for Legal Entities have also been applied. Thus, in accordance with RFR 2, Swedfund applies a series of exemptions from IFRS based on the relationship between taxation and accounting in the Swedish Annual Accounts Act.

Swedfund does not prepare consolidated financial statements in accordance with Chapter 7, Section 3a of the Swedish Annual Accounts Act.

Changes in accounting policies

Changes to standards in 2024 have not had a significant impact.

Classification

Fixed assets and non-current liabilities essentially comprise amounts that are expected to be recovered or paid more than twelve months after the reporting date. Current assets and liabilities essentially comprise amounts that are expected to be recovered or paid within twelve months of the reporting date.

Functional currency

The Company's functional currency is the Swedish krona, (SEK) which is also its reporting currency. All amounts are in SEK thousands unless

stated otherwise. Functional currency is the currency in the primary economic environments in which the companies conduct their business.

Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rates prevailing on the reporting date. Foreign exchange gains and losses arising on translation are recognised in net profit/loss for the year. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate prevailing on the transaction date.

Government grants

Swedfund has received government grants for development cooperation (framework grants), for Technical Assistance and Swedfund Project Accelerator (support for project preparatory efforts).

Assets under management are recognised in the balance sheet (cash and cash equivalents, receivables from recipients and liabilities to the funding body) until the initiatives/projects are completed.

See also below in the Revenue section.

Cash flow statement

The cash flow statement is prepared using the indirect method. 'Cash and cash equivalents' means interest-bearing securities and bank balances, excluding loan collateral and liquid assets within Technical Assistance and Swedfund Project Accelerator.

Revenue

Swedfund is an investment company whose operations mainly involve the acquisition, development and sale of shares and participating interests in, as well as lending to, listed and unlisted companies. The main revenue consists of dividends, proceeds from the sale of shares and participating interests and interest income. Swedfund applies IFRS 15 for revenue accounting.

Other operating income consists of government grants for Technical Assistance (TA) and Swedfund Project Accelerator (SPA). Revenue is based on actual resources consumed. The production method is therefore used as a method for calculating performance commitments. Framework grants are subject to systematic allocation to net profit/loss for the year in the same way and in the same periods as the expenses the grant is intended to offset.

Income from shares and fund units

Dividends received from shares and fund units are reported in the item 'Dividends received' when the right to receive payment has been determined. Income from the sale of shares and dividends relates to the Company's equity and fund holdings.

Sales revenue is recognised when the transfer is made in accordance with the terms of sale and at the amount liquidity is expected to be received.

Income from participating interests in group companies, associated companies and joint ventures

Dividends received from participating interests in group companies, associated companies and joint ventures are recognised under the item 'Dividends received' when the right to receive payment has been determined. Proceeds from sales and dividends relate to the Company's shareholdings.

Sales revenue is recognised when the transfer is made in accordance with the terms of sale and at the amount liquidity is expected to be received.

Income from interest-bearing instruments

Income from interest-bearing instruments refers to interest income and expenses related to loan receivables and liabilities to credit institutions. The item 'Income from interest-bearing instruments' includes any realised changes in value and any interest compensation from early repayment.

Interest income on receivables and interest expenses on liabilities are calculated and recognised using the effective interest method.

The effective interest rate is the rate that discounts all estimated future cash payments or receipts during the expected fixed-interest period to the initially recognised carrying amount of the financial asset or liability. Where appropriate, interest income and expenses include accrued amounts of fees received that are included in the effective interest rate, transaction costs and any discounts, premiums and other differences between the initial value of the financial asset/liability and the amount settled at maturity. Interest income is calculated using the effective interest method on gross amounts, i.e. excluding provisions for expected credit losses, except for credit-impaired assets (Stage 3 or issued credit-impaired assets).

Leases

All of the Company's leases are reported as operating leases in accordance with the exception in RFR 2. Payments made during the term of the lease (less any incentives from the lessor) are carried as an expense in the income statement on a straight-line basis over the lease term. Any benefits received in connection with the signing of a lease are recognised in net profit/loss for the year as a reduction of the leasing charges on a straight-line basis over the term of the lease. Variable fees are carried as an expense in the periods in which they arise.

The Company is not a lessor.

Salaries and other remuneration to employees

Remuneration to employees consists of salaries, paid leave, paid sick leave and other payments and pensions.

The Company mainly has defined contribution pension plans for its employees. For these defined contribution pension plans, the Company pays fixed contributions to a separate legal entity and in doing so fulfils its commitment to the respective employee. Defined contribution pension plans are recognised as an expense in the period to which paid premiums are attributable.

Taxes

Income tax for the year consists of current tax and deferred tax. Taxes are recognised in the income statement unless the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is also recognised there.

Current tax is the tax calculated on the taxable income for the period. The taxable income differs from the reported income in that it has been adjusted for non-taxable and non-deductible items. Current tax is the amount of tax payable or recoverable for the current year and may be adjusted for current tax relating to prior periods.

Deferred tax is recognised for differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Changes in recognised deferred tax assets or liabilities are recognised as an expense or income in the income statement unless the tax relates to items recognised in other comprehensive income, or directly in equity.

Associated companies and joint ventures

An associated company is a company over which the Company has significant influence, but does not exert any controlling influence over its operational and financial management. This is usually brought about by the Company's shareholdings facilitating between 20 and 50 percent of the voting rights. Participating interests in associated companies are recognised at cost as of the date on which the significant influence is obtained. Significant influence may, for example, involve participation by the holding company in decisions relating to a company's financial and operational strategies, but does not imply a controlling influence or joint controlling interest over these strategies.

A 'joint venture' is a cooperative business arrangement where the parties with a joint controlling influence are entitled to the net assets of the business arrangement. Shares are recognised at cost.

Financial instruments

Within the framework of RFR 2, accounting in legal entities, there is a choice of applying IFRS 9 in full or applying recognition based on cost. Swedfund has chosen to recognise financial instruments at cost.

A financial instrument is recognised in the balance sheet when the Company becomes a party to the contractual terms of the instrument. Financial instruments reported in the statement of financial position include, on the asset side, cash and cash equivalents, loan receivables, accounts receivable and financial investments. Liabilities include accounts payable, loan liabilities and other liabilities.

A financial asset is removed from the balance sheet when the rights to receive benefits have been realised, expired or the Company loses control over them. The same applies to a component of a financial asset. Financial liabilities are removed from the balance sheet when the contractual obligation has been discharged or extinguished in some other way. The same applies to a component of a financial liability.

A financial asset and a financial liability are offset and reported at a net amount in the balance sheet only when there is a legal right to offset the amounts and the intention is to settle the items at a net amount or to simultaneously realise the asset and settle the liability.

Classification and measurement

Financial instruments are initially recognised at cost which corresponds to the fair value of the instrument plus transaction costs. A financial instrument is classified on initial recognition based on, inter alia, the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured after initial recognition.

The Company recognises financial instruments in the following categories:

- Shares and fund units
- Participating interests in group companies, associated companies and joint ventures
- Loan receivables
- Other non-current securities
- Interest-bearing securities
- Cash on hand and bank balances
- Other financial liabilities

Acquisitions and disposals of financial assets are recognised on the transaction date. The transaction date is the date on which the Company undertakes to acquire or dispose of the asset.

Swedfund recognises and measures its financial assets and financial liabilities under RFR 2 in relation to IFRS 9, i.e. on the basis of cost. Fair value is presented in the disclosures and forms the basis for the impairment of investments in shares and fund units as well as participating interests in group companies, associated companies and joint ventures.

In cases where these instruments constitute interest-bearing securities, accounting is based on the lowest value principle by reporting the lower of cost and fair value. Other financial assets are recognised at cost or amortised cost with impairment for expected credit losses.

Shares and fund units

Shares and fund units are measured at cost with any impairment based on fair value.

Any surplus values for shares and fund units which, when measuring fair value, show a fair value that exceeds cost are presented in Note 22.

Other non-current securities

Other holdings of non-current securities are measured at amortised cost using the principles of impairment testing and loss risk provisioning in IFRS 9 Expected Credit Losses.

Loan receivables

Loan receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. These assets are measured at amortised cost. Amortised cost is calculated based on the effective interest method used at initial recognition. When calculating the net realisable value of loan receivables, the principles of impairment testing and loss risk provisioning are applied in accordance with IFRS 9 Expected Credit Losses.

Interest-bearing securities

Interest-bearing securities are recognised at amortised cost using the principles of impairment testing and loss risk provisioning in IFRS 9 Expected Credit Losses.

Cash on hand and bank balances

Cash on hand and bank balances consist of cash, demand deposits with banks and similar institutions and short-term deposits with an original term of three months or less, which are subject to an insignificant risk of changes in value.

Other financial liabilities

Loans and other financial liabilities, such as accounts payables, are included in this category. Liabilities are measured at amortised cost.

Effective interest rate and effective interest method

Long-term loan receivables and other long-term securities are recognised at amortised cost using the effective interest method with impairment for expected credit losses.

The effective interest rate is the interest rate that accurately discounts the estimated future payments received and made over the expected maturity of the financial asset or financial liability to the initially recognised gross carrying amount of a financial asset or to the accrued cost of a financial liability. When calculating the effective interest rate, a company must estimate expected cash flows by taking into account all contractual terms of the financial instrument (such as options for early redemption, extensions, purchases and the like) but does not have to take into account expected credit losses. The calculation includes all charges and items paid or received by the contracting parties that are an integral part of the effective interest, transaction expenses and any other premiums or discounts. It is assumed that the cash flows and expected maturity term of a group of similar financial instruments can be estimated reliably. However, in the rare cases where it is not possible

to reliably estimate cash flows or the remaining time to maturity of a financial instrument (or a group of financial instruments), the Company must use the contractual cash flows over the entire maturity of the financial instrument (or group of financial instruments). The effective interest method is used to calculate the accrued cost of a financial asset or financial liability and for accrual and recognition of interest income or interest expense in profit or loss during the relevant period.

Impairment of financial assets Impairment based on fair value

Financial assets in the form of shares and participating interests in group companies, associated companies and joint ventures are impaired, as and when necessary, based on fair value. Impairments are assessed on an individual basis per holding. Swedfund's methods for determining fair value are described in more detail in Note 22.

Impairment based on expected credit losses

In the case of cost-based accounting, impairment testing and loss risk provisioning are applied in accordance with IFRS 9 Expected Credit Losses. This means that Swedfund sets aside provisions for expected credit losses on initial recognition. Provisions for expected credit losses are made for financial instruments in the form of financial assets and current assets. For Swedfund, this primarily entails provision for expected credit losses on loan receivables. Credit losses are assessed on an individual basis.

Upon initial recognition and on subsequent reporting dates, a credit loss provision is recognised for the next 12 months, or a shorter period depending on the remaining time to maturity, for financial assets in the form of loan receivables, but also for interest-bearing securities and certain other smaller items. Interest income is calculated using the effective interest method on the gross carrying amount (excluding credit loss provision) (Stage 1).

If the credit risk of the financial instrument has increased significantly since initial recognition, a credit loss provision is recognised instead for the entire remaining time to maturity. In this case, interest income is also calculated on the gross carrying amount (excluding credit loss provision) (Stage 2).

For credit-impaired assets, a provision continues to be made for the entire remaining time to maturity, but interest income is calculated on amortised cost (excluding credit loss provision) (Stage 3).

The credit risk of a financial asset may change over the maturity term, which affects the provision for expected credit losses.

A credit loss provision is not recognised initially for loan receivables with renegotiated loan terms that are recognised as new loans and constitute credit-impaired financial assets. At each reporting date, the change in expected credit losses for the entire remaining time to maturity is recognised as an impairment gain or loss. Interest income is calculated on the accrued cost (excluding credit loss provision) and the initially determined credit-adjusted effective interest rate.

Swedfund has developed methods for assessing and setting aside provisions for expected credit losses in accordance with IFRS 9. These methods are based on the Company's risk classification model and take into account any collateral for Swedfund's loan receivables, loan commitments and interest-bearing securities.

Swedfund's methods for calculating expected credit losses are described in more detail in Note 22.

Intangible assets

Capitalised development expenses

Swedfund's intangible fixed assets consist of capitalised development expenses. Proprietary intangible assets are only recognised in the balance sheet if they meet the following criteria:

- it is technically feasible to complete the intangible asset so that it can be used,
- the Company intends to complete the intangible asset and use or sell it,
- the prerequisites for using or selling the intangible asset are met,
- the Company is able to demonstrate how the intangible asset generates likely future economic benefits,
- adequate technical, financial and other resources are available to complete the development and use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be calculated reliably.

Capitalised development expenses are recognised at cost less accumulated depreciation and impairment losses. Cost includes expenses for the purchase of services and materials necessary to bring the asset into use. Other development expenses are recognised in the income statement as costs when they arise. The corresponding amount recognised as capitalised development expenses is included as restricted equity in the fund for development expenses.

Depreciation principles

Capitalised development expenses are depreciated from the date on which the asset is completed. Depreciation is calculated on a straight-line basis over the estimated useful life of assets, as follows:

- capitalised development expenses 3–5 years

Tangible fixed assets

Tangible fixed assets are reported in the Company at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and any expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The carrying amount of a tangible asset is removed from the balance sheet upon divestment or disposal, or when no future economic benefits are expected from the use or the retirement/disposal of the asset. Gains or losses arising from the disposal or divestment of an asset are the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expense.

Additional expenditure

Additional expenditure is included in the cost only when it is probable that future economic benefits associated with the asset will flow to Swedfund and the cost can be measured reliably. All other additional expenditure is recognised as an expense in the period in which it is incurred. Repairs are recognised as an expense as incurred.

Depreciation principles

Depreciation is calculated on a straight-line basis over the estimated useful life of assets. The estimated useful life periods are:

- Leasehold improvements: 7 years (corresponding to the lease term)
- Equipment: 5 years

The depreciation methods used, residual values and useful lives are reviewed at the end of each financial year.

Impairment of non-financial assets

Tangible fixed assets and any intangible fixed assets that are depreciated are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

An impairment loss is recognised at the amount where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In measuring value in use, future cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset.

Previously recognised impairment is reversed if the recoverable amount is deemed to exceed the carrying amount. However, reversal does not take place at an amount greater than the carrying amount of what it would have been if impairment had not been recognised in previous periods.

Provisions

A provision differs from other liabilities in that there is uncertainty about the date of payment or the size of the amount required to settle the provision. A provision is recognised in the statement of financial position when there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, provisions are estimated by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for expected credit losses are also made for loan commitments issued and are reported as other provisions until payment of loan receivables takes place.

Contingent liabilities

A contingent liability is recognised when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation.

Note 2 | Significant accounting estimates and judgements

Introduction

Preparation of financial statements in compliance with IFRS often requires management to make critical judgements, accounting estimates and assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses.

Judgements are based on estimates and assumptions that are considered reasonable and properly assessed at the time the judgement is made. However, with other judgements, assumptions or estimates, the result may be different and events may occur that may require a substantial adjustment to the carrying amount of the asset or liability concerned. The actual outcome may therefore differ from these estimates.

Estimates and assumptions are evaluated regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both.

The following represent the key accounting policies, the application of which is based on such judgements, and the main sources of uncertainty in estimates that the Company considers may have the most significant impact on the Company's reported earnings and financial position.

Shares and fund units, participating interests in group companies, associated companies and joint ventures

Main sources of uncertainty in estimates

Shares and fund units are recognised at cost and tested for impairment at fair value. Measuring unlisted equity and fund holdings in developing countries at fair value involves significant inherent uncertainty.

Judgements when applying accounting policies

For unlisted shares and fund units, the fair value is a judgement in accordance with the measurement methods applied. The methods applied are formulated in accordance with IFRS 13 Fair Value and International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines).

See also the description of accounting policies in Note 22.

Other financial instruments**Main sources of uncertainty in estimates**

A judgement is made of expected credit losses for loan receivables, long-term securities holdings, accounts receivable, other receivables and loan commitments. Measuring receivables in developing countries at fair value involves significant inherent uncertainty.

Judgements when applying accounting policies

Expected credit losses shall be estimated in a manner that reflects an objective and probability-weighted amount determined by evaluating a range of possible outcomes. The provision for expected credit losses is based on Swedfund's judgement of the size of these expected losses. The measurement shall take into account reasonable and verifiable information that is available without unnecessary costs or effort on the reporting date for past events, current circumstances and forecasts of future economic conditions.

See also the description of accounting policies in Note 22.

Note 3 | Revenue distributed by geographical area and revenue type

The Company's revenues are distributed across different geographical areas as indicated below.

2024	Africa	Asia	Latin America	Eastern Europe	Total
Share sales	130,092	217,584	–	–	347,675
Distribution of shares	30,093	967	–	82	31,142
Group and/or associated companies' sales	–	–	–	–	–
Group and/or associated companies' dividends	–	–	–	–	–
Interest income	96,293	77,314	514	50,946	225,067
Other portfolio income	568	344	–	64	975
Total	257,045	296,208	514	51,092	604,860

The division of revenue is based on how business activities and information are regularly reviewed and followed up by the executive management in order to evaluate the business activities.

	2024	2023
Other operating income		
TA and Swedfund Project Accelerator	122,779	86,439
<i>Date of revenue recognition in accordance with IFRS 15</i>		
<i>Services transferred over time, management fee Swedpartnership</i>	51	-50
Total	122,830	86,389

Note 4 | Swedpartnership, Technical Assistance (TA FUNDS) and Swedfund Project Accelerator

Swedpartnership	2024	2023
Other operating income	51	-50
Other operating expenses	-51	50
Total	0	0

Technical assistance	2024	2023
Other operating income	18,632	20,345
Other operating expenses	-18,632	-20,345
Total	0	0

Swedfund Project Accelerator	2024	2023
Other operating income	104,147	66,094
Other operating expenses	-104,147	-66,094
Total	0	0

Note 5 | Board of Directors, employees and personnel costs

Gender distribution of Board of Directors, CEO and other senior executives

	2024		2023	
	Total	Of which male	Total	Of which male
Board of Directors	8	2	8	1
CEO	1	–	1	–
Other senior executives	7	3	7	3

Average number of employees

Country	2024		2023	
	Total	Of which male	Total	Of which male
Côte d'Ivoire	3	33%	1	–
Kenya	5	20%	5	20%
Sweden	77	47%	64	46%
Total	85	45%	70	44%

Salaries, other benefits and social security contributions

	2024		2023	
	Salaries and other benefits	Social security contributions	Salaries and other benefits	Social security contributions
	74,777	37,341	59,545	29,986
<i>(of which pension costs)</i>	<i>(0)</i>	<i>(15,690)^{1,2}</i>	<i>(0)</i>	<i>(12,518)^{1,2}</i>
Total	74,777	37,341	59,545	29,986

¹ Of pension costs, 689 (648) relates to the CEO.

² For all employees, defined contribution and thus equivalent pension premiums are paid in accordance with the law and collective agreements, which were expensed during the year.

Salaries and other employee benefits (Board of Directors, CEO, senior executives and other employees) by country

	2024		2023	
	Board of Directors, CEO and other senior executives	Other employees	Board of Directors, CEO and other senior executives	Other employees
Sweden	14,154	55,648	13,438	43,063
<i>(of which remuneration to the Board of Directors)</i>	<i>(1,134)</i>		<i>(1,089)</i>	
<i>(of which pension to former CEO)</i>	<i>–</i>		<i>(122)</i>	
<i>(of which salary to CEO)</i>	<i>(2,380)</i>		<i>(2,257)</i>	
<i>(of which other management salaries)</i>	<i>(10,640)</i>		<i>(9,970)</i>	
Kenya and Côte d'Ivoire, representative offices		6,109		4,255
Total	14,154	61,757	13,438	47,318

Remuneration paid to current and former members of the Board of Directors

Board member	Position	Agreed fee	Board fees in portfolio companies
Catrin Fransson	Chair of the Board of Directors	264	0
Torgny Holmgren	Member of the Board of Directors and member of the Audit Committee	156	0
Catrina Ingelstam	Member of the Board of Directors and Chair of the Audit Committee	168	0
Roshi Motman	Board member	130	0
Caroline af Kleen	Member of the Board of Directors and member of the Audit Committee	156	0
Josefine Ekros Roth	Board member	–	0
Johan Mörnstam	Board member	130	0
Anna Stellingner	Board member	130	0
Total		1,134	

Remuneration of the Chair of the Board of Directors and Board members is as adopted by the Annual General Meeting.

Attendance of Board members at meetings during the year

Board member	1/24	2/24	3/24	4/24	5/24	6/24	7/24	8/24	9/24	10/24	11/24	12/24	13/24
Catrin Franson	●	●	●	●	●	●	●	●	●	●	●	●	●
Kerstin Borglin ¹	●	●			●								
Torgny Holmgren	●	●	●	●	●	●	●	●	●	●	●	●	●
Roshi Motman		●		●	●		●	●	●	●	●	●	●
Catrina Ingelstam	●	●	●	●	●	●	●	●	●	●	●	●	●
Anna Stellingner		●	●	●	●	●		●	●	●	●	●	●
Caroline af Kleen	●	●	●	●	●	●		●	●	●	●	●	●
Josefine Ekros Roth	●	●	●	●	●	●	●	●	●	●	●	●	●
Johan Mörnstam ²					●	●	●	●	●	●	●	●	●

¹ Vacated post in April 2024.

² Took up post in April 2024

Total sick leave amounted to 1.66% (previous year: 0.45%) of employees' total regular working hours. For privacy reasons, sick leave has not been reported by age group or gender.

Salary to the CEO and other senior executives, severance pay, etc.

The CEO and other senior executives are paid a fixed monthly remuneration. No variable remuneration is paid. In the event of termination by the Company, the CEO has an agreement on severance pay corresponding to salary during the notice period of six months, severance pay in the form of 12 months' fixed salary (pension provisions are not included). Severance pay is not paid after the age of 65.

For other senior executives and the CEO, defined-contribution and thus equivalent pension premiums are paid in accordance with the law and collective agreements, which are recognised as an expense during the year. In the event of termination by the Company, the rules set out in the collective agreement apply to other senior executives.

Salaries to senior executives

Name	Position	Other benefits	Annual salary fixed remuneration paid	Pension contributions paid	Total
Maria Håkansson	Chief Executive Officer	2	2,380	689	3,071
Ann-Caroline Andersson	Chief HR and Administration Officer	2	1,241	289	1,532
Fredrik Linton	Chief Business Development and Special Operations Officer	2	1,558	419	1,979
Marie Aglert	Chief Investment Officer	2	1,788	489	2,279
Jacob Hagerman	Chief Legal Counsel	2	1,474	406	1,882
Johan Selander	Chief Financial Officer	2	1,549	432	1,983
Johanna Raynal	Chief Sustainability Officer	2	1,556	417	1,975
Karin Kronhöffer	Chief Strategy and Communications Officer	2	1,478	381	1,861
Total		16	13,024	3,522	16,562

Note 6 | Auditor's fees and expenses

Ernst & Young AB	2024	2023
Auditing	1,030	1,010
Other auditing services	–	70
Tax advisory services	–	–
Other services	–	–
Total	1,030	1,080

Note 7 | Leasing

Operating leases mainly includes leases for the Company's business premises in Stockholm, Nairobi and Abidjan, for which a substantial part of the risks and benefits of ownership are retained by the lessor. Leasing costs for operating leases for the year amounted to TSEK 9,726 (TSEK 8,844). Future payment commitments as of 31 December are distributed as follows:

Future minimum lease payments	31.12.2024	31.12.2023
Within 1 year	9,475	8,476
Between 1-5 years	28,056	26,236
More than five years	–	–
Total	37,531	34,712

Expensed fees for operating leases amount to:	2024	2023
Minimum lease payments	9,726	8,844
Variable fees	–	–
Total leasing costs	9,726	8,844

The Company's lease agreements usually contain no variable fees. Lease agreements for premises contain terms that give the right to extend the respective lease for a predetermined period of time.

The Company does not act as a lessor.

Note 8 | EBIT excluding exchange rate effect (alternative performance measure)

	2024			2023		
	Income Statement	Exchange rate effect	Excl. exchange rate effect	Income statement	Exchange rate effect	Excl. exchange rate effect
Income from shares and fund units ¹	274,847	51,808	223,039	88,820	21,508	67,312
Net income from group companies, associated companies and joint ventures ¹	–	–	–	2,608	–	2,608
Income from interest-bearing instruments ¹	224,650	23,404	201,247	227,687	23,231	204,457
Net income from other portfolio income and portfolio expenses ²	171,091	179,945	-8,854	-90,783	-85,275	-5,508
Net income from impairments and credit losses ³	-132,470	52,517	-184,986	-200,925	-47,160	-153,765
Income from investing activities	538,117	307,672	230,446	27,407	-87,697	115,104
Net income from other operating income and expense ⁴	-161,724	–	-161,724	-130,767	–	-130,767
Operating profit (EBIT)	376,394	307,672	68,722	-103,360	-87,697	-15,663

¹ Profit/loss excluding exchange rate effect calculated by translating income in local currency into SEK at the acquisition exchange rate.

² Profit/loss excluding exchange rate effect calculated by excluding the item 'Exchange rate effects'.

³ Profit/loss excluding exchange rate effect calculated by excluding the change in exchange rates during the period compared with the previous period.

⁴ Profit/loss excluding exchange rate effect has not been translated compared with the income statement.

As the effects of currency translation have such a significant impact on reported earnings, Swedfund has implemented an alternative performance measure which shows EBIT excluding any exchange rate effect.

Note 9 | Financial income and financial expenses

	2024	2023		2024	2023
Other financial income			Other financial expenses		
Interest income	291,892	172,782	Other financial expenses	-5,546	-2,326
Unrealised exchange differences	261,000	–	Unrealised exchange differences	–	-75,351
Total	552,892	172,782	Total	-5,546	-77,677

Note 10 | Taxes

	2024	2023
Current tax expense(-)/tax income(+)		
Tax expense/tax income for the year	-153,773	-28,449
Deferred tax expense(-)/tax income(+)		
Deferred tax on temporary differences	-	-234
Reported tax	-153,773	-28,683
Reconciliation of effective tax rate	2024	2023
Earnings before tax	923,739	-8,256
Tax on reported earnings in accordance with current tax rate	-190,290	1,701
Tax effect of:		
Non-taxable dividend	1,429	2,411
Non-deductible impairment of financial assets	-45,433	-46,944
Non-taxable reversal of impairment of financial assets	21,401	5,895
Non-taxable realised capital gains	49,721	9,959
Non-deductible realised capital losses	-	-
Non-deductible other expenses	-986	-676
Non-taxable income	48	-
Non-deductible expenses	-	-
Deferred tax on temporary differences	-196	-281
Tax attributable to previous year's reported profit	11,249	-747
Other	-716	-
Reported tax	-153,773	-28,683
Effective tax rate	-17%	-347%

The Company has no tax items that are recognised in Other comprehensive income or directly in equity.

Disclosures on deferred tax assets and liabilities

The following table specifies the tax effect of temporary differences:

	31.12.2024	31.12.2023
Deferred tax assets		
Tangible assets	487	487
Carrying amount	487	487

Note 11 | Intangible assets

Capitalised development expenses

	31.12.2024	31.12.2023
Accumulated acquisition cost		
Opening balance	1,181	-
New acquisitions	816	1,181
Total acquisition cost	1,997	1,181
Scheduled accumulated depreciation		
Opening balance	-	-
Scheduled depreciation for the year	-177	-
Total depreciation	-177	-
Scheduled residual value at year-end	1,820	1,181

Note 12 | Tangible assets

Buildings and land

	31.12.2024	31.12.2023
Cost of improvements to leased property		
Accumulated acquisition cost		
Opening balance	8,290	5,066
New acquisitions	1,148	3,224
Total acquisition cost	9,438	8,290
Scheduled accumulated depreciation		
Opening balance	-4,260	-3,363
Scheduled depreciation for the year	-1,333	-897
Total depreciation	-5,593	-4,260
Scheduled residual value at year-end	3,845	4,030

Equipment, tools and installations

	31.12.2024	31.12.2023
Equipment		
Accumulated acquisition cost		
Opening balance	6,380	4,470
New acquisitions	1,323	1,910
Divestments and disposals	-	-
Total acquisition cost	7,703	6,380
Scheduled accumulated depreciation		
Opening balance	-3,684	-3,029
Divestments and disposals	-	-
Scheduled depreciation for the year	-999	-655
Total depreciation	-4,683	-3,684
Scheduled residual value at year-end	3,020	2,696



Note 13 | Portfolio investments, shares and fund units

Portfolio investments, shares and fund units

Accumulated acquisition cost	31.12.2024	31.12.2023
Opening balance	3,265,993	2,453,056
Investments during the year	942,159	858,869
Reclassification	-	-
Sales during the year	-52,551	-45,931
Total acquisition cost	4,155,602	3,265,993
Accumulated impairment losses	31.12.2024	31.12.2023
Opening balance	-478,227	-268,142
Reversed impairments for the year attributable to sales	-	-
Reclassification	-	-
Reversals for the year	72,274	4,029
Impairment loss for the year	-132,256	-214,114
Total impairments at year-end	-538,210	-478,227
Book value at year-end	3,617,393	2,787,766



Breakdown of the Company's directly owned holdings of shares and fund units

Company	Sector	Share class	31.12.2024		31.12.2023	
			Ownership share, %	Cost	Ownership share, %	Cost
Africa						
Accion Digital Transformation	Financial Inclusion	Fund units	9.9	89,312	10.0	71,895
Adenia Capital (III) LLC Ltd.(I&P), Africa	Sustainable Enterprises	Stock	-	-	10.4	21,398
Afrinord Hotel Investment A/S, Africa	Other	Stock	20.0	470	20.0	470
Africa Renewable Energy Fund II (AREF)	Energy & Climate	Fund units	8.4	50,184	8.4	49,301
African Development Partners II (DPI), Africa	Sustainable Enterprises	Fund units	2.1	79,284	2.1	88,012
African Development Partners III (DPI), Africa	Sustainable Enterprises	Fund units	2.8	200,777	2.8	176,500
African Infrastructure Investment Fund 4	Energy & Climate	Fund units	3.6	98,067	4.1	60,927
African Rivers Fund III	Financial Inclusion	Fund units	17.0	122,779	17.0	116,249
African Rivers Fund IV	Financial Inclusion	Fund units	15.2	58,656	-	-
AfricInvest Fund III LLC, Africa	Sustainable Enterprises	Fund units	2.9	62,212	2.9	70,512
Amethis Fund III	Sustainable Enterprises	Fund units	8.5	43,638	15.1	7,727
Apis Growth Fund I, Africa	Sustainable Enterprises	Fund units	2.6	13,069	2.6	12,707
Apis Growth Fund II, Africa	Sustainable Enterprises	Fund units	2.7	98,914	2.7	77,001
Apis Growth Markets Fund III	Sustainable Enterprises	Fund units	8.5	46,586	-	-
AFIG Fund II	Other	Fund units	7.4	69,869	7.4	69,809
ASEAN Frontier Markets Fund (AFMF)	Sustainable Enterprises	Fund units	19.8	38,331	19.8	35,939
BluePeak I	Financial Inclusion	Fund units	12.6	167,726	12.9	125,418
Catalyst Fund II	Sustainable Enterprises	Fund units	6.6	58,900	6.6	57,796
Climate Investor One	Energy & Climate	Fund units	4.7	88,491	1.9	107,153
Climate Investor II	Energy & Climate	Fund units	4.6	124,594	4.6	100,821
E3 Low Carbon Economy Fund I	Energy & Climate	Fund units	16.2	43,009	20.8	27,243
ECP Africa Fund III PCC, Africa	Sustainable Enterprises	Fund units	3.1	77,210	3.1	80,223
Evolution II	Energy & Climate	Fund units	6.9	117,768	6.9	120,873
Evolution II D.light Limited	Energy & Climate	Stock	17.3	64,408	17.3	64,408
Evolution III LP	Energy & Climate	Fund units	12.5	57,155	13.4	51,595
Frontier Energy Fund II	Energy & Climate	Fund units	5.7	110,336	5.7	100,881
Hospital Holdings Investment BV	Sustainable Enterprises	Stock	14.4	126,995	14.3	112,982
Inside Equity Fund II	Sustainable Enterprises	Fund units	18.3	3,067	-	-
Ninety One Private Equity Fund 2 L.P.	Sustainable Enterprises	Fund units	4.1	64,146	4.1	78,603
Novastar III Africa People + Planet Fund	Sustainable Enterprises	Fund units	15.9	8,291	-	-
JCM Solar Capital Ltd.	Energy & Climate	Stock	21.2	227,570	21.2	227,570
Joliba Capital Fund I	Sustainable Enterprises	Fund units	15.0	28,059	-	-
Kasha Global Inc.	Sustainable Enterprises	Preference	4.5	9,280	4.4	9,280

NOTE 13, CONT'D.

Company	Sector	Share class	31.12.2024		31.12.2023	
			Ownership share, %	Cost	Ownership share, %	Cost
Metier Sustainable Capital Fund II	Energy & Climate	Fund units	9.6	125,258	9.6	82,612
Norsad Finance Limited, Africa	Financial Inclusion	Stock	16.7	50,052	16.7	50,052
Serengeti Energy	Energy & Climate	Stock	12.1	194,768	13.1	155,988
Sturdee Holdings LTD	Energy & Climate	Stock	19.8	55,588	-	-
The Urban Resilience Fund (TURF)	Energy & Climate	Fund units	15.7	43,127	-	-
TLG Credit Opportunities Fund	Financial Inclusion	Fund units	17.7	59,571	18.6	59,571
Transform Health Fund	Sustainable Enterprises	Fund units	11.2	18,424	10.0	3,310
TIDE Africa Fund II	Sustainable Enterprises	Fund units	6.5	38,163	9.2	39,688
Vantage Mezzanine IV (Vantage)	Financial Inclusion	Fund units	8.7	144,869	8.7	46,282
Total Africa				3,178,975		2,560,795
Asia						
Baring India Private Equity Fund II Ltd, Mauritius	Sustainable Enterprises	Fund units	7.1	35,304	7.1	35,304
Dolma Impact Fund II	Energy & Climate	Fund units	13.9	58,056	13.9	31,360
GEF South Asia Growth Fund II	Energy & Climate	Fund units	7.8	75,021	7.8	87,993
GEF South Asia Growth Fund III	Energy & Climate	Fund units	5.8	115,083	6.6	5,734
HealthQuad Fund II	Sustainable Enterprises	Fund units	9.4	122,933	9.4	100,048
Husk Power Systems Inc	Energy & Climate	Stock	9.8	82,080	9.8	82,080
Quadria Capital Fund II	Sustainable Enterprises	Fund units	4.1	117,535	4.1	129,508
Renewable Energy Asia Fund II L.P.	Energy & Climate	Fund units	7.4	130,789	7.4	129,437
Southeast Asia Clean Energy Fund II	Energy & Climate	Fund units	6.9	31,710	-	-
SUSI Asia Energy Transition Fund	Energy & Climate	Fund units	9.2	101,432	12.5	75,211
Xurya Pte. Ltd.	Energy & Climate	Stock	4.2	54,573	-	-
Total Asia				924,515		676,677
Eastern Europe						
Horizon Capital Growth Fund IV	Sustainable Enterprises	Fund units	4.3	46,861	5.0	24,136
Total Eastern Europe				46,861		24,136
Capitalised costs for the year				5,251		4,386
Total cost				4,155,602		3,265,993

Note 14 | Participating interests in group companies, associated companies and joint ventures

Portfolio investments in group companies, associated companies, joint ventures

	31.12.2024	31.12.2023
Accumulated acquisition cost		
Opening balance	35,105	35,105
Investments during the year	-	-
Reclassification	-	-
Sales during the year	-	-
Total acquisition cost	35,105	35,105
Of which: Listed securities	-	-
Unlisted securities	35,105	35,105

	31.12.2024	31.12.2023
Accumulated impairment losses		
Opening balance	-14,636	-14,636
Reversed impairments for the year attributable to sales	-	-
Reclassification	-	-
Reversals for the year	-	-
Impairment loss for the year	-	-
Total impairments at year-end	-14,636	-14,636
Book value at year-end	20,469	20,469

Breakdown of the Company's directly owned holdings in associated companies and joint ventures

31.12.2024		Sector	Ownership share, %	Number of shares	Share of votes and capital %	Cost
Associated companies						
<i>Company, corporate identity no. and registered office</i>						
Africa						
	Emerald Addis Hotels plc, Ethiopia	Other	27.0	37,104	27.0	23,399
	Gamma Knife Centre S.A.F, Egypt	Sustainable Enterprises	24.3	27,000	24.3	6,756
	Kinyeti Venture Capital Ltd, South Sudan	Sustainable Enterprises	49.0	1,470	49.0	4,951
Total Africa						35,105
Total acquisition cost						35,105

31.12.2023		Sector	Ownership share, %	Number of shares	Share of votes and capital %	Cost
Associated companies						
<i>Company, corporate identity no. and registered office</i>						
Africa						
	Emerald Addis Hotels plc, Ethiopia	Other	27.0	37,104	27.0	23,399
	Gamma Knife Centre S.A.F, Egypt	Sustainable Enterprises	24.3	27,000	24.3	6,756
	Kinyeti Venture Capital Ltd, South Sudan	Sustainable Enterprises	49.0	1,470	49.0	4,951
Total Africa						35,105
Total acquisition cost						35,105

Note 15 | Loan receivables

	31.12.2024	31.12.2023
Outstanding loan receivables, gross		
Swedish currency	–	–
Foreign currency	2,761,619	2,354,572
Total	2,761,619	2,354,572
Accumulated impairment losses		
Opening balance	-172,757	-262,825
Of which		
Individual impairment:	-134,207	-17,891
Reversed impairments:	28,727	106,338
Exchange rate/translation differences for the year	–	1,621
Total accumulated impairment losses	-278,237	-172,757
Carrying amount	2,483,382	2,181,814

Breakdown of loan portfolio by country and currency

Country	Currency	31.12.2024		31.12.2023	
		Loan amount	Of which impaired	Loan amount	Of which impaired
Kenya	USD	341 249	-6 788	419 535	-10 288
Kenya	EUR	135 249	-2 469	139 408	-2 621
India	USD	424 032	-15 486	418 407	-15 356
Georgia	USD	330 291	-6 441	302 358	-5 896
Vietnam	USD	235 910	-4 600	251 965	-4 913
Côte d'Ivoire	USD	59 313	-1 081	6 514	-95
Côte d'Ivoire	EUR	153 677	-2 997	–	–
Nigeria	USD	153 582	-5 760	102 359	-4 984
Nepal	USD	110 097	-859	–	–
Mozambique	USD	201 599	-100 799	163 213	-1 273
Senegal	USD	896	-47	989	-52
Senegal	EUR	75 691	-1 476	–	–
Uganda	USD	32 257	-4 929	26 637	-844

Country	Currency	31.12.2024		31.12.2023	
		Loan amount	Of which impaired	Loan amount	Of which impaired
Uganda	EUR	44 994	-853	47 320	-913
South Africa	USD	19 580	-192	989	-52
South Africa	EUR	45 206	-7 741	52 764	-7 590
Tanzania	USD	53 832	-20 604	46 931	-1 021
Tanzania	EUR	23 740	-436	24 142	-460
Ukraine	EUR	81 826	-46 490	96 560	-53 689
Jordan	USD	22 846	-655	17 487	-663
South Sudan	USD	22 019	-172	10 079	-79
Sri Lanka	USD	22 019	-429	60 472	-3 156
Ghana	USD	11 694	-171	8 063	-151
Ghana	EUR	3 823	-30	1 483	-12
Burkina Faso	EUR	14 575	-114	15 314	-119
Malawi	USD	12 296	-335	9 149	-335
Rwanda	USD	11 565	-249	7 665	-235
Central African Republic	USD	11 645	-608	12 855	-671
Philippines	USD	10 372	-81	4 820	-38
Zambia	USD	1 791	-94	1 978	-103
Zambia	EUR	7 799	-152	8 455	-165
Cambodja	USD	9 221	-72	9 145	-71
Liberia	USD	6 911	-54	3 211	-25
Ethiopia	EUR	11 730	-5 865	24 123	-18 092
Pakistan	USD	5 371	-82	5 987	-91
Honduras	USD	5 457	-1 364	6 076	-1 519
Egypt	USD	3 857	-30	3 773	-29
Mongolia	USD	1 904	-15	2 477	-19
Zimbabwe	USD	38 098	-37 249	37 590	-36 652
Lebanon	USD	896	-47	989	-52
Madagascar	USD	896	-47	989	-52
Thailand	USD	896	-47	989	-52
Turkey	EUR	919	-230	1 315	-329
Total		2 761 619	-278 237	2 354 572	-172 757

Convertible loan receivables and participation loans

Borrower	Currency	Outstanding loan amount in currency	Interest and equivalent	Conversion rights
Addis Emerald Hotel	EUR	1,023	Interest	Yes
d.light	USD	4,280	Interest	Yes
Jacaranda Maternity	USD	800	Interest	Yes



Note 16 | Loan receivables ECL

	2024				2023			
	Stage 1 ²	Stage 2 ³	Stage 3 ⁴	Total	Stage 1 ²	Stage 2 ³	Stage 3 ⁴	Total
Loan receivables recognised at amortised acquisition cost								
As of 31 December								
Loan receivables by gross amount	2,132,171	233,276	396,172	2,761,619	1,858,236	323,461	172,875	2,354,572
Provision for expected credit losses	-35,803	-12,915	-229,519	-278,237	-31,685	-18,085	-122,988	-172,757
Amortised acquisition cost recognised in the balance sheet	2,096,368	220,361	166,653	2,483,382	1,826,551	305,376	49,887	2,181,814
Provision for expected credit losses on loan commitments	12,137	-	-	12,137	3,134	-	-	3,134
	2024				2023			
Loss provision for loan receivables at amortised acquisition cost (total) ¹	Stage 1 ²	Stage 2 ³	Stage 3 ⁴	Total	Stage 1 ²	Stage 2 ³	Stage 3 ⁴	Total
Loss provision as of 1 January	31,315	18,008	125,552	174,875	28,701	13,204	222,549	-264 454
Investments in loan receivables	10,035	208	1,878	12,121	8,837	-	-	-8 837
New loan commitments	9,412	-	-	9,412	493	-	-	-493
Outgoing loan commitments	-409	-	-	-409	-821	-	-	821
Repayments, including amortisations	-1,855	-875	-19,761	-22,490	-4,663	-4,168	-13,353	22 184
Amount written off (recorded credit loss)	-	-	-	-	-	-	-83,645	83 645
Transfers								
To 12 months of expected credit losses (Stage 1)	-1,116	-	-	-1,116	-	-	-	-
To expected credit losses for the remaining time to maturity – non-credit-impaired loans (Stage 2)	-	-4,506	-	-4,506	-1,231	8,972	-	-7 741
To expected credit losses for the remaining time to maturity – credit-impaired loans (Stage 3)	-	-	124,486	124,486	-	-	-	-
At year-end	47,382	12,835	232,155	292,371	31,316	18,008	125,551	-174 875

Total amount of non-discounted expected credit loss for credit-impaired loans accrued during the year. Written-off amounts still outstanding, but still subject to compliance measures.

¹ Includes expected credit loss on loan commitments and loss provision on accrued interest.

² 12-month expected credit losses.

³ Expected credit losses for the remaining maturity period - non credit-impaired loans. Expected credit losses are evaluated on a collective basis, except for loan receivables to banks.

⁴ Expected credit losses for the remaining maturity - credit-impaired loans. Expected credit losses are evaluated on an individual basis.



NOTE 16, CONT'D.

	2024				2023			
	Stage 1 ²	Stage 2 ³	Stage 3 ⁴	Total	Stage 1 ²	Stage 2 ³	Stage 3 ⁴	Total
Gross value of loans at amortised acquisition cost (total) ¹								
Gross value as of 1 January	1,886,941	314,398	183,573	2,384,912	1,674,088	250,719	285,111	2,209,918
Investments in loan receivables	668,144	3,985	1,878	674,007	496,699	-	-	496,699
Repayments, including amortisations	-101,757	-14,546	-27,460	-143,763	-126,045	-85,078	-17,893	-229,016
Amount written off (recorded credit loss)	-	-	-	-	-	-	-83,645	-83,645
Transfers								
To 12 months of expected credit losses (Stage 1)	-175,192	-	-	-175,192	-	-	-	-
To expected credit losses for the remaining time to maturity – non-credit-impaired loans (Stage 2)	-	-90,734	-	-90,734	-157,801	148,757	-	-9,044
To expected credit losses for the remaining time to maturity – credit-impaired loans (Stage 3)	-	-	248,964	248,964	-	-	-	-
At year-end	2,278,136	213,103	406,955	2,898,194	1,886,941	314,398	183,573	2,384,912

¹ Includes accrued interest.² 12-month expected credit losses.³ Expected credit losses for the remaining maturity period - non credit-impaired loans. Expected credit losses are valued on a collective basis, except for loan receivables to banks.⁴ Expected credit losses for the remaining maturity - credit-impaired loans. Expected credit losses are evaluated on an individual basis.

Note 17 | Collateral received

Swedfund AB may have collateral in the form of buildings, machinery, etc. in connection with loans. Given the markets in which Swedfund's borrowers operate, this collateral is not considered to have any value.

Note 18 | Other receivables

	31.12.2024	31.12.2023
Other receivables	69,332	–
Amortisation loan receivable (Swedpartnership)	7,951	7,951
Total	77,283	7,951

Note 19 | Prepaid expenses and accrued income

	31.12.2024	31.12.2023
Prepaid expenses	6,371	5,750
Accrued interest income, interest-bearing securities	19,488	10,581
Accrued interest income, loan receivables	19,824	27,918
Other accrued income	5,456	2,938
Total	51,138	47,186

Note 20 | Interest-bearing securities

31.12.2024					
Breakdown of securities	Rating	Average maturity, years	Gross value	Provision for expected credit losses (Stage 1)	Carrying amount
Treasury bills	AAA	0.36	984,780	–	984,780
Government bonds	AAA	8.55	75,316	–	75,316
Covered bonds	AAA	1.19	948,709	–	948,709
Municipal bills	AAA	0.58	426,156	–	426,156
Government securities US	AAA	1.13	1,878,988	–	1,878,988
Government securities DE	AAA	0.84	424,586	–	424,586
Intergovernmental organisations	AAA	0.65	1,012,474	–	1,012,474
Total bonds and other interest-bearing securities			5,751,009	–	5,751,009

All interest-bearing securities are attributed to Stage 1, i.e. there has been no significant credit impairment since initial recognition.

31.12.2023					
Breakdown of securities	Rating	Average maturity, years	Gross value	Provision for expected credit losses (Stage 1)	Carrying amount
Treasury bills	AAA	0.42	1,461,464	–	1,461,464
Government bonds	AAA	5.73	101,353	–	101,353
Covered bonds	AAA	1.03	678,669	–	678,669
Municipal bills	AAA	0.75	102,600	–	102,600
Government securities US	AAA	0.87	2,166,015	–	2,166,015
Government securities DE	AAA	0.83	362,291	–	362,291
Intergovernmental organisations	AAA	0.47	60,371	–	60,371
Total bonds and other interest-bearing securities			4,932,762	–	4,932,762

As the Financial Policy only allows for investment in government/municipality guaranteed securities and covered bonds, the estimated provision for expected credit losses is intangible and therefore not recorded. As of 31 December 2024, the provision for expected credit losses amounted to approximately TSEK 0.

Note 21 | Financial risks

Introduction

Swedfund invests in places in the world where although there is a strong need for foreign capital, private investors often consider the risks to be too high. As a result, Swedfund's greatest risks lie in these investments. In its operations, Swedfund is exposed to a variety of risk factors, some of which are not easily influenced.

Sound risk management is both a prerequisite for the business operations and an enabler for improved development results. The Company's management of financial risks is regulated by a Financial Policy adopted by the Board of Directors. The Financial Policy contains rules for financial reporting, including risk exposure and sensitivity analysis, that is to be provided to the Board of Directors on an ongoing basis.

Capital structure

The dimensioning of Swedfund's equity is governed by its mission from the State. Swedfund is thus financed (with the exception of Swedpartnership, Technical Assistance and Swedfund Project Accelerator, which are grant funded) by capital injections from the State and by accumulated earnings from its operations. Borrowing on the market to finance business operations can be carried out following a decision by the Board of Directors. No such borrowing has taken place to date.

Risk management

In its financial risk management, Swedfund works according to the following basic principles:

- Swedfund shall have a low debt-equity ratio
- Swedfund shall maintain a satisfactory liquidity buffer/available funds
- Credit risks shall not be hedged
- Financial risks in the management of the Company's own liquid assets must be minimised where financially reasonable and practical
- Currency risks shall not normally be hedged
- Operational risks must be identified and monitored carefully
- Wherever possible, income/expenses attributable to financial activities must be allocated to the investment they relate to

Swedfund's Board of Directors has established risk limits for exposure to liquidity risk and interest rate risk in the Company's Financial Policy. In addition, restrictions on country and counterparty exposure have been established in the Company's Risk Policy.

The Company's financial transactions and risks are jointly managed on an ongoing basis by Swedfund's investment organisation and Finance Department. The Finance Department is responsible for liquidity management and the reporting of financial risks to the Board of Directors.

Swedfund classifies financial risks as:

- Commercial credit/share price risk
- Financial credit risk
- Interest rate risk
- Currency risk
- Liquidity risk

Commercial credit/share price risk

Definition

Swedfund's commercial credit and share price risks are attributable to investing activities, i.e. from investments in portfolio companies through shares, funds or loans.

Risk management

Credit and share price risks are managed through ongoing control of the business and financial follow-up of the portfolio companies. In addition, limits have been set for concentration and degree of exposure per counterparty and per country. In certain transactions, Swedfund also has the possibility to use EU guarantees to limit the company's credit risk.

Financial credit risk

Definition

Financial credit risk is the risk that Swedfund's counterparty in a financial instrument is unable to fulfil its payment obligation and thereby causes the Company to incur a financial loss. This exposure arises in relation to cash and cash equivalents and interest-bearing securities.

Risk management

Swedfund only uses credit institutions and other actors with a high credit rating. Swedfund invests excess liquidity primarily in securities such as treasury bills, government bonds, debt securities issued by municipalities and secured mortgage bonds with a long-term credit rating of AAA. See Note 20.

Interest rate risk

Definition

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk may thus consist of changes in fair value (price risk) or changes in cash flow (cash flow risk). Fixed-rate periods have a significant effect on interest rate risk. Long fixed-rate periods counteract cash flow risk but increase price risk. Shorter fixed-rate periods counteract price risk but increase cash flow risk. Swedfund is primarily exposed to interest rate risk in respect of the Company's loan receivables linked to investment activities and interest-bearing securities in liquidity management.

Risk management

Swedfund shall, if possible, use short fixed-rate periods on both lending and borrowing, and on the investment of cash and cash equivalents. In accordance with the Company's Financial Policy, the financial risks in the business are controlled by limits, i.e. the fixed-rate periods for the Company's interest-bearing investments must remain within certain limits in terms of time and amount.

Sensitivity analysis - Fixed-rate period

As of 31 December 2024, the duration of Swedfund's interest rate exposure in the investment portfolio was 11.3 months. See table below regarding fixed interest rates in Swedfund's lending and borrowing.

Interest rate conditions	Loan portfolio		
	USD	EUR	SEK Total
Variable	1,350,417	54,347	1,404,764
Fixed	500,045	428,479	928,524
Mix ¹	95,269	54,825	150,094
Total	1,945,760	537,651	2,483,382

¹ Loans within the ICCF/EFP facilities are a mix of floating and fixed interest rates.

Sensitivity analysis - Interest rate risk

A change in the market interest rate of +/-1 percentage point, calculated on the net of Swedfund's lending to investments on 31 December 2024, would have an impact on profit before tax of TSEK +/-24,833. A calculation of the effects on the interest-bearing securities existing on the

reporting date would result in an interest rate increase of 1 percentage point on the reporting date having an impact on profit before tax of TSEK +/-53,633. However, the investment portfolio has short terms (see also Note 20 and Note 23), so the likelihood of this scenario is low.

Currency risk

Definition

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in exchange rates. Swedfund's exposure to currency risks partly comprises the risk of fluctuations in the value of financial instruments, and partly the currency risk in relation to expected and contracted payment flows. These risks are referred to as transaction exposure.

Risk management

Swedfund does not apply currency hedging to protect the fair value or future cash flows in the investment portfolio. To ensure that future currency fluctuations do not have a negative impact on reserved liquidity for contractual obligations, liquidity management is steered towards a high proportion of short-term investments to be placed in interest-bearing instruments in the transaction currencies USD and EUR.

Swedfund has the greatest exposure in USD, but also a significant exposure in EUR, see table below.

Currency risk exposure per currency

31.12.2024	USD	EUR	Equivalent SEK ¹
Shares and fund units	312,914	14,857	3,617,393
Participating interests in group companies, associated companies and joint ventures	–	872	20,469
Loan receivables	174,520	46,881	2,483,382
Interest-bearing securities	256,416	43,969	5,751,009
Cash on hand and bank balances	33,650	19,521	1,375,779
Total	777,499	126,100	13,248,032

¹ Balance sheet.

Sensitivity analysis - Exchange rate risk

A change of +/-10 per cent in the Swedish krona against other currencies as of 31 December 2024 would entail a change in profit before tax of TSEK 961,017. The sensitivity analysis is based on the assumption that all other factors (e.g. interest rate) remain unchanged.

Liquidity risk

Definition

Liquidity risk refers to the risk that cash and cash equivalents are not available as and when needed and that financing can only be obtained partially or not at all, or at a higher cost.

Risk management

The Company minimises liquidity risk by maintaining sufficient cash on hand and investments in liquid interest-bearing instruments to cover potential financing needs. Under normal circumstances, these should be negotiable into cash within a reasonable time and at negligible transaction costs.

Swedfund has substantial liquidity in the balance sheet, but there are a number of limitations in its availability. A significant proportion of liquidity is reserved for contracted, undisbursed commitments, which is regulated in the Company's Finance Policy. The remaining liquidity constitutes a surplus and is intended to cover new future investments, unforeseen events and the Company's operating costs.



Note 22 | Financial instruments

Measurement of financial assets and liabilities as of 31 December 2024

	Financial assets and liabilities measured at cost				Fair value
	Loans	Other financial assets	Other financial liabilities	Total carrying amount	
Financial assets					
Shares and participating interests	–	3,617,393	–	3,617,393	4,719,816
Participating interests in group companies, associated companies and joint ventures	–	20,469	–	20,469	24,848
Loan receivables	2,483,382	–	–	2,483,382	2,483,382
Other non-current securities	–	2,113	–	2,113	2,113
Other non-current financial assets	–	8,600	–	8,600	8,600
Accounts receivable	666	–	–	666	666
Other receivables	–	77,283	–	77,283	77,283
Accrued income	43,671	7,467	–	51,138	51,138
Interest-bearing securities	5,751,009	–	–	5,751,009	5,759,408
Cash on hand and bank balances	1,375,779	–	–	1,375,779	1,375,779
Retained funds on behalf of other party	–	11,619	–	11,619	11,619
Total	9,654,507	3,744,944	–	13,399,452	14,514,653
Financial liabilities					
Accounts payable	–	–	3,845	3,845	3,845
Other liabilities	–	–	20,253	20,253	20,253
Accrued expenses	–	–	557,635	557,635	557,635
Total	–	–	581,732	581,732	581,732

Measurement of financial assets and liabilities as of 31 December 2023

	Financial assets and liabilities measured at cost				Fair value
	Loans	Other financial assets	Other financial liabilities	Total carrying amount	
Financial assets					
Shares and participating interests	–	2,787,767	–	2,787,767	3,375,906
Participating interests in group companies, associated companies and joint ventures	–	20,469	–	20,469	23,454
Loan receivables	2,181,814	–	–	2,181,814	2,181,814
Other non-current securities	–	738	–	738	738
Other non-current financial assets	–	8,600	–	8,600	8,600
Accounts receivable	60	–	–	60	60
Other receivables	–	7,951	–	7,951	7,951
Accrued income	27,918	19,269	–	47,186	47,186
Interest-bearing securities	4,932,762	–	–	4,932,762	4,944,242
Cash on hand and bank balances	661,265	–	–	661,265	661,265
Retained funds on behalf of other party	–	11,648	–	11,648	11,648
Total	7,803,819	2,856,441	–	10,660,261	11,262,864
Financial liabilities					
Accounts payable	–	–	7,579	7,579	7,579
Other liabilities	–	–	19,736	19,736	19,736
Accrued expenses	–	–	382,339	382,339	382,339
Total	–	–	409,654	409,654	409,654

Introduction

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Methods for determining fair value

Financial instruments listed on an active market

For financial instruments listed on an active market, fair value is determined on the basis of the asset's quoted purchase price on the reporting date without the addition of transaction costs (e.g. commission) on initial recognition. A financial instrument is considered to be listed on an active market if quoted prices are readily available on a stock exchange, from a trader, broker, trade association, company providing current price information or regulatory authority, and these prices represent actual and regularly occurring market transactions on commercial terms. Any future transaction costs in the event of disposal are not taken into account. For financial liabilities, fair value is determined based on the listed selling price. Instruments listed on an active market can be found in the balance sheet under Shares and fund units and Interest-bearing securities. Most of the Company's financial instruments are measured at fair value at prices quoted on an active market.

Financial instruments not listed on an active market

If the market for a financial instrument is not active, the Company measures the fair value using a measurement technique. The measurement techniques used are based as far as possible on market data and Company-specific data are used as little as possible. The Company calibrates the measurement technique at regular intervals and tests its validity by comparing the outcome of the measurement technique with prices from observable current market transactions in the same instrument. Measurement techniques are used for the following classes of financial instruments: interest-bearing securities (when prices on an active market are not available), shares (when prices on an active market are not available), other interest-bearing assets and liabilities. The measurement models applied are calibrated so that the fair value on initial recognition amounts to the transaction price and changes in fair value are then reported on an ongoing basis based on the changes that have taken place in the underlying market risk parameters.

Shares and interest-bearing securities

The fair value of financial instruments is calculated (i) with reference to financial instruments that are essentially the same or to recent transactions in the same financial instrument, or if such information is not available, to (ii) future cash flows of principal amounts and interest discounted at current market interest rates on the reporting date. In cases where discounted cash flows have been used, future cash flows are calculated based on the management's best estimate. The discount rate used is the market-based interest rate on similar instruments on the reporting date. If other valuation models have been used, input data is based on market-related data on the reporting date.

Holdings in unlisted shares are recognised at cost in cases where a reliable fair value cannot be determined. The reason for not being able to measure them reliably at fair value is that, according to the Company's management, there is too much uncertainty in future cash flows and the risk adjustment that needs to be made on the discount rate. The Company does not intend to sell its unlisted shares in the near future.

The carrying amount of accounts receivable, other receivables, cash and cash equivalents, trade payables and other liabilities constitutes a reasonable approximation of fair value.

The table below shows financial instruments measured at fair value, based on how the classification in the fair value hierarchy has been carried out. The various levels are defined as follows:

- Level 1 - Listed prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Other observable inputs for assets or liabilities than quoted prices included in Level 1. This category includes instruments that are valued based on quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments traded on markets that are not active, or other measurement techniques where all material inputs are directly and indirectly observable in the market (i.e. either directly, as price quotations) or indirectly, derived from price quotations).
- Level 3 - Inputs for assets or liabilities that are not based on observable market data (i.e. non-observable inputs and where the measurement technique has a material impact on measurement).

Transfers between Level 1 and Level 2

IFRS also requires disclosure of material transfers of instruments between Level 1 and Level 2 as well as the reasons for these transfers and the principles used to determine when a transfer is considered to have taken place. Transfers to each level should be described separately from transfers from each level.

According to IFRS, examples of principles for determining the timing of transfers are:

- Date of the event that prompted the transfer
- End of the reporting period

There were no transfers between Level 1 and Level 2 in Swedfund's portfolio in either 2023 or 2024.

Reconciliation of fair values in Level 3

According to IFRS, disclosures should be made in the form of a reconciliation of changes from the opening balance to the closing balance in the fair value of instruments measured according to Level 3 in the measurement hierarchy. With regard to transfers between levels, according to IFRS, disclosures must provide the reasons for these and the principles used to determine when a transfer is considered to have taken place.

According to IFRS, unrealised earnings on such assets and liabilities that are still owned at the end of the year should also be disclosed.

Measurement techniques and material non-observable inputs

In accordance with IFRS, a description of the measurement technique or techniques and the inputs used in the measurement at fair value should be provided for recurring and non-recurring fair value measurements attributable to Levels 2 and 3 in the fair value hierarchy.

Methods for calculating expected credit losses

Financial assets other than equity and fund units and participating interests in group companies, associated companies and joint ventures are covered by provisions for expected credit losses. Provisions for expected credit losses also cover issued loan commitments.

NOTE 22, CONT'D.

The IFRS 9 expected credit loss model is forward-looking and a loss allowance is recognised when there is an exposure to credit risk, usually on first recognition of an asset or receivable, but also for issued loan commitments. Expected credit losses reflect the present value of all cash flow deficits attributable to default either for the next 12 months or for the expected remaining time to maturity of the financial instrument, depending on the asset class and credit deterioration since initial recognition. Expected credit losses reflect an unbiased, probability-weighted outcome that considers multiple scenarios based on reasonable and supportable forecasts.

Swedfund applies the general method for its loan receivables, cash and cash equivalents and interest-bearing securities. The general method applies a three-stage impairment model, depending on the development of credit risk during the term of the receivable. For issued credit-impaired loan receivables, there is no allocation of the loan receivable to different stages.

Expected credit losses are measured based on the product of probability of default, loss given default and exposure at default, except in cases where expected credit losses are measured based on historical credit loss percentage and exposure at default. Management's forward-looking assessments in the form of Company-specific information, macro-economic factors and country risk are also included. For credit-impaired assets and receivables, an individual assessment is made based on an analysis of cash flow that takes into account historical, current and forward-looking information. The measurement of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

Financial assets are recognised in the balance sheet at amortised cost, i.e. net of gross value and loss provision. A credit loss provision for loan commitments is recognised as other provisions until the loan is paid out.

Changes in loss provisions are recognised in the income statement as impairment of credit losses.

Loan receivables

Loan receivables are divided into two segments: financial and non-financial companies. Stage 1 of the credit loss provisioning methodology for non-financial companies is based on historical credit loss percentage combined with forward-looking factors. Stage 1 financial companies are impaired individually using a credit rating-based methodology based essentially on an external credit rating and an assessment of loss given default.

Loan receivables are considered to have a significant increase in credit risk, Stage 2, when the loan has been forgiven or the official credit rating has been downgraded by one notch. In addition, the Company has also established a number of criteria that constitute indications or confirmation of a significant increase in credit risk for individual loans or for groups of loan receivables. For loan receivables in Stage 2, credit loss provisions are made in accordance with the management's assessment of probability-weighted expected cash flows, taking into account the expected time of default compared with contracted cash flows. Assessments are made on an individual basis.

Loan receivables are considered credit-impaired, Stage 3, when there is an imminent risk of bankruptcy. In addition, the Company's management also has a number of criteria that constitute indications or confirmations of a loan receivable being considered credit-impaired for individual loan receivables or for groups of loan receivables. For loan receivables in Stage 3 and for credit-impaired issued loan receivables, credit loss provisions are formed in accordance with the management's assessment of probability-weighted expected cash flows, taking into account the expected time of default compared with contracted cash flows. Assessments are made on an individual basis.

Interest-bearing securities and cash at hand and bank balances

Interest-bearing securities and cash and cash equivalents consist of municipality and government bonds as well as cash and cash equivalents, which essentially constitute bank balances in banks with an investment grade rating. Interest-bearing securities and cash and cash equivalents are impaired in accordance with a credit rating-based method based on external rating and management's assessment of loss given default. Financial assets are considered to have a significant increase in credit-risk if the debtor receives a credit rating downgrade below investment grade rating.

Liabilities to credit institutions (interest-bearing liabilities)

For disclosure purposes, the fair value of interest-bearing liabilities is measured by discounting future cash flows of principal amounts and interest discounted at the current market rate.

Current receivables and liabilities

For current receivables and liabilities, such as accounts receivable and accounts payable, with a life of less than six months, the carrying amount is considered to reflect fair value.

Assets and liabilities measured at fair value

31.12.2024	Level 1	Level 2	Level 3	Total
Financial assets				
Shares and participating interests	-	-	4,719,816	4,719,816
Participating interests in group companies, associated companies and joint ventures	-	-	24,848	24,848
Loan receivables	-	-	2,483,382	2,483,382
Other non-current securities	-	2,113	-	2,113
Other non-current financial assets	-	-	8,600	8,600
Accounts receivable	-	666	-	666
Other receivables	-	77,283	-	77,283
Accrued income	-	51,138	-	51,138
Interest-bearing securities	5,759,408	-	-	5,759,408
Cash on hand and bank balances	1,375,779	-	-	1,375,779
Retained funds on behalf of other party	-	11,619	-	11,619
Total	7,135,187	142,820	7,236,646	14,514,653
Financial liabilities				
Accounts payable	-	3,845	-	3,845
Other liabilities	-	20,253	-	20,253
Accrued expenses	-	557,635	-	557,635
Total	-	581,732	-	581,732

Assets and liabilities measured at fair value

31.12.2023	Level 1	Level 2	Level 3	Total
Financial assets				
Shares and participating interests	-	-	3,375,906	3,375,906
Participating interests in group companies, associated companies and joint ventures	-	-	23,454	23,454
Loan receivables	-	-	2,181,814	2,181,814
Other non-current securities	-	738	-	738
Other non-current financial assets	-	-	8,600	8,600
Accounts receivable	-	60	-	60
Other receivables	-	7,951	-	7,951
Accrued income	-	47,186	-	47,186
Interest-bearing securities	4,944,242	-	-	4,944,242
Cash on hand and bank balances	661,265	-	-	661,265
Retained funds on behalf of other party	-	11,648	-	11,648
Total	5,605,506	67,583	5,589,775	11,262,864
Financial liabilities				
Accounts payable	-	7,579	-	7,579
Other liabilities	-	19,736	-	19,736
Accrued expenses	-	382,339	-	382,339
Total	-	409,654	-	409,654

Note 23 | Maturity analysis

31.12.2024

Maturity information

Non-discounted cash flows - remaining contractual time to maturity

Remaining contractual time to maturity (non-discounted value) and expected time of recovery	On demand	< 3 months	> 3 months < 6 months	> 7 months < 1 year	> 1 year < 2 years	> 2 years < 3 years	> 3 years < 5 years	> 5 years	Without maturity	Total nominal cash flows
Assets										
Shares and fund units	-	-	-	-	-	-	-	-	3,617,393	3,617,393
Participating interests in group companies, associated companies and joint ventures	-	-	-	-	-	-	-	-	20,469	20,469
Loan receivables	-	95,358	162,489	224,139	884,794	562,446	387,408	166,747	-	2,483,382
Other non-current securities	-	-	-	-	-	-	-	-	2,113	2,113
Accounts receivable	-	666	-	-	-	-	-	-	-	666
Other receivables	-	77,283	-	-	-	-	-	-	-	77,283
Accrued income	-	51,138	-	-	-	-	-	-	-	51,138
Interest-bearing securities	-	937,551	1,444,934	1,522,597	1,364,015	406,596	-	75,316	-	5,751,009
Cash on hand and bank balances	1,375,779	-	-	-	-	-	-	-	-	1,375,779
Retained funds on behalf of other party	11,619	-	-	-	-	-	-	-	-	11,619
Total	1,387,398	1,161,997	1,607,423	1,746,736	2,248,810	969,042	387,408	242,063	3,639,975	13,390,852
Liabilities										
Accounts payable	-	3,845	-	-	-	-	-	-	-	3,845
Other liabilities	-	20,253	-	-	-	-	-	-	-	20,253
Accrued expenses	-	557,635	-	-	-	-	-	-	-	557,635
Total	-	581,733	-	-	-	-	-	-	-	581,733
Unrecognised loan commitments	-	450,942	368,369	736,739	-	-	-	-	-	1,556,050
Operating leases	-	2,380	2,380	4,715	12,403	12,192	3,462	-	-	37,531
Total difference	-	453,322	370,749	741,454	12,403	12,192	3,462	-	-	1,593,581

NOTE 23, CONT'D.

31.12.2023

Maturity information

Non-discounted cash flows - remaining contractual time to maturity

Remaining contractual time to maturity (non-discounted value) and expected time of recovery	On demand	< 3 months	> 3 months < 6 months	> 7 months < 1 year	> 1 year < 2 years	> 2 years < 3 years	> 3 years < 5 years	> 5 years	Without maturity	Total nominal cash flows
Assets										
Shares and fund units	-	-	-	-	-	-	-	-	2,787,767	2,787,767
Participating interests in group companies, associated companies and joint ventures	-	-	-	-	-	-	-	-	20,469	20,469
Loan receivables	-	9,863	42,506	343,087	378,776	647,471	478,950	281,162	-	2,181,814
Endowment insurance	-	-	-	-	-	-	-	-	-	-
Other non-current securities	-	-	-	-	-	-	-	-	738	738
Accounts receivable	-	60	-	-	-	-	-	-	-	60
Other receivables	-	7,951	-	-	-	-	-	-	-	7,951
Accrued income	-	47,186	-	-	-	-	-	-	-	47,186
Interest-bearing securities	-	1,523,509	1,254,464	1,022,830	500,842	529,765	72,271	29,081	-	4,932,762
Cash on hand and bank balances	661,265	-	-	-	-	-	-	-	-	661,265
Retained funds on behalf of other party	11,648	-	-	-	-	-	-	-	-	11,648
Total	672,912	1,588,569	1,296,970	1,365,917	879,618	1,177,236	551,221	310,243	2,808,974	10,651,660
Liabilities										
Accounts payable	-	7,579	-	-	-	-	-	-	-	7,579
Other liabilities	-	19,736	-	-	-	-	-	-	-	19,736
Accrued expenses	-	382,339	-	-	-	-	-	-	-	382,339
Total	-	409,654	-	-	-	-	-	-	-	409,654
Unrecognised loan commitments	-	194,937	68,955	137,910	-	-	-	-	-	401,802
Operating leases	-	2,265	2,121	4,090	8,296	7,820	10,120	-	-	34,712
Total difference	-	197,203	71,076	142,000	8,296	7,820	10,120	-	-	436,514

Note 24 | Offsetting of financial assets and liabilities

Swedfund has no financial assets or liabilities that are covered by legally binding framework agreements on netting or similar agreements with a contractual right to offset.

Note 25 | Provision for expected credit losses on loan commitments

	31.12.2024	31.12.2023
Carrying amount at the beginning of the period	3,134	3,462
Provisions in the period	9,412	493
Amounts utilised during the period	-	-
Unutilised amounts reversed during the period	-	-
Increase/decrease in discounted amounts during the period	-409	-821
Other	-	-
Carrying amount at the end of the period	12,137	3,134



Note 26 | Credit risk exposure

Credit risk exposure, gross and net, as of 31 December 2024	Credit risk exposure (before impairment)	Impairment/Provision	Carrying amount	Credit risk exposure with respect to collateral	Collateral utilised
Cash on hand and bank balances	1,375,779	–	1,375,779	1,375,779	–
Loan receivables	2,761,619	-278,237	2,483,382	2,483,382	–
Bonds and other interest-bearing securities					
Government securities and other public bodies					
AAA	4,858,401	–	4,858,401	4,858,401	–
Other issuers					
AAA	892,608	–	892,608	892,608	–
Total	5,751,009	–	5,751,009	5,751,009	–
Total	9,888,407	-278,237	9,610,170	9,610,170	–
Other assets					
Issued loan commitments					
	1,556,050	-12,137	1,543,913	1,543,913	–
Total	1,556,050	-12,137	1,543,913	1,543,913	–
Total credit risk exposure	11,444,457	-290,374	11,154,083	11,154,083	–

Credit risk exposure, gross and net, as of 31 December 2023	Credit risk exposure (before impairment)	Impairment/Provision	Carrying amount	Credit risk exposure with respect to collateral	Collateral utilised
Cash on hand and bank balances	661,265	–	661,265	661,265	–
Loan receivables	2,354,571	-172,757	2,181,814	2,181,814	–
Bonds and other interest-bearing securities					
Government securities and other public bodies					
AAA	4,254,094	–	4,254,094	4,254,094	–
Other issuers					
AAA	678,669	–	678,669	678,669	–
Total	4,932,762	–	4,932,762	4,932,762	–
Total	7,948,598	-172,757	7,775,841	7,775,841	–
Other assets					
Issued loan commitments					
	401,802	-3,134	398,668	398,668	–
Total	401,802	-3,134	398,668	398,668	–
Total credit risk exposure	8,350,400	-175,891	8,174,509	8,174,509	–

Concentration of credit risk, 31 December

	2024			2023		
	Number of borrowers	% total number of customers	% share of carrying amount	Number of borrowers	% total number of customers	% share of carrying amount
Loan receivables						
Exposure MSEK <50	14	46	15	9	38	9
Exposure MSEK 50-100	5	17	15	6	24	20
Exposure MSEK >100	11	37	70	9	38	71
Total	30	100	100	24	100	100

The three largest borrowers account for 35% (35%) of loans.

Note 27 | Other liabilities

	31.12.2024	31.12.2023
Accounts payable	3,845	7,579
Tax liabilities	93,950	65,030
Withholding tax, staff	2,101	2,161
Other liabilities	18,152	17,575
Total	118,048	92,345

None of the Company's liabilities become due for payment more than five years after the reporting date.

Note 28 | Accrued expenses and deferred income

	31.12.2024	31.12.2023
Accrued holiday pay	6,792	5,538
Accrued social security contributions	7,039	8,097
Accrued interest expenses, liabilities to credit institutions	–	–
Other accruals	37,773	6,635
Deferred income (Technical Assistance, Swedpartnership, Swedfund Project Accelerator)	505,570	361,996
Total	557,174	382,266

Note 29 | Contingent liabilities

The Company is involved from time to time in various processes and legal proceedings that have arisen from its day-to-day business operations. These claims relate to, but are not limited to, the Company's business practices, HR matters and tax issues. With regard to matters that do not require any provisions, the Company considers, on the basis of information currently available, that these will not have a significant adverse effect on the Company's financial performance.

Commitments	31.12.2024	31.12.2023
Contracted unpaid portfolio commitments	5,931,469	4,492,094
Total	5,931,469	4,492,094

Note 30 | Cash flow statement

Adjustment for items not affecting cash flow	31.12.2024	31.12.2023
Depreciation, amortisation and impairment	134,979	202,475
Unrealised exchange differences	-138,080	122,110
Capital result from sale of fixed assets	-243,705	-56,085
Other non-cash items	9,003	-450
Total	-237,803	268,050

Note 31 | Related party transactions

Related party transactions are based on accepted commercial terms in the industry and have been entered into under normal commercial terms.

For information on salaries and other remuneration, costs and obligations relating to pensions and similar benefits for the Board of Directors, CEO and other senior executives, see Note 5.

Moreover, no transactions took place between Swedfund and related parties during the financial year that had a material impact on the Company's position and performance.

Note 32 | Events after the reporting date

No significant events occurred after the reporting date.

Note 33 | Proposal for appropriation of profit

KR	31.12.2024	31.12.2023
The following profit is available to the AGM:		
Retained earnings	9,599,016,713	8,176,594,584
Capital injection	1,760,000,000	1,460,000,000
Net profit/loss for the year	769,966,418	-36,938,687
	12,128,983,131	9,599,655,897
To be distributed as follows:		
To be carried forward	12,128,983,131	9,599,655,897
	12,128,983,131	9,599,655,897



Corporate Governance Report

Corporate governance at Swedfund

Swedfund is a limited company wholly owned by the Swedish government with a specific public policy assignment, which is set out in the Owner Instructions.

According to this assignment, Swedfund must contribute to achievement of the objective set out in Sweden's Global Development Policy of fair and sustainable global development and, together with strategic partners, the Company must contribute to investments that are not deemed to be realisable solely through commercial financing. Swedfund must ensure that its investments are sustainable from an economic, environmental, climate and social perspective.

The Owner Instructions set out a number of mission objectives for the organisation. These are described in more detail in the Directors' Report under the Portfolio companies' results section on pages 58-74.

Both external and internal regulations form the basis for Swedfund's governance. Swedfund applies the Swedish Corporate Governance Code. Deviations from this Code in the financial year are explained below. The main reason behind such non-conformities is Swedfund's ownership circumstances, with Swedfund being a wholly state-owned company and thus not a listed

company with dispersed ownership. The Company's auditors have conducted a statutory review of the corporate governance report.

The State's Ownership Policy, the Owner Instructions for the Company, the Articles of Association and the objectives established by the Annual General Meeting and the Board of Directors govern the Company's operations. Swedfund's strategy and policy documents form the starting point for the performance of its assignment. Swedfund's policies form a key part of the Company's values, governance and internal control, and are regularly incorporated into working methods and agreements. The training of Swedfund staff and external board members in direct holdings is ongoing. The Company is also affiliated to a number of international conventions and regulations which have impacted the working methods that are followed in different ways.

Swedish Corporate Governance Code

The Swedish Corporate Governance Code forms part of the State's corporate governance framework. Swedfund adheres to this Code in accordance with the Owner Instructions.

Deviations from the Code

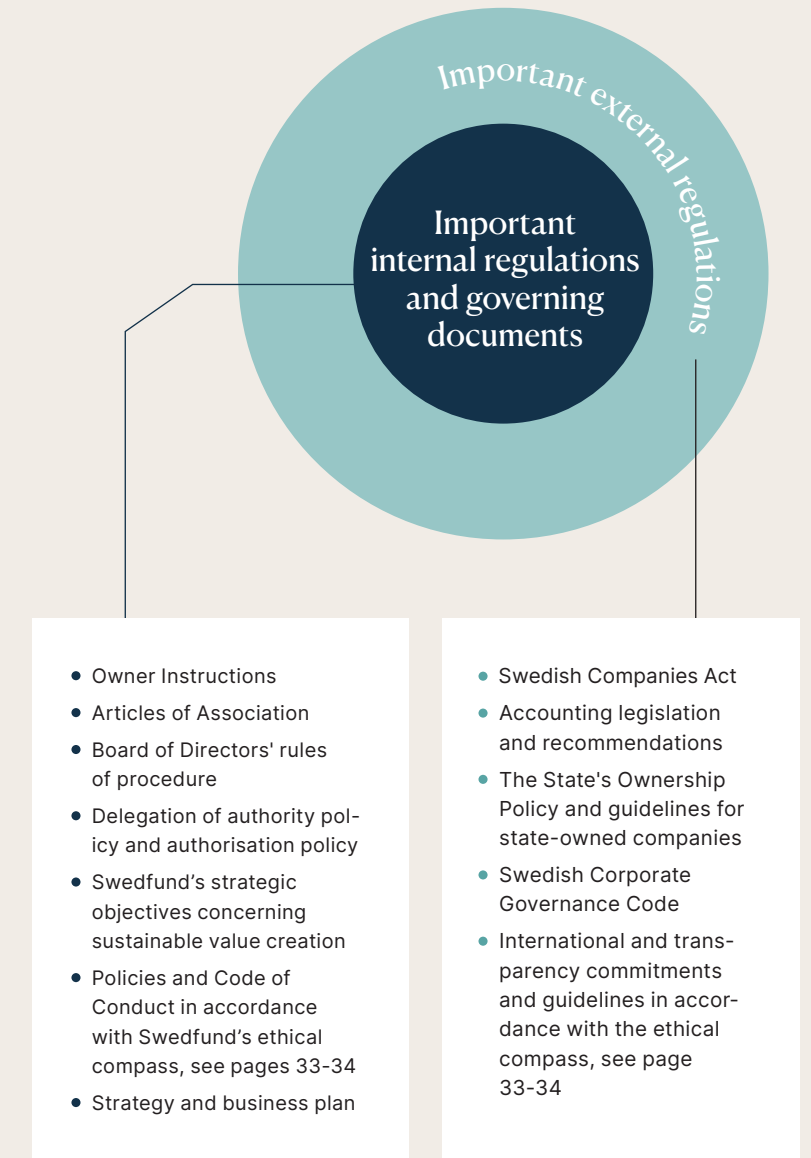
Swedfund deviated from the provisions of the Code in the 2024 financial year on the following points:

- i. Nomination committee. Due to its ownership structure, Swedfund has no nomination committee. Instead, the nomination process for Board members and election of the Chair of the Board of Directors and auditors is based on a separate process for state-owned companies in accordance with the State's Ownership Policy.
- ii. The Board of Directors' independence in relation to the owner. In accordance with the State's Ownership Policy, Swedfund does not report whether or not Board members are independent of the owner.
- iii. Remuneration committee. The Board of Directors has instead opted to perform this task.

Corporate governance amongst the portfolio companies

As regards investments through equity, Swedfund normally has a role as a minority shareholder, but usually endeavours to ensure that it holds a board position. In connection with fund investments, Swedfund is

Governing documents



often represented on the fund's advisory board. Through active ownership, based on the three pillars (Impact on society, Sustainability and Financial viability), governance and follow-up take place through board work, self-evaluations and ESG advocacy work etc. The management of Swedfund's investments involves incorporating the Company's policies into investment agreements as and when appropriate. Funds for Technical Assistance (TA) can also be used as a tool for quality-enhancing initiatives among the portfolio companies. Information on the development of the portfolio companies is obtained through regular owner dialogues, the follow-up of annual reports and other agreed information. Swedfund strives to maintain an active dialogue with stakeholders such as owners, business partners, civil society organisations, trade unions and the media. For further information, see Swedfund's stakeholder and materiality analysis on pages 127-128.

Votes and owners

The Annual General Meeting is the supreme decision-making body within Swedfund, and it is through attendance at this meeting and participation in owner dialogue that the Swedish government exercises its influence on the Company. The Ministry of Finance is responsible for managing the State's ownership of Swedfund, while the Ministry of Foreign Affairs is responsible for the Company's development cooperation policy. Notice of annual general meetings and extraordinary general meetings where amendments to the Articles of Association are on the agenda must be issued no earlier than six weeks and no later than four weeks prior to the meeting. Notice is issued through publication in the official Swedish gazette, Post- och Inrikes Tidningar, and on Swedfund's website. Mem-

bers of Parliament have the right to attend the meeting and to ask the Company questions during the meeting. Under normal circumstances, the meeting is also open to the general public.

Annual General Meeting 2024

Swedfund's Annual General Meeting was held on Friday 26 April 2024 at Westmanska Palatset in Stockholm. The meeting was open to the general public, and the minutes of the Annual General Meeting are available on Swedfund's website. The Annual General Meeting adopted the presented income statement and balance sheet as of 31 December 2023 and discharged the members of the Board of Directors and the CEO from liability for the 2023 financial year. The Annual General Meeting also presented proposals for the appropriation of profit and proposals concerning guidelines for the remuneration of senior executives, and prepared the remuneration report for 2023. Ernst & Young AB was re-elected as auditor by the Annual General Meeting with Jesper Nilsson as lead auditor.

Board of Directors

According to the Articles of Association, the Board of Directors must consist of at least six and not more than nine members, without deputies. The Annual General Meeting shall appoint the Chair of the Board of Directors. If the Chair resigns during their term of office, the Board of Directors must elect a Chair from amongst its members for the period through until the end of the Annual General Meeting when a new Chair is elected by the meeting.

Composition of the Board

Board member, Kerstin Borglin resigned at the 2024 Annual General Meeting. At the

Annual General Meeting, Catrina Ingelstam, Josefine Ekros Roth, Roshi Motman, Torgny Holmgren, Catrin Fransson, Anna Stellingner and Caroline Af Kleen were re-elected as Board members, and Johan Mörnstam was newly elected. Following the Annual General Meeting, the Board of Directors consisted of eight members, six women and two men. Catrin Fransson was re-elected as Chair of the Board. No member of Swedfund's executive management is a member of the Board of Directors. Information about the members of the Board of Directors is provided on pages 121-122.

Responsibilities and duties of the Board of Directors

The Board of Directors is required to assess the Company's financial situation on an ongoing basis, and ensure that the Company achieves the objectives that have been set and manages its resources appropriately. The Board of Directors is required to ensure that the Company's organisation is such that accounting, financial management and the Company's financial circumstances are generally subject to satisfactory controls. The Board of Directors must ensure that the Company has effective systems in place for monitoring and controlling the Company's operations, and must keep abreast of and evaluate how the Company's internal control systems are functioning. The Board of Directors makes business decisions on matters that fall outside the scope of day-to-day management and the delegated mandate of the CEO, which includes, for example, major investment decisions. The Board of Directors is responsible for setting objectives and establishing a strategy for the Company's operations. It is the responsibility of the Board of Directors to integrate sustainable enterprise into the Company's

Key matters for the Board of Directors in 2024

February

Year-end report, portfolio report, investment matters, ownership report, capital injection for 2023 and request for 2024

March

Integrated report 2023, audit report, notice and resolutions in advance of the Annual General Meeting, investment matters

April

Constituting items, portfolio report, interim report, investment matters

June

Policy issues, 2024 audit, organisational issues, portfolio status report, investment matters

July

Investment matters, interim report

September

Portfolio report, investment matters

October

Interim report, portfolio report, investment matters, Ukraine, IT and digital maturity analysis

November/December

Budget for 2025, internal audit, policy issues, status report for investment portfolio and PA, capital mobilisation, investment matters

business strategy and business development, and to establish strategic objectives for sustainable value creation in accordance with the Ownership Policy. The Board of Directors is responsible for the Company's riskmanagement and compliance. This means that the Board of Directors is responsible for ensuring that risks associated with the Company's operations are regularly identified, analysed and managed appropriately, and that there is adequate control over the Company's compliance with laws and other rules that apply to the Company's operations. The Board of Directors is also responsible for establishing, implementing and following up the policy documents and other forms of governing documents relevant to the organisation, such as the rules of procedure for the Board of Directors and the Audit Committee, and the CEO's instructions. Amongst other things, these policy documents set out how responsibilities and authorities are delegated between the

Board of Directors, the Chair of the Board of Directors and the CEO.

The Board of Directors has set up an integrated Audit Committee whose duties are aimed at the quality assurance of external financial and sustainability reporting and ensuring that the Company has appropriate risk management in place, that established principles for external reporting and internal control are complied with, and that Swedfund undergoes qualified, effective and independent auditing. The Audit Committee also prepares sustainability-related matters, such as sustainability policy and anti-corruption policy, as well as material sustainability issues for consideration by the Board of Directors.

The Audit Committee consists of four Board members appointed annually by the Board. Since the inaugural Board meeting in 2024, the Audit Committee has consisted of Catrina Ingelstam (Chair), Josefine Ekros Roth, Torgny Holmgren and Caroline af Kleen.

The Board of Directors is responsible for maximising long-term value creation at Swedfund and for ensuring that operations are conducted in a way that promotes sustainable development from a financial, social, environmental and climate perspective. The Board of Directors is responsible for the Company's organisation and management of its affairs in the interests of the Company and the shareholders. The Board of Directors is responsible for ensuring that the Company acts as a role model within the area of sustainable enterprise and also otherwise operates in manner that is worthy of public confidence. The Board of Directors appoints the Chief Executive Officer (CEO) and determines the salary and other benefits of the CEO.

Chair of the Board

The Chair is responsible for evaluating the work of the Board of Directors on an annual basis and for ensuring that the evaluation is reported as and when relevant to the owner's nomination administrator. The 2024 Board evaluation was carried out within the Board and involved a collective evaluation of the work and expertise of the Board of Directors. As and when necessary, the Chair is involved in connection with important contacts and represents the Company in relation to ownership matters. The Chair of the Board of Directors is also responsible for maintaining contact with representatives of the Company's owners with the aim of coordinating their views with these representatives when the Company is facing particularly important decisions.

The work of the Board of Directors and the Audit Committee in 2024

In 2024, the Board met on thirteen occasions, which included seven ordinary meetings,

three extraordinary meetings and three meetings per capsulam. Amongst other matters, the meetings considered investment cases and business operations based on the three pillars (Impact on society, Sustainability and Financial viability), annual and interim financial statements and related reports, CSRD, budget and business objectives, policy issues, organisational and staffing issues, and evaluation of the work of the Board of Directors and the CEO. Ordinary Board meetings were held in the form of physical meetings.

In 2024, the Audit Committee met on seven occasions, with the meetings being held in both digital and physical format. Amongst other things, the Audit Committee prepared questions regarding interim reports and integrated reporting for 2023 (including the Annual Report, Sustainability and Corporate Governance Report), risk/internal control, policy updating, CSRD, audit plans for internal and external audits, as well as reporting and follow-up of audit reports and previous observations from the auditors.

CEO and Company management

Maria Håkansson has been CEO of Swedfund since 2018. The CEO is responsible for the day-to-day management of the Company's operations with the care and to the extent necessary to ensure that operations are carried out in accordance with applicable legislation, the Articles of Association, the CEO's instructions, the Board of Director's instructions and the State's Ownership Policy. The CEO signs on behalf of the Company with regard to the ongoing administration of the Company within the adopted budget. Decisions within the CEO's own decision-making remit are reported to the Board of Directors at the next meeting. When a member of the management team

signs on behalf of the Company, this is also reported at the next meeting.

Management work is coordinated by a management team based on Swedfund's organisation. At the end of 2024, in addition to the CEO, the management team comprising a total of eight members consisted of the Chief HR & Administration Officer, Chief Legal Counsel, Chief Financial Officer, Chief Strategy & Communications Officer, Chief Investment Officer, Chief Sustainability Officer and Chief Business Development & Special Operations Officer. The management team is responsible for proposing and implementing strategies and business plans, budgets and operational planning, governance and organisational issues, and for monitoring Swedfund's financial development and initiatives relating to sustainability.

Auditors

The State's Ownership Policy states that responsibility for the election of auditors by the Annual General Meeting in state-owned companies always lies with the owner. Proposals for the election of auditors and approval of auditor's fees in state-owned companies are submitted by the Board of Directors. Auditors are normally appointed for a term of one year. The auditors are accountable to the owner at the general meeting and submit audit reports concerning Swedfund's integrated reports and the Board of Directors' management. The auditors submit a summary report on the audit to the Audit Committee and the Board of Directors, firstly in connection with the management audit and the general review of the interim report for January to September, and secondly, in connection with the audit of the annual financial statements. The external auditors attended five of the Audit Committee's meetings in 2024 and one

Member	Position	Board of Directors' meetings	Audit Committee
Catrin Fransson	Chair of the Board of Directors	13/13	
Torgny Holmgren	Member of the Board of Directors, Member of the Audit Committee	13/13	7/7
Catrina Ingelstam	Member of the Board, Chair of the Audit Committee	13/13	7/7
Kerstin Borglin	Board member (until the 2024 Annual General Meeting)	3/13	
Roshi Motman	Board member	10/13	
Anna Stellingner	Board member	11/13	
Caroline af Kleen	Member of the Board of Directors, Member of the Audit Committee	12/13	7/7
Josefine Ekros Roth	Member of the Board of Directors, Member of the Audit Committee	13/13	6/7
Johan Mörnstam	Board member (from the 2024 Annual General Meeting)	7/13	

board meeting. The remuneration paid to the auditors is presented in Note 6.

Remuneration of senior executives

Swedfund applies the Government's guidelines for persons in management positions (see 'Guidelines for the remuneration of senior executives at Swedfund International AB', which can be found on Swedfund's website). The pay conditions for the CEO and other senior executives are presented in Note 5 on page 94. Swedfund also prepares a Remuneration Report for approval by the Annual General Meeting.

Internal control regarding financial reporting

Under the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for ensuring that the Company has good internal controls in place. This report has been prepared in accordance with Chapter 6, Section 6 of the Swedish Annual Accounts Act and Sections 7.3-7.4 of the Swedish Corporate Governance Code, and is limited to the internal controls regarding financial reporting. Effective board work forms the basis for

good internal control. Swedfund's internal controls can be described based on the following five main areas.

Governance and control environment

The basis for internal controls regarding financial reporting is the control environment. The Board of Directors has overall responsibility for financial reporting, which refers primarily to interim reports (quarterly) and the integrated reports (annual). Every year, the Board of Directors adopts a set of written rules of procedure for its work, and specifies the division of work between the

Board of Directors on the one hand and the CEO and the Audit Committee on the other.

The Audit Committee appointed by the Board of Directors is tasked with preparing matters for decisions by the Board. The Audit Committee works according to an adopted annual schedule and is responsible for monitoring and quality assurance of the Company's financial reports. Its tasks cover areas such as the effectiveness of the Company's internal control, risk-based annual plan for internal audits, assessments of estimates and reported values which could impact on the quality of financial reports, as well as the follow-up of observations from external and internal audits. The Audit Committee also keeps abreast of the auditing of the Annual Integrated Report (including the annual report and reports regarding corporate governance and sustainability) and management through regular attendance at the Committee's meetings by the Company's auditors. The CFO and CSO are co-opted to the Committee's meetings, and the Committee's members are also in regular contact with these executives between ordinary meetings. The CEO is available at all Committee meetings.

One aspect of the Board of Directors' work is to prepare, update and approve a number of fundamental policies which govern the Company's work. The Board of Directors issues guidelines setting out the conditions for an organisational structure with a clear delegation of powers and responsibilities documented in a set of instructions for the work of the CEO, and in a policy concerning the delegation of authority. Based on these, internal rules, processes and structures are created which form the basis for internal governance and control throughout the organisation. Finan-

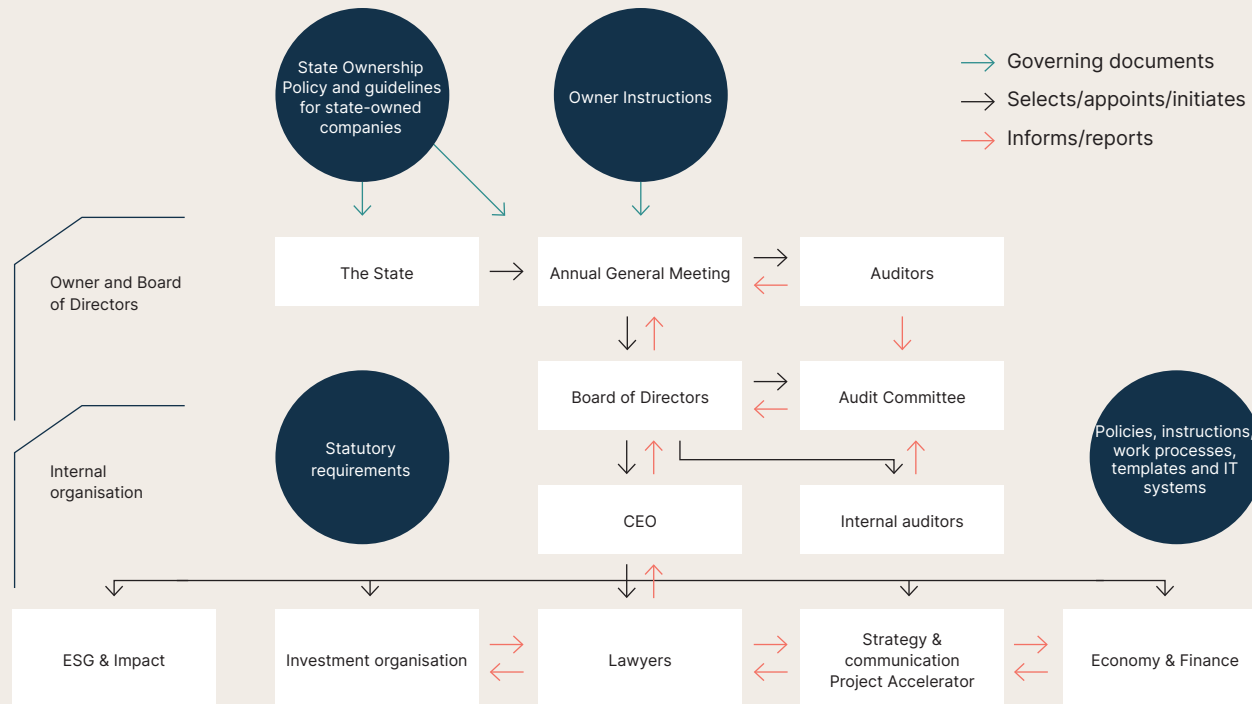
cial Policy, Risk Policy, Sustainability Policy, accounting and reporting instructions and an investment manual set out the framework and provide guidance in key areas for the Company's financial reporting.

The competence of the employees and the core values that the Board of Directors and the management operate on the basis of and communicate also form a significant part of the control environment. The CEO is tasked with establishing guidelines to ensure that all employees understand the requirements regarding the maintenance of ethical values and the role of the individual in this task, which is partly governed by Swedfund's Code of Conduct. The Code of Conduct adopted by the Board of Directors, which all Swedfund employees have undertaken to follow, includes a section to prevent conflicts of interest and other similar situations from arising. This states, among other things, that employees are not permitted to participate in projects where a conflict of interest could arise or where there are parallel assignments which could jeopardise the employee's loyalty to Swedfund. To ensure compliance, there is a process where employees are under an obligation to declare any conflicts of interest and parallel assignments every year or as and when necessary.

Risk assessment

There may be a risk of material misstatement in the financial statements in connection with the accounting and valuation of assets, liabilities, income and expenses, collection and compilation of sustainability information or deviations from information requirements. Other risks relating to financial reporting include fraud, loss or misappropriation of assets or undue favouring of other parties at

Corporate governance structure



the Company's expense. Accounting and financial reporting policies and directives and associated processes cover areas of particular importance to promote accurate and complete accounting, reporting and timely disclosure.

Identified risk types are managed through well-defined business processes with integrated risk management measures, as well as through the clear division of responsibilities and tasks and an appropriate decision-making policy. This means that special approval is required for investments and other important transactions to ensure that assets are managed appropriately. The Company's risks are managed in accordance with the Board of Directors' established Risk Policy and Financial Policy, and reporting on financial risks takes place on a regular basis.

In connection with the evaluation of new technical feasibility studies within the Project Accelerator and case studies within investing activities, detailed analyses (due diligence) are carried out of factors such as expected impact on society, sustainability risks, performance trends and financial position. Based on the assessment of impacts and risks, special terms and conditions are included in agreements as and where necessary in order to reduce risk exposure. Find out more about Swedfund's management of financial risks in Notes 20 and 26, and general information about Swedfund's risks and risk management on pages 35-36.

Control activities

To ensure that financial and sustainability reports present a true and fair picture of the business and maintain the desired level of quality, Swedfund's processes include various control activities. These control activities involve every level of the organisation,

from the Board of Directors and the management to other employees, and are intended to prevent, detect and correct any errors and non-conformities.

Outcomes are followed up on a monthly basis with respect to budgets and/or forecast and liquidity monitoring within the Company and reported at all Board meetings. Examples of other control activities within Swedfund's operation include the approval and control of different types of accounting transactions, reconciliations, analysis of key performance indicators and relationships, as well as other follow-up of financial information, which are carried out on an ongoing basis by the Company's management and the finance function.

In addition to this, portfolio company reviews are conducted regularly for each sector and for the Project Accelerator, where the investment and project portfolios are evaluated based on the three pillars: Impact on society, Sustainability and Financial viability. These meetings are attended by certain members of the management team. The portfolio's status is reported to the Board of Directors on a quarterly basis based on the three pillars through a portfolio report.

Swedfund has developed a comprehensive investment process to ensure that high levels of quality are maintained during the preparation of investment cases. In connection with the evaluation of new investments, a special process has been established where an investment committee, comprising the management team and the person responsible for the specific project, evaluates a potential investment in two stages before it is presented to the Board of Directors for a final decision.

The process of active ownership amongst the portfolio companies involves the invest-

ment organisation taking responsibility for regularly monitoring developments within the three pillars, Impact on society, Sustainability and Financial viability, by obtaining and analysing financial and non-financial reports, conducting visits and actively participating in board work, investment committees and advisory boards. Part of the aim of this is to ensure the assessment of developments in the value of investments, which are in turn reflected in Swedfund's income statement and balance sheet and the results of portfolio companies. Swedfund has an established process for valuing the portfolio holdings. Proposals for impairment and provisions for credit losses are prepared based on the Company's valuation policy and decided once a quarter by management. Internal control and management of the Company are evaluated annually by the Company's external auditors. A special audit function in the form of an internal audit unit has also been set up, which reports to the Board of Directors. In 2024, the internal audit unit conducted two reviews regarding model risk and the Project Accelerator.

Information and communication

The Company's information and communication channels contribute to complete, accurate and timely financial and non-financial reporting. All Swedfund employees have access to the Company's policies, guidelines and manuals. During regular joint information meetings for all employees at the Company's head office and regional offices, the importance of applying the rules and processes that exist is stressed, and the associated resultant changes are described in more detail. Within the Company's various departments, reviews and updates are carried out concerning the application of these documents on an ongoing basis as and

when necessary. Formal and informal communication between employees and management is facilitated by the fact that the employees are small in number and largely geographically concentrated at the head office and two regional offices.

The Board of Directors and the Audit Committee regularly review the management's reports concerning financial developments with analyses and comments on outcomes, budgets and forecasts. The Board of Directors also regularly receives detailed portfolio reports which present developments for each investment and in the portfolio, based on the three pillars of Impact on society, Sustainability and Financial viability. In 2024, regular in-depth studies concerning relevant sustainability issues were presented to the Board of Directors on climate and biodiversity.

Swedfund also has an established whistleblower function that can be used in the event of suspected irregularities by executives within Swedfund or one of its portfolio companies. The whistleblower service can be used in connection with suspected cases of corruption, accounting errors, deficiencies in internal control or other doubts which could seriously harm the Company's interests or the health and safety of individuals.

Swedfund also has an established complaints mechanism, which can be used to draw attention to issues linked to Swedfund or Swedfund's portfolio companies.

Follow-up

Control activities are monitored on an ongoing basis by Swedfund's management and employees to ensure that risks have been appropriately taken into account and managed. These procedures include the monitoring of results against budgets and forecasts, portfolio analyses and the follow-up

of key performance indicators. Policy documents and other governance documents are evaluated on an annual basis. The Company's financial situation is discussed at each Board meeting. Interim reports and the Integrated Annual Report are submitted to the Audit Committee for preparation, and to the Board of Directors for approval.

The Audit Committee carries out preparatory work for the Board of Directors' evaluation of the information provided by the management and the Company's auditors. This includes reviewing the valuation basis, impairment needs and provisions for credit losses in Swedfund's investments on a quarterly basis, as well as evaluating the valuation process and governing documents in the form of a valuation policy. The responsibilities of the Audit Committee also include ensuring that, on behalf of the Board of Directors, action is taken concerning any shortcomings and proposed measures that have emerged from the external audit of integrated reporting and internal control.

The Audit Committee reviews the internal and external auditors' audit plans and considers the auditors' observations on an ongoing basis. The Board of Directors and the Audit Committee also receive summary audit reports. At least once a year, the Board of Directors meets with the Company's auditors in the absence of the CEO and other members of the management. These meetings normally take place in connection with the discussion/decision on the Annual Integrated Report.

As of 31 December 2024, the assessment is that the control activities relating to internal control of the financial reporting are adequate.

Board of Directors



Catrin Fransson
(born 1962)
Chair

Board member since: 2022

Education: MBA, Luleå University of Technology, Senior Executive Program, London Business School.

Current position: Board work.

Other board assignments: LKAB (board member), PRI Pensionsgaranti (board member).

Previous positions: Almi Företagspartner Stockholm Sörmland AB (chair), Swedbank Robur AB (chair), Swedbank Franchise AB (chair), Entercard AB (board member), Swedbank Försäkring (board member).



Roshi Motman
(born 1979)
Board member

Board member since: 2019

Education: Industrial Engineering and Management, Chalmers University of Technology, Electrical Engineering, Chalmers University of Technology.

Current position: Self-employed.

Other board assignments: –

Previous positions: CEO Amuse Music, ICE telecom (board member), CEO Millicom Ghana (Tigo), CEO AirtelTigo Ghana, Chair of the Board of Ghana Telecom Chambers, Chair of the Investment Committee Digital Changemakers Ghana (Tigo/Reach for Change).



Johan Mörnstam
(born 1966)
Board member

Board member since: 2024

Education: Executive MBA, Business Administration, Lund University.

Current position: CEO E.ON Sverige AB.

Other board assignments: E.DSO (European Distribution System Operators) (chair), EU DSO Entity (board member), Energiföretagen (board member).

Previous positions: Mobile Heights (board member), Enerjisa Enerji SA (board member), Enerjisa Üretim SA (chair), Malmberg Vatten & Malmberg Borning AB (chair), Åhus (board member), other assignments within the E.ON group.



Catrina Ingelstam
(born 1961)
Board member

Board member since: 2019

Education: MBA and commercial law, Stockholm University, approved public accountant FAR (not active).

Current position: Board assignments, self-employed.

Other board assignments: SH Pension (chair), LÖF – regionernas ömsesidiga försäkringsbolag (board member), Kommuninvest i Sverige AB (board member), Sparbanken Rekarne AB (member).

Previous positions: Sjätte AP-fonden (chair), Spiltan Fonder AB, Orio AB, Sparbanken Sjuhärad AB, Dina Försäkringar Mälardalen AB, Salus Ansvar AB, KPA AB and subsidiaries, Folksam LO Fondförsäkring AB and subsidiaries, Folksam Fondförsäkring AB, Min Pension i Sverige AB, Kammarkollegiet.

Board of Directors



Anna Stellingher
(born 1974)
Board member

Board member since: 2023

Education: Master's degree in Political Science and Bachelor's degree in French, Lund University, and International Master in International Relations at Sciences Po in Paris, France.

Current position: Head of International and EU Affairs at the Confederation of Swedish Enterprise.

Other board assignments: Business Sweden (member), Swedish Institute of International Affairs (board member).

Previous positions: Lund University (vice chair and board member).



Caroline af Kleen
(born 1977)
Board member

Board member since: 2023

Education: MSc. Business Administration and Economics.

Current position: CFO of the Swedish Red Cross.

Other board assignments: –

Previous positions: –



Josefine Ekros Roth
(born 1974)
Board member

Board member since: 2023

Education: Bachelor of Arts in International Economics, University of Westminster, Master's degree in European Politics, College of Europe.

Current position: Under-Secretary, Ministry of Finance.

Other board assignments: Samhall (board member), Specialfastigheter (ledamot).

Previous positions: Industrifonden (board member).



Torgny Holmgren
(born 1954)
Board member

Board member since: 2017

Education: MBA, Stockholm School of Economics.

Current position: Senior adviser, board assignments.

Other board assignments: SNV Netherlands Development Organisation (board member).

Previous positions: Expert Group for Aid Studies (board member), Water Aid (board member).

Signatures of the Board of Directors

Swedfund International AB's Board of Directors and CEO hereby submit Swedfund International AB's Integrated Report, including the Annual Report, Sustainability Report and Communication on Progress (COP) for 2023.

Swedfund International AB has produced this Annual Report in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and as adopted by the EU. In addition, the standards of the Swedish Financial Reporting Board and its recommended RFR 2 Supplementary

Accounting Rules for Legal Entities have also been applied.

The Annual Report also includes the Company's Sustainability Report in accordance with Chapter 6, Section 11 of the Swedish Companies Act, and the Sustainability Report in accordance with the Global Reporting Initiative, GRI. The information provided corresponds with the factual circumstances and nothing of any material importance has been omitted which could impact on the picture of the Company which is created in the Annual Report, the Sustainability Report and the COP.

Stockholm, 28 March 2025

Catrin Fransson Chair

Johan Mörnstam

Catrina Ingelstam

Caroline af Kleen

Roshi Motman

Anna Stellingner

Torgny Holmgren

Josefine Ekros Roth

Maria Håkansson CEO

Our audit report was submitted on 31 March 2025

Jesper Nilsson Authorised Public Accountant Ernst Young AB

Auditor's Report

To the general meeting of the shareholders of Swedfund International AB, corporate identity number 556436-2084

This is a translation from the Swedish original.

Report on the annual accounts Opinions

We have audited the annual accounts of Swedfund International AB for the year 2024 with the exception of the corporate governance report on pages 116–122. The company's annual report is included on pages 58–115 and 123 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Swedfund International AB as of 31 December 2024 and its financial performance and cash flow for the year in accordance with International Financial Reporting Standard (IFRS), as adopted by the EU and the Swedish Financial Reporting Board's recommendation RFR 2, as well as the Swedish Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Swedfund International AB in accordance with professional ethics for

accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information than the annual report

This document also contains other information than the annual report, which can be found on pages 1–57 and 116–139. The Remuneration Report for the financial year 2024 also constitutes other information. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual report does not cover this information, and we do not express any form of assurance conclusion regarding it.

In connection with our audit of the annual report, it is our responsibility to read the other information identified above and consider whether it is materially inconsistent with the annual report or with the knowledge we obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work performed, we conclude that the other information contains a material misstatement, we are required to report it. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual report and for ensuring that it provides a true and fair view in accordance with the Swedish Annual Accounts Act, IFRS as adopted by the EU, and the Swedish Financial Reporting Board's recommendation RFR 2. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISAs and generally accepted auditing standards in Sweden 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 annual accounts.

As part of an audit in accordance with ISAs, We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 opinions. 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 the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Swedfund International AB for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Swedfund International AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, We exercise professional judgment and maintain professional skepticism

throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Auditors' examination of the Corporate Governance report

The Board of Directors is responsible for the corporate governance report for the financial year 2024, presented on pages 116–120, and for ensuring that it is prepared in accordance with the State Ownership Policy and Guidelines for State-Owned Enterprises (the ownership policy).

Our examination has been conducted in accordance with FAR's recommendation RevU 16, The Auditor's Examination of the Corporate Governance Report. This means that our examination of the corporate governance report differs in focus and is significantly less extensive in scope compared to an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden.

We believe that our examination provides a sufficient basis for our statements.

A corporate governance report has been prepared. The information required under the ownership policy is consistent with the annual report.

Stockholm, 31 March 2025
Ernst & Young AB

Jesper Nilsson
Authorized Public Accountant



Overview

Mission and
organisation

Value creation

Results and
governance

Sustainability notes
and other information

Sustainability notes and other information



Additional sustainability information

about Swedfund's operations and reporting

About our GRI reporting

Swedfund's Integrated Annual and Sustainability Report 2024 is an integrated report in which sustainability information is integrated with the financial information. The report has been prepared drawing on inspiration from the International Integrated Reporting Council's (IIRC) framework, The International Framework. The report adheres to the Government Office's 'Principles for external reporting in state-owned companies'. According to these principles, sustainability reports must be prepared in accordance with the Global Reporting Initiative (GRI) guidelines or another international framework for sustainability reporting. Rules concerning sustainability reporting that apply to larger companies in accordance with the Swedish Annual Accounts Act also apply. Information in the sustainability report must be reviewed and verified by the auditor who is appointed as the Company's auditor.

Swedfund's Sustainability Report has been prepared in accordance with the revised Global Reporting Initiative (GRI) Standards 2021 reporting framework. GRI

G4 Sectors Disclosures, Financial Services, is no longer used in the GRI Index. The overarching aim for Swedfund's reporting is to be transparent and to provide material and reliable information to our stakeholders. The sustainability information in this report has been audited by Ernst & Young. Swedfund published its first sustainability report in 2008.

The intention of the report is to illustrate how Swedfund, as a development finance institution, contributes to delivery of the 2030 Agenda through sustainable investments in developing countries. Results from Swedfund's own operations are reported when they have a significant impact from a sustainability perspective. Swedfund primarily purchases products and services for the office operations in Stockholm, Nairobi and Abidjan and hires consultants to screen and monitor the portfolio companies. Sustainability aspects in the supply chain are managed through procurement guidelines and agreements, but are not considered to be significant for the report.

As in previous years, the Sustainability

Report focuses on the results of the portfolio companies, which are reported aggregated at portfolio level. Swedfund has non-controlling interests in portfolio companies. These are not consolidated in the financial statements and their financial results are only covered indirectly by the report. The reporting period for information regarding Swedfund is 1 January – 31 December 2024 and for the portfolio companies' results 1 January – 31 December 2023. There were no significant changes in the information or reporting during the year. The report is published annually, on this occasion on 31 March 2025.

Swedfund is also a signatory to the UN Global Compact's 10 principles and the UN Principles for Responsible Investment (UN PRI). In separate reports, Swedfund reports on how the UN Global Compact principles and the UN PRI principles are being applied in its operations and investment process.

Contacts

Karin Kronhöffer, Chief Strategy and Communication Officer

Index for sustainability reporting in accordance with guidelines for external reporting for state-owned companies

Indicator	Page reference
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Results	
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Social conditions and staff	64–65, 69–70, 130–131
Human rights	69–70, 128–129
Anti-corruption	72, 131
Sustainability Policy and Anti-Corruption Policy as well as audit procedures	33–34, 41–42, 69–72, 128–131
Material sustainability risks and their management	35–36

Stakeholder and materiality analysis

The roadmap to achieving the UN's Sustainable Development Goals is complex and requires a strong partnership between many different stakeholders. For Swedfund, the ongoing dialogue with our principal stakeholders is essential to the success

of our mission. Dialogue is pivotal in the process of identifying the key issues for us as a development finance institution. Partnership is also a vital tool in developing our business plan and throughout the value-creating phase.

In 2024, Swedfund reviewed its material sustainability issues and began preparatory work for CSRD reporting starting with a double materiality assessment. The starting point for our double materiality assessment and sustainability context was the State's Ownership Policy and principles for state-owned companies 2020, the Company's special public policy assignment as defined in the Owner Instructions, other objectives in our new strategy adopted by the Board of Directors, and the needs and challenges that we face in our investments, partnerships and the countries in which we operate. Our influence is exerted both within Swedfund as a company and externally, i.e. in Swedfund's portfolio companies. The greatest impact occurs in the portfolio companies, and it is in the countries in which Swedfund operates that we want to generate development results.

A thorough assessment of sustainability risks and impacts on the environment and people, including human rights is carried out for each investment. These assessments help us to identify, evaluate and prioritise the most material sustainability issues, which are then tested and prioritised in dialogue with our stakeholders. Lastly, Swedfund's Board of Directors approved the most material sustainability issues for this report: decent jobs, gender equality and women's empowerment, the environment and climate, tax issues, anti-corruption and business integrity, and human rights. The table on the right lists our stakeholders, the issues that have been in focus and the steps Swedfund has taken to answer the questions that have been highlighted in our work to identify material issues. We mainly describe the material issues, how we manage them and how we measure performance in the section 'Portfolio companies' results on pages 58–74. In the following section, we present additional sustainability information regarding Swedfund's own operations.

Membership associations

Swedfund is a member of many different organisations where we benefit from the exchange with other members or the organisation and its network. These include EDFI, Swedish Network for Business and Human Rights, UN PRI, GIIN, Global Compact, 2X Global and AVCA.

Human rights

Most of Swedfund's portfolio companies operate in countries and markets where respect for human rights (HR) presents a challenge. In the work on sustainable development and sustainable enterprise, it is absolutely essential to respect and protect

human rights. The Ownership Policy for state-owned companies calls on companies in the state's portfolio to 'act responsibly and actively work to comply with international guidelines such as the ten principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises'. The Swedish national 'Action Plan on Enterprise and Human Rights' aims to translate the UN Guiding Principles on Business and Human Rights into practical action at national level. The rights perspective is also one of two high-priority perspectives in Swedish development cooperation and means that 'human rights and democracy should be seen as fundamental to development'.

In recent decades, democracy and human rights have been strengthened in many regions around the world. However, developments have taken a negative turn in recent years, escalated by the war in Ukraine and other conflicts. In many places, conflicts have led to restrictions being imposed on human rights and setbacks for democracy.

Governance

Human rights are included in Swedfund's Policy for Sustainable Development. Swedfund has previously also published a 'Guiding Note on Human Rights', which describes how human rights are incorporated into Swedfund's investment activities. This Guiding Note was updated in 2024 as the process of evaluating human rights issues is constantly evolving. No major changes were made. Swedfund works closely with the other development finance institutions in EDFI's working group on human rights, currently in relation to reparations.

Stakeholder category	Stakeholder issues and focus	Type of dialogue, Swedfund's response and outcomes
Owner and finance institution The Swedish Government (Ministry of Finance and Ministry of Foreign Affairs) determines Swedfund's mission and proposes Swedfund's financing via the development cooperation budget.	Corporate governance, management and follow-up with a focus on sustainable enterprise: Human rights, the environment and climate, working conditions, anti-corruption, tax, business ethics, gender equality, additionality and diversity, as well as financial performance and the results of the portfolio companies.	The State's Ownership Policy and guidelines for state-owned companies, Swedfund's Owner Instructions, Annual General Meeting, owner dialogue, individual meetings and network meetings.
Politicians The members of the Swedish Parliament determine the direction of Sweden's development cooperation policy and decide on the state budget.	How Swedfund performs its mission as a development finance institution, the development impact created by Swedfund's investments and how well Swedfund meets the requirements for sustainable enterprise.	Through regular meetings with the parties' representatives and meetings with the Foreign Affairs Committee.
Swedish embassies Sweden's representatives in the countries in which we operate help strengthen our role locally and regionally through their networks within civil society and the public sector.	Swedfund's role as a development finance institution and how we can contribute to sustainable development and inclusive growth in each country through our operations.	Through meetings and dialogue on Swedfund's mission and operations.
Business partners Business partners and development finance institutions (DFIs, IFIs and EDFIs) which, together with Swedfund, finance and develop Swedfund's portfolio companies.	Finance, market issues, strategy and business models. Private sector development, co-financing, sustainability issues and development impact. Policy issues for Europe's development finance institutions.	Dialogue and advocacy work. Ongoing contact and meetings in networking groups. Reference group meetings within the EDFI framework at several levels: CEO, HR, ESG, impact, investments, legal matters, communication, etc.
Portfolio companies The companies Swedfund invests in to create development impact.	Financing for development through Swedfund and performance in terms of Impact on society, Sustainability and Financial viability.	Contractual commitments in all three areas: Impact on society, Sustainability and Financial viability. Ongoing dialogue and follow-up throughout the investment period.
Project owners Ministries, authorities and municipalities that Swedfund partners with to develop projects within a sustainable infrastructure.	Project preparation and project support efforts in energy, transport, circular economy and other relevant sectors.	Ongoing dialogue and follow-up throughout the project cycle.
Team Sweden A network of Swedish public organisations, agencies and companies working together to promote exports and investments.	Coordination and streamlining of working methods to strengthen Sweden's strategy for foreign trade, investments and global competitiveness.	Ongoing dialogue, special missions and cooperation forums.
Civil society actors Organisations, trade unions and international NGOs that engage in development cooperation in Swedfund's markets.	Policy issues, such as human rights, gender equality, climate, development impact, business integrity and transparency, and tax. 'Decent work' agenda.	Stakeholder dialogues. Participation in roundtable discussions and attendance at conferences as well as ongoing exchange of experience.
Media and opinion-formers/influencers Swedish newspapers, trade journals, other media and opinion-formers/influencers in both traditional media and social media in Sweden, whose reporting and analyses reach and influence the general public and other stakeholders.	Monitor Swedfund as a development finance institution and provider of assistance.	Press releases, ongoing information in social media, interviews, background discussions and knowledge transfer meetings.
Swedfund's employees who, through their knowledge, experience and networking, deliver Swedfund's mission.	Working environment, organisational, strategy and resource issues.	Internal communication through meetings and intranet, performance appraisals, salary reviews, skills development and training, as well as regular dialogue with local trade unions.

The aim of the process for evaluating human rights issues in investing activities is to identify, mitigate and account for adverse impacts on human rights. The ambition is to apply this process in connection with decisions on new investments regularly during the value creation phase in the event of changes in circumstances and for companies in the exit phase. Human rights risks and impacts are taken into account at an early stage in the investment process by making an assessment of the project as regards human rights based on country, location, operating conditions, type of business and business partners.

During the screening process, i.e. stage two of the analysis phase of a potential investment, a risk analysis is carried out during which human rights risks and impacts are analysed in more detail. When a contextual risk analysis is carried out at country and regional levels, we can identify risks associated with weak rule of law in the country concerned, indigenous peoples and/or minority groups in the region etc. The analysis is then continued at sector level where we can identify any risks associated with specific sectors, such as migrant workers or the use of large volumes of water. In the third step, the analysis is performed at project or investment level, where we identify risks associated with unsafe or unequal working conditions etc.

Swedfund then engages in dialogue with the portfolio companies about the situation in the country concerned and any human rights violations that may occur. Depending on the outcome of this analysis, a decision is then made as to whether or not a more detailed human rights analysis should be carried out. This is carried out using internal resources or with the support of an external expert.

The mitigation of identified risks and impacts is incorporated into the ESG Action Plan (ESGAP), which forms part of the investment agreement.

Given its growing exposure to conflict, post-conflict or fragile states, Swedfund has continued to develop its methodology for working with human rights and has conducted in-depth human rights due diligence for many portfolio companies that operate in these contexts. Swedfund has also conducted human rights studies in the sustainable food systems sector, given the number of potential risks associated with their value chain. Based on these studies, and in line with the UNGP, Swedfund will continue to develop its methodology for conducting in-depth human rights due diligence in conflict, post-conflict or fragile states and in sectors with multiple human rights risks.

Reporting channels

Swedfund requires all portfolio companies to have their own reporting channel and to at least implement a complaints mechanism in accordance with the IFC Performance Standards. We also offer Swedfund's reporting channels - the external whistleblower channel and complaints mechanism. Swedfund's external whistleblower channel can be used by employees, contractors and others at Swedfund, and by Swedfund's portfolio companies.

In 2024, one report was received via the whistleblower channel. The number of reports is considered reasonable in view of the fact that the channel is primarily intended as a supplement to the portfolio companies' own reporting channels.

In June 2020, Swedfund launched a complaints mechanism, primarily based on the UN Guiding Principles on Business and

Human Rights (UNGP). The complaints mechanism can be used for all types of complaints concerning Swedfund and Swedfund's portfolio companies, but not for complaints concerning individuals as a result of restrictions arising from data protection legislation. The complaints mechanism complements Swedfund's external whistleblower channel.

In 2024, one complaint was received via the complaints mechanism. Both the complaints mechanism and the external whistleblowing channel can be accessed via Swedfund's website. On the new website, the channels have been highlighted for increased visibility. The Board of Directors receives an annual summary of significant events linked to Swedfund's reporting channels during the previous year.

We monitor results

The Annual Sustainability Report which is distributed to Swedfund's portfolio companies, asks a number of questions regarding the policies and processes that the portfolio companies have in place regarding human rights. The responses show a certain level of understanding of human rights, but that there is scope to deepen this work further. These questions are then followed up by e-mail, phone calls and site visits.

As regards the further development of Swedfund's processes, the implementation of conflict-sensitive human rights evaluations has been further developed as a number of Swedfund's investments are in conflict environments. Swedfund also participates in EDFI's working group on human rights. Once the first phase of completing a guide for development finance institutions and human rights, 'Voluntary Guidance Note on Human Rights - EDFI Internal document'

has been completed, work will continue on the development of a guide for 'Remedy and EDFIs'.

Serious incidents

The portfolio companies are contractually bound to report serious incidents to Swedfund. Examples of serious incidents include fatalities, severe injuries which require medical attention, occupational injuries suffered by a number of workers at the same time and incidents involving a serious danger to life or health. Serious incidents also include adverse impacts on human rights, fire, release of hazardous substances, strikes, various forms of harassment, corruption, fraud and theft.

In 2024, Swedfund received a total of 71 (2023: 45) reports of serious incidents from portfolio companies, of which 45 (2023: 34) originated from funds' underlying holdings. A total of 29 (2023: 30) reports concerned fatalities. Twenty-three of the reports came from funds' underlying holdings and six from direct investments. Of the 29 fatalities, 24 were the result of road accidents, one was linked to a safety incident and four to various work tasks, such as falls from height. Serious incidents other than fatalities mainly concerned robbery or theft, fire and road accidents resulting in injuries.

We aim to ensure that no serious incidents occur amongst our portfolio companies or in the funds' underlying holdings, and we and the fund managers therefore monitor the investigations that are conducted into these incidents and ensure that appropriate steps are taken. Depending on the circumstances (employees or others, road accidents or workplace accidents), an action plan is drawn up by the portfolio company concerned.

This year's figures show a rise in the number of reported serious incidents, partly due to an expanding portfolio and partly due to even more stringent reporting procedures. There is a need to constantly improve the reporting and safety practices of our portfolio companies, funds and their underlying holdings. The reporting methodology covers serious incidents that occur in the portfolio companies and in the funds' underlying holdings. Reporting does not include serious incidents that occur among borrowers from banks or in the supply chain of portfolio companies. As far as Swedfund's is concerned, there were no significant breaches of the law or fines during the reporting year.

Environment and climate

The portfolio companies account for the majority of Swedfund's environmental impact and bear much of the climate risk. For the portfolio companies' results, see pages 62-63.

Swedfund strives to reduce the Company's own climate impact. Business travel, electricity and heat account for Swedfund's largest sources of GHG emissions.

Swedfund's business travel entails an environmental impact, but is also crucial in order for us to bring about change during the value-creating phase and to conduct a solid due diligence process ahead of new investments. In 2023, travel returned to the same level as before the pandemic, and has continued at the same level in 2024. However, in 2024, emissions from business travel of 571 tonnes of CO₂e were down 31% compared with 2023, due to the updating of the climate calculation model and emission factors. The decrease was therefore not due to reduced travel. As in previous years, our reporting includes high-altitude emissions.

Swedfund's head office in Stockholm has a green lease agreement based on 100 per cent renewable electricity. There are no environmental options for the supply of electricity and heat for our offices in Nairobi and Abidjan. A diesel generator is used in the event of power outages. The total energy consumption of the organisation during the year led to 12.5 tonnes of CO₂,

of which 6.6 tonnes was used for heating and 5.9 tonnes for electricity consumption.

For 2024, we report a total of 584 tonnes of CO₂, which includes electricity, heat and all air travel. Our total emissions have fallen by 30% compared with 2023, mainly due to the updating of emission factors in the new climate calculation model.

Swedfund has opted to continue carbon

offsetting of the Company's environmental impact. Swedfund sees this as supplementary to the Company's active climate work, where the intention is to finance climate improvement measures on a par with emissions that cannot be reduced immediately. The intention is to offset emissions through projects which are locally based, do not have unexpected adverse environmental impact or adverse impact on society and contribute to long-term reductions in emissions. The projects should be certified in accordance with an independent standard and verified by third parties in accordance with the above criteria. This year, we have decided to carbon offset Swedfund's environmental impact by supporting a reforestation project, which aims to eradicate poverty, reduce the effects of climate change and contribute to a sustainable environment in southwestern Tanzania. To capture and store carbon dioxide, the project is planting trees in grassland areas and over 10,000 hectares of degraded grassland are being converted into forest. To promote protection of the environment, the project is focusing on soil conservation, the protection of water sources and increasing biodiversity.

employees, whilst at the same time ensuring that existing employees have a sustainable workload. HR has provided training on procedures and policies to ensure that employees understand what applies in different situations.

Attracting employees with the right skill sets whilst also retaining our dedicated and competent staff is enabling us to succeed in our challenging mission. A key part of this is a good working environment, which is therefore a priority area for Swedfund. Our health and safety efforts aim to create a good work environment which allows employees to do a good job, both at the office and at home, and at the same time also prevent ill health and accidents. In 2024, Swedfund introduced health and safety manuals for managers and employees, and continued to work systematically and efficiently to create an even better working environment.

In order to measure the impact of health and safety and organisational initiatives, Swedfund used regular pulse-measuring employee surveys and followed up on the results. The tool used by Swedfund covers the legal requirements for looking at the organisational and social working environment. Swedfund's managers have received ongoing support in their leadership, both individually and as a team.

Health and safety representatives and the local trade unions have been kept informed on an ongoing basis and been given the opportunity to provide feedback on the initiatives aimed at staff well-being that have taken place during the year.

Information on the Board of Directors, management and employees can be found on page 118. Additional information on age distribution is provided in the tables on the

next page. The annual compensation ratio is 3.07. This figure is calculated by comparing the annual remuneration of the highest-paid individual with the average remuneration of the organisation's employees, excluding the highest-paid individual. Information has been obtained from the payroll system and is valid for the end of the reporting period, unless stated otherwise.

The majority of Swedfund's employees work on a full-time basis. Due to the size of the organisation, more detailed information about different types of employment has not been disclosed in order to ensure confidentiality. All employees at the head office in Stockholm are covered by a collective agreement. For employees at Swedfund's overseas regional offices, who are not covered by a collective agreement, working conditions and terms of employment are applied in accordance with the Swedish collective agreement. Swedfund hires consultants for certain long-term assignments as and when necessary. In 2024, we hired consultants to assist with IT, security and compliance, data and systems management and communication, corresponding to an average of approximately five full-time positions.

Emission source	Emissions (tonnes CO ₂ e)					Share 2024
	2020	2021	2022	2023	2024 ¹	
Energy	3.2	3.4	2.9	5.5	12.5	2.1%
Heating	1.9	2.2	1.5	2.4	6.6	1.1%
Electricity consumption	1.3	1.2	1.4	3.1	5.9	1.0%
Business Travel	107.2	48.5	594.6	823.5	571.4	97.9%
Total	110.4	51.9	597.4	828.9	583.9	100%

Per Scope	Emissions (tonnes CO ₂ e)					Share 2024
	2020	2021	2022	2023	2024	
Scope 1	0.1	0.1	0.1	0.2	0.1	0.0%
Scope 2	2.3	2.3	1.9	4.2	4.4	0.8%
Scope 3	108.0	49.5	595.4	824.5	579.4	99.2%
Total	110.4	51.9	597.4	828.9	583.9	100%

Per employee	Emissions (tonnes CO ₂ e)				
	2020	2021	2022	2023	2024
Per employee	2.4	1.0	9.6	11.8	6.9

¹ The reduction in emissions between 2023 and 2024 is mainly due to an update of the climate calculation model and emission factors.

Swedfund emission categories:

Scope 1: Direct GHG emissions over which the organisation has direct control, e.g. from the company's own vehicles and the combustion of fuels in production.

Scope 2: Indirect emissions from the consumption of purchased energy distributed via a network, i.e. the consumption of electricity, district heating and district cooling.

Scope 3: Other indirect emissions, which take place outside the boundaries of the business, such as business travel. 2024 Scope 2 emissions according to the 'location-based method' of 6.9 tonnes CO₂e and according to the 'market-based method' 4.4 tonnes CO₂e.

Personnel matters and working environment

In 2024, Swedfund continued its ongoing work on the development of leadership and employeeship, and the digitisation of HR. Working according to a hybrid model continued during the year, involving a mix of working in the office and working from home.

The organisation continued its growth journey in 2024 in response to an increased capital injection and an expanding mission. A strong focus has been placed on creating as good an introduction as possible for new

Percentage of management and Board of Directors in terms of age distribution

	2023		2024	
	Number	Percent	Number	Percent
30–49 years old	6	38%	4	25%
50 years or older	10	62%	12	75%
Total	16	100%	16	100%

Percentage of employees in terms of age distribution including management

	2023		2024	
	Number	Percent	Number	Percent
29 years or younger	21	30%	16	19%
30–49 years old	33	47%	51	60%
50 years or older	16	23%	18	21%
Total	70	100%	85	100%

Business integrity

Swedfund's most significant business integrity risks are linked to our investments. Work relating to business integrity and the results of portfolio companies can be found on page 72.

In 2024, Swedfund continued to work systematically in the area of business integrity and further developed our tools for assessing business integrity risks. We conducted integrity due diligence and performed

a gap analysis against our Business Integrity Policy for all new investment proposals.

In 2024, we conducted a review of our Business Integrity Policy and made a minor amendment. The term 'business integrity' was introduced as a collective term for corruption, money laundering, terrorist financing and sanctions violations. The policy is now called the Business Integrity Policy instead of the Anti-Corruption Policy. We have made it clear that we will take a risk-based approach to business integrity in our investments. We have added disloyalty and embezzlement to the list of what is defined as corruption. We also clarified the link between conflicts of interest and corruption. Lastly, the Project Accelerator is now explicitly mentioned in the policy.

Swedfund's Board of Directors, management and staff have all received anti-corruption training. New employees have completed an e-learning course on anti-corruption as part of their induction.

Taxes

Since 2016, Swedfund has had a tax policy which is adopted by the Board of Directors. The most recently revised version was adopted in 2021 and is available on Swedfund's website. The policy is reviewed on an ongoing basis and revised as necessary.

Swedfund works actively on tax issues, and in connection with each investment, an assessment is carried out to determine whether the investment meets the requirements set out in Swedfund's tax policy. The legal department is responsible for this assessment, and external tax advisers are also engaged as and when necessary, often

in connection with more complex structures.

Our policy, process and working methods were reviewed by the European Commission in 2021 in connection with the EU pillar accreditation and subsequently assessed to meet the EU's requirements in terms of tax.

An annual evaluation of all portfolio companies is also carried out to ensure that tax continues to be an issue that the companies are actively working on and to highlight any problems or issues. This is done through a form which is distributed to all companies. Swedfund continuously monitors developments in the area of tax and, as part of EDFI, we also participate in discussions on tax issues with other EDFIs on an ongoing basis.



GRI index

GRI Standards Index 2021

Disclosure	Explanation					
GRI 1: Foundation 2021						
Statement concerning use	Swedfund International AB hereby reports in accordance with GRI Standards 2021 and the report covers the reporting period 1 January 2024–31 December 2024.					
GRI Sector Standard	No sector standard is available yet.					
						Deviation
GRI Standard	Disclosure	Name of disclosure	Page reference	Requirement from which deviation has been made	Reason for deviation	Explanation
GRI 2: General Disclosures 2021						
	2-1	Organizational details	4, 130, 138			
	2-2	Entities included in the organization's sustainability reporting	127			
	2-3	Reporting period, frequency and contact point	127			
	2-4	Restatements of information	127			
	2-5	External assurance	127, 137			
	Activities and workers					
	2-6	Activities, value chain and other business relationships	12–14, 27–30, 66–67			
	2-7	Employees	94, 130–131	2-7-b	Confidential information	No details concerning employment types are reported in order to guarantee confidentiality given Swedfund's size.
	2-8	Workers who are not employees	130		Confidential information	Due to the size of Swedfund's organisation, more detailed information about different types of employment has not been disclosed in order to guarantee confidentiality regarding employment.



GRI Standard	Disclosure	Name of disclosure	Page reference	Deviation		
				Requirement from which deviation has been made	Reason for deviation	Explanation
Governance						
2-9		Governance structure and composition	116–122, 128–129			
2-10		Nomination and selection of the highest governance body	116–118			
2-11		Chair of the highest governance body	117–118			
2-12		Role of the highest governance body in overseeing the management of impacts	33–34, 116–120, 127–131			
2-13		Delegation of responsibility for managing impacts	119–120			
2-14		Role of the highest governance body in sustainability reporting	119–120, 127–128			
2-15		Conflicts of interest	34, 119			
2-16		Communication of critical concerns	120			
2-17		Collective knowledge of the highest governance body	119–122			
2-18		Evaluation of the performance of the highest governance body	116–118			
2-19		Remuneration policies	94, 118			
2-20		Process to determine remuneration	118			
2-21		Annual total compensation ratio	94, 130			
Strategies, policies and practices						
2-22		Statement on sustainable development strategy	8–10			
2-23		Policy commitments	33–34, 41, 116–120, 127–131			
2-24		Embedding policy commitments	16–21, 33–34, 38, 116–120, 127–131			
2-25		Processes to remediate negative impacts	33–34, 120			
2-26		Mechanisms for seeking advice and raising concerns	36, 120			
2-27		Compliance with laws and regulations	129			
2-28		Membership associations	128			
Stakeholder engagement						
2-29		Approach to stakeholder engagement	7, 33, 127–128			
2-30		Collective bargaining agreements	130			

GRI Standard	Disclosure	Name of disclosure	Page reference	Deviation		
				Requirement from which deviation has been made	Reason for deviation	Explanation
GRI 3: Material Topics 2021						
	3-1	Process to determine material topics	127–128			
	3-2	List of material topics	128			
Anti-corruption and business integrity						
	3-3	Management of material topics	33–36, 72, 119–120			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	72, 131			
	205-2	Communication and training about anti-corruption policies and procedures	34, 41, 72			
Tax						
GRI 3: Material Topics 2021	3-3	Management of material topics	33–35, 59, 68, 131			
GRI 207: Tax 2019	207-1	Approach to tax	33–34, 68			
	207-2	Tax governance, control, and risk management	33–35, 41, 116–120			
	207-3	Stakeholder engagement and management of concerns related to tax. Results of the portfolio companies: Tax by country	68, 131 68			
Environment and climate						
GRI 3: Material Topics 2021	3-3	Management of material topics	18–19, 33–34, 36, 59, 62–63, 129–130			
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	63, 130			
	305-3	Other indirect (Scope 3) GHG emissions	63, 130			
Gender quality and women's empowerment						
GRI 3: Material Topics 2021	3-3	Management of material topics	64–65, 119–120			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees. Proportion of women, proportion of women in management positions, number of women on boards of directors in portfolio companies	65, 94			
Human rights						
GRI 3: Material Topics 2021	3-3	Management of material topics. Proportion of investments that have implemented environmental and social management systems	33–35, 41, 69–70, 71			
Decent working conditions						
GRI 3: Material Topics 2021	3-3	Management of material topics. Proportion of investments that comply with the ILO's Declaration on Fundamental Principles and Rights at Work	33–35, 69–70, 70			

Task Force on Climate- related Financial Disclosures

Swedfund supports the Task Force on Climate-related Financial Disclosures (TCFD) and constantly works to implement its recommendations. This year, climate reporting has been included in our Integrated Report, and based on the TCFD index, details are presented below of where to find more specific information about our climate risks and climate efforts.

Governance	Reference
Governance	
Disclose the organization's governance around climate-related risks and opportunities.	
The Board of Director's oversight of climate-related risks and opportunities	116–120
The management's role in assessing and managing climate-related risks and opportunities	33–34, 41, 116–120
Strategy	
Disclose the potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
Climate-related risks and opportunities the organisation has identified	18–19, 33–34, 36, 41–42
Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	12, 18–19, 27–29
The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	19–20, 62–63
Risk management	
Disclose how the organization identifies, assesses, and manages climate-related risks	
The organization's processes for identifying and assessing climate-related risks	36
The organization's processes for managing climate-related risks	33–34, 36, 41–42, 119–120
Integration of the above processes into the organisation's overall risk management	33–34, 36, 119–120
Metrics & targets	
Disclosure of the metrics and targets used to assess relevant climate-related risks and indicators	
The metrics used by the organisation to evaluate climate-related risks and opportunities	15, 48, 59, 129
Scope 1, 2 and 3 emissions according to the Greenhouse Gas Protocol	62–63, 129–130
Targets used to manage climate-related risks and opportunities	15, 59, 62

Auditor's statement

on the statutory Sustainability Report

To the General Meeting of Swedfund International AB,
Corporate Identity Number 556436-2084

Engagement and Responsibilities

The Board of Directors is responsible for the sustainability report for the year 2024, presented on page 127, and for ensuring that it is prepared in accordance with the State Ownership Policy and Guidelines for State-Owned Enterprises (the ownership policy).

Scope and Approach of the Review

Our review has been conducted in accordance with FAR's recommendation RevR 12, The Auditor's Statement on the Statutory Sustainability Report. This means that our review of the sustainability report differs in focus and is significantly less extensive in

scope compared to an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. We believe that this review provides a sufficient basis for our statement.

Statement

A sustainability report has been prepared.

Stockholm, 31 March 2025

Ernst & Young AB

Jesper Nilsson

Authorized Public Accountant



Independent Auditor's Report

on the Limited Assurance Review of Swedfund International AB's Sustainability Report

To Swedfund International AB, corporate identity number 556436-2084

This is a translation of the swedish original.

Introduction

We have been engaged by the Board of Directors of Swedfund International AB to perform a limited assurance review of Swedfund International AB's sustainability report for the year 2024. Swedfund International AB has defined the scope of the sustainability report to include the areas referenced in the GRI index on pages 132-134 of this document.

Responsibilities of the Board of Directors and Management

The Board of Directors and management are responsible for preparing the sustainability report in accordance with the applicable criteria, as presented on page 127 of the sustainability report. These criteria consist of the relevant parts of the sustainability reporting framework issued by GRI (Global Reporting Initiative) applicable to this sustainability report, as well as the company's internally developed reporting and calculation principles. This responsibility also includes the internal controls deemed

necessary to prepare a sustainability report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the sustainability report based on our limited assurance review. Our engagement is limited to the information contained in this document and the historical information presented, and does not include forward-looking statements.

We have conducted our limited assurance review in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance review consists primarily of inquiries, mainly directed at individuals responsible for preparing the sustainability report, as well as analytical procedures and other limited assurance procedures. A limited assurance review differs in focus and is significantly narrower in scope compared to an audit conducted in accordance with International Standards

on Auditing and generally accepted auditing practices.

The audit firm applies International Standard on Quality Management 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable laws and regulations. We are independent in relation to Swedfund International AB in accordance with generally accepted auditing practices in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

The procedures performed in a limited assurance review do not enable us to obtain the same level of assurance as we would in an audit. Therefore, the conclusion expressed based on our limited assurance review does not provide the same level of certainty as a conclusion based on an audit.

Our review is based on the criteria selected by the Board of Directors and management, as defined above. We consider

these criteria to be appropriate for the preparation of the sustainability report. We believe that the evidence obtained during our review is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our limited assurance review, nothing has come to our attention that causes us to believe that the sustainability report is not, in all material respects, prepared in accordance with the criteria defined by the Board of Directors and management.

Stockholm, 31 March 2025
Ernst & Young AB

Jesper Nilsson
Authorized Public Accountant



About the report

Swedfund's 2024 Annual and Sustainability Report is an integrated report. This means that impact and sustainability indicators relating to the portfolio companies' performance are reviewed in the same way as key financial indicators. The Integrated Report is submitted by the Board of Directors of Swedfund International AB, company registration number 556436-2084. The report is inspired by the International Integrated Reporting Council's (IIRC) framework.



Swedfund

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The printed version of the Annual Report is 100% climate-offset.