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# FRONTIER

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ENERGY

## **DI Frontier Market Energy & Carbon Fund K/S**

c/o Bech-Bruun

Langelinie Allé 35, 2100 Copenhagen Ø

CVR no. 33 77 16 81

### **Annual Report 2020**

Approved at the limited partnership's annual general meeting on 30 March 2021

Chairperson:

.....  
Anders Michael Hauch

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## Statement by the General Partner

The General Partner has today discussed and approved the annual report of DI Frontier Market Energy & Carbon Fund K/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the limited partnership's financial position at 31 December 2020 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the limited partnership's operations and financial matters and the results of the limited partnership's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 30 March 2021

General Partner:  
DI Frontier Market Energy & Carbon GP ApS



Daniel Schleyer Schultz  
Chairman of the Board

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Kim Gredsted

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Gert Heinholt Skov

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Lars R. Tejlgaard Jensen

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Anders Michael Hauch

## Independent auditor's report

### To the limited partners and the general partner of DI Frontier Market Energy & Carbon Fund K/S

#### Opinion

We have audited the financial statements of DI Frontier Market Energy & Carbon Fund K/S for the financial year 1 January – 31 December 2020, which comprise statement of comprehensive income, statement of financial position, statement of changes in equity and capital commitment, statement of cash flows and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the limited partnership at 31 December 2020 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the limited partnership in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

## Independent auditor's report - continued

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the limited partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the limited partnership or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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

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

### Independent auditor's report - continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 30 March 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Jens Thordahl Nøhr  
State Authorised Public Accountant  
mne32212

Filip Asmussen  
State Authorised Public Accountant  
mne45921

## Management's review

### Details of the limited partnership

Name:	DI Frontier Market Energy & Carbon Fund K/S
Address:	c/o Bech-Bruun law firm Langelinie Allé 35 2100 Copenhagen Ø Denmark
Registration no.:	CVR no. 33 77 16 81
Registered office:	Copenhagen
Financial year:	1 January – 31 December
Date of establishment:	28 June 2011
Initial closing date:	26 August 2011
Total commitment:	EUR 60,512,000
Term:	10 years
Investment period:	5 years
Realisation period:	5 years, entered into the realisation period on 20 March 2017
General Partner:	DI Frontier Market Energy & Carbon GP ApS
Investment Manager:	Frontier Investment Management ApS
Auditors:	EY Godkendt Revisionspartnerselskab Dirch Passers Alle 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

EUR'000	2020	2019	2018	2017	2016
<b>Key figures</b>					
Value adjustment of investments in portfolio companies	9,102	8,472	2,925	5,022	0
<b>Profit/Loss before financial income and expenses</b>	8,010	7,359	1,814	3,666	-1,479
Financial income and expenses	771	2,117	1,819	99	383
<b>Profit/Loss for the year</b>	8,781	9,476	3,633	3,765	-1,096
Investments in portfolio companies	76,602	66,460	51,933	53,404	36,855
Total assets	76,728	67,639	57,752	54,207	40,953
<b>Equity (net asset value)</b>	75,434	65,716	56,749	53,116	39,901
Cash flows from operating activities	83	32	-1,382	-1,388	-1,323
Cash flows from investing activities	-1,040	-3,838	6,663	-11,758	-20,489
Cash flows from financing activities	938	-1,565	0	9,450	20,702
<b>Total cash flows</b>	-20	-5,371	5,281	-3,696	-1,110
<b>Financial ratios</b>					
Equity ratio	98.3%	97.2%	98.3%	98.0%	97.4%
Return on equity (average)	12.1%	15.5%	6.6%	8.1%	neg.



## Management's review

### Operating review

#### Principal activities

DI Frontier Market Energy & Carbon Fund K/S is a private equity limited partnership, which was established on 28 June 2011. The objective of DI Frontier Market Energy & Carbon Fund K/S is to achieve the highest possible financial return on the commitments of the partners by engaging in the following activities:

- 1) making, developing and realizing investments in renewable energy, energy efficiency, and carbon credit-generating assets in countries in Sub-Saharan Africa, and
- 2) purchase carbon credits and related instruments from portfolio companies and sell these to relevant buyers, such activities to be carried out via a dedicated carbon company or through third party trading agents.

DI Frontier Market Energy & Carbon Fund K/S has capital commitments totalling EUR 60,512 thousand.

An Investment Management Agreement has been entered into with Frontier Investment Management ApS, under which Frontier Investment Management ApS as Investment Manager is to be responsible for the administration of and for providing investment advisory services to DI Frontier Market Energy & Carbon Fund K/S. The limited partnership has therefore no employees.

#### Development in financial matters

During 2020, DI Frontier Market Energy & Carbon Fund K/S invested an additional EUR 1,832 thousand (2019: EUR 3,901 thousand) in portfolio companies and related projects.

In 2020, no projects started commercial operations. In 2019, two projects (Rwaza and Siti II) started commercial operations.

#### Profit for the year

In 2020, value adjustment of investments in portfolio companies amounted to EUR 9,102 thousand (2019: EUR 8,472 thousand).

In 2020, DI Frontier Market Energy & Carbon Fund K/S realised a profit of EUR 8,781 thousand (2019: profit of EUR 9,476 thousand). Costs incurred include EUR 947 thousand (2019: EUR 947 thousand) relating to management fee (including VAT) calculated and paid in accordance with the Limited Partnership Agreement, the Investment Management Agreement and the approved management fee budget.

#### Balance sheet and capital structure

At 31 December 2020, the limited partnership had called a total net amount of EUR 60,010 thousand (31 December 2019: EUR 58,760 thousand) of the total capital commitment of EUR 60,512 thousand, corresponding to 99% (31 December 2019: 97%).

The distributed amount of EUR 313 thousand (2019: 1,679 thousand) relates to withholding taxes paid (in 2019: the amount related to premium and expense part of the transfer payment for 10 of the 12 portfolio companies sold to the successor funds, Frontier Energy II Alpha K/S and Frontier Energy II Beta K/A, in 2017).

At year-end 2020, total equity amounted to EUR 75,434 thousand (31 December 2019: EUR 65,716 thousand).

## Management's review

### Operating review (continued)

#### *Uncertainty about the measurement of investments*

Portfolio companies are small or medium-sized, unlisted companies which develop or operate projects within renewable energy, energy efficiency, and carbon credit-generating assets in countries in Sub-Saharan Africa. The investments are measured at fair value. As there is no active market for such or similar assets, the fair value of the investments, including receivables from the portfolio companies, is determined using valuation methods and assumptions made by management. Accordingly, the measurement of the investments, including receivables from the portfolio companies, is by nature subject to uncertainty.

The investments are subject to individual risks, including but not limited to local operational risks, environmental risks, political risks, social risks as well as compliance risks and other related risks for development projects within the renewable energy sector in countries in Sub-Saharan Africa. In determining the fair value of the investments, management considers the impact from these risks. The risks may potentially materialize negatively compared to the investment managers expectations, adversely impacting the fair value.

#### **Environmental aspects and Corporate Social Responsibility**

The limited partnership is dedicated to developing and implementing projects that are environmentally and socially sustainable. When developing and building a project, Frontier strives to benefit the neighbouring community and to adhere to global best practice, including IFC performance standards. As part of this work, Frontier's community relationship officers engage with the neighbouring community and make an Environmental & Social Impact Assessment.

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

No events have occurred after the balance sheet date that may have a significant influence on the assessment of the annual report.

#### **Outlook**

The future results of the limited partnership depend, in all material respects, on the development in the value of the limited partnership's investments in portfolio companies. The implications of the ongoing coronavirus outbreak are uncertain.

## Financial statements for the period 1 January – 31 December

### Statement of comprehensive income

Note	EUR'000	2020	2019
7	<b>Value adjustment of investments in portfolio companies</b>	9,102	8,472
4	Other external costs	-1,092	-1,113
	<b>Profit before financial income and expenses</b>	8,010	7,359
5	Financial income	819	2,156
6	Financial expenses	-48	-39
	<b>Profit for the year</b>	8,781	9,476
	Other comprehensive income	0	0
	<b>Total comprehensive income for the year</b>	8,781	9,476

## Financial statements for the period 1 January – 31 December

### Statement of financial position

Note	EUR'000	2020	2019
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
	<b>Investments</b>		
7	Investments in portfolio companies	76,602	66,460
	<b>Total non-current assets</b>	76,602	66,460
	<b>Current assets</b>		
	<b>Receivables</b>		
	Receivables from limited partners	0	1,035
8	Other receivables	5	3
		5	1,038
	<b>Cash at bank and in hand</b>	121	141
	<b>Total current assets</b>	126	1,179
	<b>TOTAL ASSETS</b>	76,728	67,639
	<b>EQUITY AND LIABILITIES</b>		
9	<b>Equity</b>		
	Contributed capital	60,010	58,760
	Retained earnings	17,416	8,635
	Distributions	-1,992	-1,679
	<b>Total equity</b>	75,434	65,716
	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
10	Loan payable to Industriens Fond	1,011	981
		1,011	981
	<b>Current liabilities</b>		
	Payable to the Investment Manager	246	927
	Other payables	37	15
	<b>Total current liabilities</b>	283	942
	<b>Total liabilities</b>	1,294	1,923
	<b>TOTAL EQUITY AND LIABILITIES</b>	76,728	67,639

**Financial statements for the period 1 January – 31 December**

**Statement of changes in equity and capital commitment**

EUR'000	Contributed capital		Committed and called capital	Retained earnings	Distributions	Total equity
	Commitment	Uncalled				
<b>Equity at 31 December 2015</b>	60,512	-33,074	27,438	-7,143	0	20,295
Paid through cash calls during the year	-	20,702	20,702	0	0	20,702
Loss for the year	-	-	-	-1,096	0	-1,096
<b>Equity at 31 December 2016</b>	60,512	-12,372	48,140	-8,239	0	39,901
Paid through cash calls during the year	-	9,450	9,450	0	0	9,450
Profit for the year	-	-	-	3,765	0	3,765
<b>Equity at 31 December 2017</b>	60,512	-2,922	57,590	-4,474	0	53,116
Profit for the year	-	-	-	3,633	0	3,633
<b>Equity at 31 December 2018</b>	60,512	-2,922	57,590	-841	0	56,749
Distributed during the year	-	0	0	0	-1,679	-1,679
Paid through cash calls during the year	-	1,170	1,170	0	0	1,170
Profit for the year	-	0	0	9,476	0	9,476
<b>Equity at 31 December 2019</b>	60,512	-1,752	58,760	8,635	-1,679	65,716
Distributed during the year	-	-	-	-	-313	-313
Paid through cash calls during the year	-	1,250	1,250	-	0	1,250
Profit for the year	-	-	-	8,781	0	8,781
<b>Equity at 31 December 2020</b>	60,512	502	60,010	17,416	-1,992	75,434

The limited partners are liable for their share of the uncalled capital commitment.

The distributed amount of EUR 1,679 thousand in 2019 relates to the premium on the transfer payment for 10 of the 12 portfolio companies sold to the successor funds Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S in 2017.

Distribution in 2020 of EUR 313 thousand relate to withholding taxes paid.

## Financial statements for the period 1 January – 31 December

### Cash flow statement

EUR'000	2020	2019
Profit before financial income and expenses	8,010	7,359
Value adjustment of investments in portfolio companies	-9,102	-8,472
Changes in working capital	369	1,148
Cash flows from operating activities before financial income and expenses	-723	35
Interest expenses paid	-13	-3
Interest income received	819	0
<b>Cash flows from operating activities</b>	<b>83</b>	<b>32</b>
Additions to investments in portfolio companies, etc.	-1,832	-3,901
Cash collateral towards banks on behalf of portfolio companies	0	63
Change in receivables from portfolio companies	792	0
<b>Cash flows from investing activities</b>	<b>-1,040</b>	<b>-3,838</b>
Paid-up contributed capital	1,251	135
Distributed during the year	-313	-1,679
Partial repayment of loan payable to Industriens Fond	0	-21
<b>Cash flows from financing activities</b>	<b>938</b>	<b>-1,565</b>
<b>Cash flows for the period</b>	<b>-20</b>	<b>-5,371</b>
Cash and cash equivalents at the beginning of the period	141	5,512
<b>Cash and cash equivalents at year end</b>	<b>121</b>	<b>141</b>
Cash and cash equivalents at year end can be specified as:		
Cash at bank and in hand	121	141

## **Financial statements for the period 1 January – 31 December**

### **Note summary**

- 1 Summary of significant accounting policies
- 2 Significant accounting judgements, estimates and assumptions
- 3 Standards issued not yet effective
- 4 Other external costs
- 5 Financial income
- 6 Financial expenses
- 7 Investments
- 8 Other receivables
- 9 Capital management and contributed capital
- 10 Loan payable to Industriens Fond
- 11 Financial risk
- 12 Contingencies, etc.
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## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Summary of significant accounting policies

##### Corporate information

The financial statements of DI Frontier Market Energy & Carbon Fund K/S (the limited partnership) for the year ended 31 December 2020 were approved and authorised for issue by the General Partner on 30 March 2021. DI Frontier Market Energy & Carbon Fund K/S is a limited partnership incorporated and domiciled in Denmark.

##### Basis of preparation

The separate financial statements of DI Frontier Market Energy & Carbon Fund K/S (the limited partnership) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the provisions applying to reporting class c medium-sized enterprises under the Danish Financial Statements Act. These separate financial statements have been prepared as the only financial statements of the limited partnership.

The financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2020. The accounting policies are unchanged from 2019.

The separate financial statements have been prepared on a historical-cost basis, except for financial assets held at fair value through profit or loss. The separate financial statements are presented in EUR and all values are rounded to the nearest thousand EUR, except where otherwise indicated.

##### Group structure and activity

The limited partnership is an investment entity. Accordingly, the limited partnership has decided to use the exemption in IFRS 10 to not prepare consolidated financial statements and instead the controlled subsidiaries are accounted for at fair value through profit or loss in accordance with IFRS 9.

##### Functional and presentation currency

The limited partnership's capital is raised in EUR and the performance is evaluated in EUR. In addition, management fee to the Investment Manager is invoiced and paid in DKK which is fixed to EUR. Therefore, the limited partnership concludes that EUR is its functional currency. The limited partnership's presentation currency is also EUR.

##### Statement of comprehensive income

##### Foreign currency translation

Transactions denominated in foreign currencies (non-EUR) are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies (non-EUR) are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

##### Value adjustment of investments in portfolio companies

Realised and unrealised fair value adjustments of investments in portfolio companies and receivables from portfolio companies and other receivables from portfolio companies, interest-bearing loans are recognised in a separate item in the income statement.



## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Summary of significant accounting policies (continued)

##### Fees and other external costs

Other external costs include travel, administration, auditor and legal, costs for broken deals, etc. Fees are recognised on an accrual basis.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on securities as well as payables and transactions denominated in foreign currencies (non-EUR).

### Statement of financial position

#### Investments

##### *Investments in portfolio companies*

Portfolio companies are the companies in which the limited partnership invests in order to create added value for the investors of the limited partnership.

In accordance with the exception under IFRS 10 Consolidated Financial Statements, the limited partnership does not consolidate subsidiaries in the separate financial statements. Investments in subsidiaries are accounted for as financial instruments at fair value through profit or loss in accordance with IFRS 9.

In accordance with the exception within IAS 28 Investments in Associates and Joint Ventures, the limited partnership does not account for its investments in associates using the equity method. Instead, the limited partnership has elected to measure its investments in associates at fair value through profit or loss.

##### *Initial measurement*

Investments in portfolio companies, comprising subsidiaries and their investments in subsidiaries as well as associates, are upon initial recognition measured at fair value, typically based on cash injections into the portfolio companies or the fair value of contributions-in-kind into the portfolio companies (typically equal to the monetary equivalent of directly attributable costs incurred by the limited partnership on behalf of the portfolio companies for the development of new projects, including detailed technical and commercial evaluations, environmental approvals and other licenses, etc., related to the project activities of the portfolio companies).

For new projects under development, directly attributable project costs incurred are recognised as prepayments, when there is a high probability that a project will be implemented through the establishment or acquisition of a portfolio company.

##### *Subsequent measurement*

Subsequently, investments in portfolio companies are measured at fair value through profit or loss. Value adjustments are recorded in the income statement.

Dividends from investments in portfolio companies are recognised in the income statement at the time of declaration (usually at the time of adoption at the annual general meeting).

##### *Fair value measurement*

The limited partnership measures its investments in subsidiaries and associates at fair value at each reporting date.

For fair value of investments in portfolio companies, including receivables from portfolio companies, reference is made to note 7.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Summary of significant accounting policies (continued)

##### ***Receivables from portfolio companies and other receivables from portfolio companies, interest-bearing loans***

In addition to equity investments, the limited partnership holds investments in receivables on a fair value basis for investment income and fair value gains. The receivables from portfolio companies, other receivables from portfolio companies and interest-bearing loans are managed, and its performance evaluated, on a fair value basis.

##### *Initial measurement*

Receivables from portfolio companies, other receivables from portfolio companies and interest-bearing loans are recognised at the trade date, initially measured at fair value.

##### *Subsequent measurement*

Subsequently, receivables from portfolio companies, other receivables from portfolio companies and interest-bearing loans are measured at fair value through profit or loss. Value adjustments are recorded in the income statement.

##### **Other receivables**

Other receivables are recognised at the trade date, initially measured at fair value.

The limited partnership holds other receivables other than those classified at fair value through profit and loss with the objective of collecting the contractual cash flows, and therefore, measures them subsequently at amortised cost using the effective interest method.

The limited partnership applies the simplified approach to measure the expected credit loss and a lifetime expected loss allowance for all other receivables.

The limited partnership's approach to expected credit loss reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

As a practical expedient and due to the limited number of other receivables, the expected credit loss is based on days past due, historically observed loss rates, the nature of the other receivable and adjusted for forward-looking factors specific to the debtor and the economic environment.

##### **Financial liabilities**

Non-current liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Other financial liabilities are measured at amortised cost.

##### **Tax**

The limited partnership is not an independent tax entity, and therefore tax is not recognised in the financial statements.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Summary of significant accounting policies (continued)

##### Statement of cash flows

The cash flow statement shows the limited partnership's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the limited partnership's cash and cash equivalents at the beginning and the end of the year.

##### Cash flows from operating activities

Cash flows from operating activities are calculated as profit/loss for the year adjusted for non-cash operating items and changes in working capital, excluding payments in connection with acquisition and disposal of portfolio companies.

##### Cash flows from investing activities

Cash flows from investing activities comprise cash payments in connection with acquisition and disposal of portfolio companies, etc., including loans in this respect.

##### Cash flows from financing activities

Cash flows from financing activities comprise payment of contributed capital as well as rising of loans, repayment of interest-bearing debt, and payments to limited partners.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash and bank overdraft facilities used as part of the short-term liquidity management.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 2 Significant accounting judgements, estimates and assumptions

The preparation of the limited partnership's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### **Judgements**

In the process of applying the limited partnership's accounting policies, Management has made the following judgements, which affect the amounts recognised in the financial statements at the most:

##### *Assessment as investment entity*

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss (FVPL) rather than consolidate them. The criteria which define an investment entity are, as follows:

- ▶ An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services
- ▶ An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both
- ▶ An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

The Limited Partnership Agreement details the limited partnership's objective of achieving the highest possible financial return on the commitments of the limited partners (investors) by making, developing and realising investments in renewable energy and energy efficiency assets in countries located in Sub-Saharan Africa.

The limited partnership reports to its investors via quarterly investor information. All investments are reported at fair value to the extent allowed by IFRS in the limited partnership's annual report.

Management has also concluded that the limited partnership meets the additional characteristics of an investment entity, in that it has more than one investment; the limited partnership's ownership interests are predominantly in the form of equities and convertible shareholder loans; it has more than one investor and has investors that are not related parties.

Management has concluded that the limited partnership meets the definition of an investment entity.

##### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The limited partnership based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the limited partnership. Such changes are reflected in the assumptions when they occur.

##### **Fair value**

For fair value of investments in portfolio companies, including receivables from portfolio companies, reference is made to note 7.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 3 Standards issued but not yet effective

In the opinion of Management, no standards or interpretations that are issued, but not yet effective, up to the date of issuance of the limited partnership's financial statements, will significantly impact the limited partnership.

EUR'000	2020	2019		
<b>4 Other external costs</b>				
Management fee (including VAT) calculated and paid in accordance with the Limited Partnership Agreement, the Investment Management Agreement and the approved management fee budget	947	947		
Other external costs	145	166		
	<u>1,092</u>	<u>1,113</u>		
<b>5 Financial income</b>				
Interest income from receivables from portfolio companies measured at fair value through profit or loss	803	2,060		
Foreign exchange rate gain, receivables from portfolio companies	0	94		
Other	16	2		
	<u>819</u>	<u>2,156</u>		
<b>6 Financial expenses</b>				
Interest expenses on financial liabilities measured at amortised cost	35	34		
Other	13	5		
	<u>48</u>	<u>39</u>		
<b>7 Investments</b>				
	<b>Equity investments in portfolio companies</b>	<b>Receivables from portfolio companies</b>	<b>Other receivables from portfolio companies, interest-bearing loans</b>	<b>Total investments</b>
EUR'000				
Cost at 1 January	24,857	15,128	7,093	47,078
Reclassification	-3,291	37	3,254	0
Additions during the year	0	254	1,578	1,832
Cost at 31 December	<u>21,566</u>	<u>15,419</u>	<u>11,925</u>	<u>48,910</u>
Value adjustment at 1 January	14,299	0	5,083	19,382
Unrealised value adjustments for the year	9,102	0	0	9,102
Interest paid	0	0	-792	-792
Value adjustment at 31 December	<u>23,401</u>	<u>0</u>	<u>4,291</u>	<u>27,692</u>
<b>Carrying amount at 31 December</b>	<u>44,967</u>	<u>15,419</u>	<u>16,216</u>	<u>76,602</u>

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 7 Investments (continued)

The limited partnership measures its investments at fair value at each reporting date.

During 2018, 10 portfolio companies were transferred to the successor fund. Two more portfolio companies are expected to be transferred to the successor fund in 2021. The agreed valuation has been reflected in the year-end valuation (unrealised) of these portfolio companies, in total EUR 695 thousand.

'Receivables from portfolio companies' primarily relate to convertible loans granted to portfolio companies, which under certain conditions can be converted into share capital.

Net changes in fair value of financial assets and financial liabilities through profit or loss is specified as:

EUR'000	2020	2019
Realised value adjustments for the year	0	0
Unrealised value adjustments for the year	9,102	8,472
<b>Value adjustment of investments</b>	<b>9,102</b>	<b>8,472</b>

#### Fair value of investments

Equity investments in portfolio companies and related receivables are measured at fair value through profit or loss. The valuation of investments is based on the valuation prepared by the Investment Manager.

The fair value of the investments is determined using valuation methods and assumptions made by management that best reflects the risks and the stage of development of the investment. The assumptions include energy prices, inflation rates, technical availability and discount rates. In general, the fair value is determined in accordance with IPEV Valuation Guidelines and generally accepted valuation techniques, including discounted cash flow models, benchmarking or other relevant methods.

For projects which have commenced commercial operations, the fair value is determined using discounted cash flows based on the expected cash flows generated from the underlying assets during the operational life. The cash flow projections are based on expected production and contractually agreed prices. The projected cash flows are discounted using the weighted average cost of capital (WACC). The rate of return (WACC) is in the range 7-11% after tax.

The discount rate is based on multiple inputs, including country risk premium, risk-free rate unlevered beta, cost of equity, cost of debt and equity/debt ratio. In connection with the year-end closing, Management has updated inputs for the calculation of the discount rate. In addition, Management has obtained input from other transactions in East Africa occurring for similar types of projects. It is not possible to obtain benchmarks for sale of projects in operation. Thus, inputs from other transactions have only been used as a benchmark for the calculated discount rate. The Investment Manager is of the opinion that there is a general tendency for increasing appetite for investment in renewables among private as well as public sector investors in East Africa. Further, the Investment Manager is of the opinion, that the overall trend in terms of return levels for the region is decreasing.

The following inputs have been used by the Investment Manager:

- Country risk premium is set between 5-6%. The risk premium is based on ratings based on credit default swaps spreads and the relative volatility for the specific countries.
- Unlevered beta below 0.5 based on an assessment of the general risk in relation to the independent power producer. This is substantiated by the fact that the generation of revenue is expected to be relatively stable in volume and price, including long-term agreement with typically one customer (the local off-taker) which is expected to consume all the power generated by the independent power producer.
- Cost of debt has been set based on the interest rates for the external loans used to fund the specific project.
- Equity/debt ratio has been set based on the current capitalization of the portfolio company.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 7 Investments (continued)

For projects under development which have not started commercial operations, the fair value of the investments is typically not considered to be significantly different from the cost of the investments. In determining the fair value, management considers relevant comparable market transactions or share capital issuances with third parties, adjusted as necessary, as well as development progress and the risks relating to successfully completing the development of the projects that may adversely impact the fair value of the investments during the development phase.

Investments are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

The following table shows the classification of financial instruments recognised at fair value:

	2020			
EUR'000	Level 1	Level 2	Level 3	Total
<i>Investments</i>				
Equity investments in portfolio companies	-	-	44,967	44,967
Receivables from portfolio companies	-	-	15,419	15,419
Other receivables from portfolio companies, interest-bearing loans	-	-	16,216	16,216
<b>Total financial assets</b>	-	-	76,602	76,602
	2019			
EUR'000	Level 1	Level 2	Level 3	Total
<i>Investments</i>				
Equity investments in portfolio companies	-	-	39,156	39,156
Receivables from portfolio companies	-	-	15,128	15,128
Other receivables from portfolio companies, interest-bearing loans	-	-	12,176	12,176
<b>Total financial assets</b>	-	-	66,460	66,460

The limited partnership's investments are not quoted in an active market and transactions in such investments do not occur on a regular basis. Therefore, the limited partnership classifies the fair value of these investments as Level 3.

#### **Uncertainty about the measurement of investments**

Portfolio companies are small or medium-sized, unlisted companies which develop or operate projects within renewable energy, energy efficiency, and carbon credit-generating assets in countries in Sub-Saharan Africa. The investments are measured at fair value. As there is no active market for such or similar assets, the fair value of the investments, including receivables from the portfolio companies, is determined using valuation methods and assumptions made by management. Accordingly, the measurement of the investments, including receivables from the portfolio companies, is by nature subject to uncertainty.

The investments are subject to individual risks, including but not limited to local operational risks, environmental risks, political risks, social risks as well as compliance risks and other related risks for development projects within the renewable energy sector in countries in Sub-Saharan Africa. In determining the fair value of the investments, management considers the impact from these risks. The risks may potentially materialize negatively compared to the investment managers expectations, adversely impacting the fair value.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 7 Investments (continued)

The limited partnership meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries but, recognises them as investments at fair value through profit or loss. At 31 December 2019, the limited partnership had invested in the following portfolio companies:

Subsidiaries and associates	Country	Ownership interest	Equity (100%/ EUR'000)	Profit/loss for the year (100%/ EUR'000)	Operational start	Investment project description
Elgon Hydro Siti (Pvt) Ltd. <sup>(1)</sup>	Uganda	99%	16,768	4,398	2017 (Siti I) 2019 (Siti II)	Operation of two hydro power plants: (5 MW installed) (16.5 MW installed)
Lubilia Kawembe Hydro Ltd. <sup>(1)</sup>	Uganda	98%	1,312	-329	2018	Operation of a hydro power plant (5.4 MW installed)
Rwaza Hydropower Ltd. <sup>(2)</sup>	Rwanda	30%	2,574	-1.397	2019	Operation of a hydro power plant (5 MW installed)
Nyamagasani II HPP Ltd. <sup>(1)</sup>	Uganda	95%	3,095	-648		
Frontier Akiira Holding Ltd. <sup>(2)</sup> (holding company for the 38% investment in Akiira Geothermal Ltd.**)	Mauritius	100%	33,582	-1,532		Development of a geothermal power plant
Kiwira Energy Ltd.*	Tanzania	51%	n/a	n/a		Development of a hydro power plant
Momba Hydropower Ltd.*	Tanzania	100%	n/a	n/a		Development of a hydro power plant
Radiant Energy Ltd.	Mauritius	51%	n/a	n/a		Dormant company. To be liquidated in 2021
Eldosol Energy Ltd.	Mauritius	100%	n/a	n/a		Dormant company. To be liquidated in 2021

<sup>1</sup> According to the latest approved financial statements for the financial year 1 July 2019 - 31 June 2020

<sup>2</sup> According to the latest approved financial statements for the financial year 1 January - 31 December 2019

\* The company has not yet presented its first approved and audited annual report.

\*\* Kenyan branch of Mauritius Company.

The subsidiaries Kiwira Energy Ltd. and Momba Hydropower Ltd. are expected to be divested to the successor fund in 2021.



## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 7 Investments (continued)

The portfolio companies are subject to special restrictions and obligations in relation to the distribution of dividend, etc.

Specification by investments of the respective Limited Partners:

EUR'000	Share of total investment cost	Share of accrued interest income	Share of total value adjustment	Share of carrying amount
CDC Group plc	17.782	1.437	8.631	27,850
GEEREF	8.082	652	3.924	12,659
IFU	5.658	457	2.746	8,861
PensionDanmark	5.658	457	2.746	8,861
PFA Pension	5.658	457	2.746	8,861
Tryg Forsikring A/S, Norwegian branch	5.658	457	2.746	8,861
Anders Michael Hauch	71	6	34	111
Daniel Schleyer Schultz	71	6	34	111
Lars R. Teilgaard Jensen	71	6	34	111
Valerekus Capital ApS	71	6	34	111
Gert Heinholt Skov	44	4	22	69
Oikos Invest ApS	40	3	20	63
Bernhard Osawa	22	2	11	35
Søren Barkholt Consulting & Management ApS	12	1	6	19
ESE Invest IVS	12	1	6	19
<b>Balance at 31 December 2020</b>	<b>48.910</b>	<b>3.952</b>	<b>23.740</b>	<b>76,602</b>

#### 8 Other receivables (current assets)

EUR'000	2020	2019
Receivable from Frontier Energy II Alpha K/S	0	3
Other receivables	5	0
	<b>5</b>	<b>3</b>

#### 9 Capital management and contributed capital

For the purpose of the limited partnership's capital management, capital includes contributed capital and all other equity reserves attributable to the limited partners of the partnership. The committed capital from the limited partners amounted to EUR 60,512 thousand at 31 December 2020, of which EUR 502 thousand was uncalled. Quantitative information about the limited partnership's capital is provided in the statement of changes in equity, capital commitment and below.

The limited partnership's objective for managing capital is to achieve the highest possible financial return on the commitments of the limited partners by making, developing and realising investments in renewable energy and energy efficiency assets in countries located in Sub-Saharan Africa.

The limited partnership will call capital from the limited partners as needed in connection with the execution of activities in accordance with the Limited Partnership Agreement.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 9 Capital management and contributed capital (continued)

Specification by capital accounts of the respective limited partners:

EUR'000	Committed and contributed capital			Retained earnings				Total retained earnings	Distributions	Total equity
	Commitment	Uncalled	Called	Allocation of cost incurred, net	Realised gains on investments	Unrealised gain on investments	Other adjustments according to LPA*			
CDC Group plc	22,000	416	21,584	-3.244	914	8.662	233	6.565	-724	27.425
GEEREF	10,000	23	9,977	-1.475	416	3.937	-60	2.818	-329	12.466
IFU	7,000	16	6,984	-1.032	291	2.756	-42	1.972	-230	8.726
PensionDanmark	7,000	16	6,984	-1.032	291	2.756	-42	1.972	-230	8.726
PFA Pension	7,000	16	6,984	-1.032	291	2.756	-42	1.972	-230	8.726
Tryg Forsikring A/S, Norwegian branch	7,000	16	6,984	-1.032	291	2.756	-42	1.972	-230	8.726
BWBD ApS	87	0	87	-13	4	34	-1	25	-3	109
Daniel Schleyer Schultz	87	0	87	-13	4	34	-1	25	-3	109
Lars R. Teilgaard Jensen	87	0	87	-13	4	34	-1	25	-3	109
Valerekus Capital ApS	87	0	87	-13	4	34	-1	25	-3	109
Gert Heinholt Skov	55	0	55	-8	2	22	0	15	-2	68
Oikos Invest ApS	50	0	50	-7	2	20	0	14	-2	62
Bernhard Osawa	28	0	28	-4	1	11	0	8	-1	34
Søren Barkholt Consulting & Management ApS	15	0	15	-2	1	6	0	4	0	19
ESE Invest IVS	15	0	15	-2	1	6	0	4	0	19
<b>Balance at 31 December 2020</b>	<b>60,512</b>	<b>502</b>	<b>60,010</b>	<b>-8,924</b>	<b>2,515</b>	<b>23,825</b>	<b>0</b>	<b>17,416</b>	<b>-1,992</b>	<b>75,434</b>

\* Adjustments pursuant to the Limited Partnership Agreement ("LPA"), section 16.1 (5).

**Financial statements for the period 1 January – 31 December****Notes to the financial statements****9 Capital management and contributed capital (continued)**

Since the establishment, the committed contributed capital has developed as follows:

	<b>EUR'000</b>
<b>Balance at the establishment on 28 June 2011</b>	311
Additional commitments during 2011	60,080
Additional commitments during 2013	10,000
Cancellation of commitments during 2014	-9,930
Additional commitments during 2014	51
<b>Balance at 31 December 2020</b>	<b>60,512</b>

**10 Loan payable to Industriens Fond**

Loan payable to Industriens Fond relates to initial set-up costs (EUR 753 thousand in total) in connection with the development and set-up of DI Frontier Market Energy & Carbon Fund K/S.

The repayment of the loan depends on the financial return on the investments undertaken by the limited partnership.

**11 Financial risk**

The limited partnership's objective in managing risk is the creation and protection of the limited partners' investment and return. The limited partnership calls capital based on the limited partners' commitments for the use of making investments in portfolio companies. Some risks are inherent in the limited partnership's investment activities, refer to note 7 for details of these. The limited partnership is exposed to interest rate risk, liquidity risk and credit risk.

**Risk management structure**

The limited partnership's Investment Manager is responsible for identifying and controlling risks and to ensure that investments are made in accordance with the Limited Partnership Agreement. The established Investment Committee reviews all proposals made by the Investment Manager relating to the making or realisation of investments.

The general partner supervises the Investment Manager and is ultimately responsible and liable for the overall risk management of the limited partnership.

**Risk mitigation**

The limited partnership has investment policies that set out its overall business strategies, its risk tolerance and its general risk management philosophy for the investments. The Investment Manager assesses the risk profile before entering into investments.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The limited partnership has limited interest-bearing debt, and the limited partnership's interest rate risk primarily relates to the position of cash in banks and bank overdraft facility.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 11 Financial risk (continued)

##### Liquidity risk

Liquidity risk is the risk that the limited partnership will not be able to meet its financial obligations as they fall due. The Investment Manager monitors risk of a shortage of funds on an ongoing basis. The general partner reviews the liquidity position on a quarterly basis based on the quarterly reports prepared by the Investment Manager.

The limited partnership will call capital from the limited partners based on an as-needed basis to enable the limited partnership to make investments, pay expenses incurred by the limited partnership and comply with any obligations undertaken.

The table below summarises the maturity profile of the limited partnership's financial assets and liabilities based on contractual undiscounted receipts and payments:

EUR'000	Falling due within 1 year	Falling due between 1-5 years	Falling due after 5 years	No fixed maturity	Total	Carrying amount
<b>2020</b>						
<i>Investments</i>						
Equity investments in portfolio						
companies	-	-	-	44,968	44,968	44,968
Receivables from portfolio companies	-	-	-	15,419	15,419	15,419
Other receivables from portfolio companies, interest-bearing loans	-	-	-	16,215	16,215	16,215
<i>Receivables</i>						
Receivables from limited partners	-	-	-	-	-	-
Other receivables	5	-	-	-	5	3
Cash at bank and in hand	-	-	-	-	-	-
<b>Total financial assets</b>	<b>1,179</b>	<b>11,734</b>	<b>2,979</b>	<b>76,602</b>	<b>81,602</b>	<b>79,602</b>
<i>Obligations</i>						
Loan payable to Industriens Fond	0	-	-	1,011	1,011	1,011
Payable to the Investment Manager	246	-	-	-	246	246
Other payables	37	-	-	-	37	37
<b>Total financial liabilities</b>	<b>283</b>	<b>-</b>	<b>-</b>	<b>1,011</b>	<b>1,294</b>	<b>1,294</b>

Repayment of interest-bearing loans from portfolio companies is dependent on the commencement of commercial operations. If commercial operation has not been initiated at year-end, the total balance towards the individual portfolio company is included as 'no fixed maturity' in above table. The actual repayment is further dependent on available liquid funds, including continued energy production and fulfilment of the power purchase agreements with the local off-taker.

Besides the financial assets and liabilities presented in the table above, the limited partnership has entered into certain agreements about investments in portfolio companies under which the limited partnership may be committed to provide capital. The limited partnership will call capital from the limited partners as necessary to comply with these commitments. Refer to note 13 for further details.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 11 Financial risk (continued)

EUR'000	Falling due within 1 year	Falling due between 1-5 years	Falling due after 5 years	No fixed maturity	Total	Carrying amount
<b>2019</b>						
<i>Investments</i>						
Equity investments in portfolio companies	-	-	-	39,156	39,156	39,156
Receivables from portfolio companies	-	-	-	15,128	15,128	15,128
Other receivables from portfolio companies, interest-bearing loans	2,933	11,734	2,979	0	17,646	12,176
<i>Receivables</i>						
Receivables from limited partners	1,035	-	-	-	1,035	1,035
Other receivables	3	-	-	-	3	3
Cash at bank and in hand	141	-	-	-	141	141
<b>Total financial assets</b>	<b>1,179</b>	<b>11,734</b>	<b>2,979</b>	<b>54,284</b>	<b>73,109</b>	<b>67,639</b>
<i>Obligations</i>						
Loan payable to Industriens Fond	0	-	-	981	981	981
Payable to the Investment Manager	927	-	-	-	927	927
Other payables	15	-	-	-	15	15
<b>Total financial liabilities</b>	<b>942</b>	<b>-</b>	<b>-</b>	<b>981</b>	<b>1,923</b>	<b>1,923</b>

#### Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the limited partnership by failing to discharge an obligation. The limited partnership is exposed to the risk of credit-related losses that can occur as a result of a counterparty or limited partner being unable or unwilling to honour its contractual obligations. These credit exposures exist for receivables and cash and cash equivalents.

It is the limited partnership's policy to enter into financial instruments with reputable counterparties.

In 2019 and 2020, the limited partnership accounted for an impairment loss of receivables of EUR 0 (nil).

The carrying value of the limited partnership's financial instruments, as disclosed in the statement of financial position, represents the maximum credit exposure, hence, no separate disclosure is provided. Reference is made to the statement of financial position.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 11 Financial risk (continued)

##### Currency risk

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

The limited partnership transacts in other currencies than EUR, including DKK, USD and local currencies in countries in Sub-Saharan Africa. In addition, a large amount of the limited partnership's expenses, mainly from management fees to the Investment Manager, are in DKK. Further, the limited partnership's investments (Investments in portfolio companies, Other receivables and Other receivables from portfolio companies, interest-bearing loans) are for some denominated in currencies other than EUR.

Accordingly, the value of the limited partnership's assets may be affected favourable or unfavourable by fluctuations in currency rates. Therefore, the limited partnership will naturally be subject to foreign exchange risks.

The limited partnership does not hedge its exposure to foreign currency fluctuations.

The following table indicates the currencies to which the limited partnership had significant exposures as at 31 December on its monetary financial assets and liabilities. The analysis calculates the effect of a reasonable positive movement of the currently rate against EUR on profit or loss with all other variable held constant.

Currency	Change in currency rate %	Effect on profit or loss (relates to monetary financial assets and liabilities)	
		2020 (EUR'000)	2019 (EUR'000)
DKK	10%	0	0
USD	10%	1,633	1,218

There is no sensitivity effect on other comprehensive income as the limited partnership has no assets classified as fair value through other comprehensive income or designated hedging instruments.

An equivalent decrease in each of the aforementioned currencies against the EUR would have resulted in an equivalent, but opposite impact.

#### 12 Contingencies, etc.

The limited partnership has entered into an Investment Management Agreement with Frontier Investment Management ApS under which Frontier Investment Management ApS is to be responsible for the administration of and for providing investment advisory services to DI Frontier Market Energy & Carbon Fund K/S. If this agreement is terminated, the limited partnership may under certain circumstances be under an obligation to pay six months' management fees.

##### **Commitments regarding investments in portfolio companies**

The limited partnership has entered into certain agreements about investments in portfolio companies. At 31 December 2020, unconditional commitments amounted to EUR 219 thousand (31 December 2019: EUR 316 thousand). At 31 December 2020, conditional commitments amounted to EUR 12,740 thousand (31 December 2019: EUR 12,995 thousand), which the limited partnership under certain conditions are committed to contribute to portfolio companies for project funding.

The limited partnership does not expect all conditional commitments to materialise.

At 31 December 2020, unconditional commitments related to the portfolio companies awaiting transfer to the successor fund amounted to EUR 2,140 thousand (31 December 2019: EUR 2,140 thousand).

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 13 Related party disclosures

No individual companies or persons exercise control over DI Frontier Market Energy & Carbon Fund K/S.

The following parties are considered related parties of the limited partnership:

##### **Investment Manager – Frontier Investment Management ApS**

Frontier Investment Management ApS (the Investment Manager), which provides administrative services and investment advisory services to the limited partnership and its management are considered a related party.

The Investment Manager is entitled to receive a management fee for its services. The management fee is payable quarterly.

Total management fee for 2019 and 2020 is disclosed in note 4.

In performing the daily activities on behalf of the limited partnership, the Investment Manager incurs expenses on behalf of the limited partnership, which are settled from time to time. The balance at 31 December 2020 with the Investment Manager is disclosed separately in the statement of financial position.

In accordance with the Limited Partnership Agreement, the Investment Manager may under certain circumstances be entitled to compensation of six months' management fee, if the agreement is terminated.

##### **General Partner – DI Frontier Market Energy & Carbon GP ApS**

DI Frontier Market Energy & Carbon GP ApS (the general partner), which has direct and unlimited liability for the limited partnership's debts and liabilities, and its management are considered related parties.

The general partner has sole power and responsibility for all decisions pertaining to the acquisition and realisation of investments, including all final decisions to commit the limited partnership to an investment and any realisations of an investment.

According to the Limited Partnership Agreement, remuneration of the general partner comprises a share of DI Frontier Market Energy & Carbon Fund K/S' return on investments, provided that the total return exceeds the limited partners' investment and a predefined minimum rate of return.

Remuneration (carried interest) to the general partner cannot be calculated definitively until upon the final liquidation of DI Frontier Market Energy & Carbon Fund K/S and – hence – according to the Limited Partnership Agreement, the general partner's carried interest is not considered earned by the general partner until upon the liquidation of DI Frontier Market Energy & Carbon Fund K/S subject to and in accordance with the final liquidation accounts of DI Frontier Market Energy & Carbon Fund K/S.

The limited partnership has not had any transactions with the general partner in 2020.

##### **Portfolio companies**

Transactions and balances with portfolio companies (subsidiaries and associates) are disclosed in notes 5 and 6.

##### **Other related parties**

In addition, the successor funds, Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S, which are parallel limited partnerships under the successor fund, and its management are considered related parties. The balance with the successor funds at 31 December 2020 is disclosed in note 8.

In accordance with the portfolio transfer agreement with Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S (the successor fund to DI Frontier Market Energy & Carbon Fund K/S), certain of the portfolio companies in DI Frontier Market Energy & Carbon Fund K/S were transferred to Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S in 2018. The limited partnership expects that the transfer of further two portfolio companies will be finalised in 2021. Payment received from the successor funds amounted to EUR 0 in 2020 and 2019 and EUR 9,235 thousand in 2018.

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"By my signature I confirm all dates and content in this document."

## Gert Heinholt Skov

### General partner

On behalf of: DI Frontier Market Energy & Carbon GP A...

Serial number: PID:9208-2002-2-032164111171

IP: 77.233.xxx.xxx

2021-04-09 11:33:13Z

NEM ID 

## Kim Gredsted

### General Partner

On behalf of: DI Frontier Market Energy & Carbon GP A...

Serial number: PID:9208-2002-2-831612074236

IP: 77.233.xxx.xxx

2021-04-09 11:57:33Z

NEM ID 

## Anders Michael Hauch

### Chairman

On behalf of: DI Frontier Market Energy & Carbon GP A...

Serial number: PID:9208-2002-2-650743677177

IP: 77.233.xxx.xxx

2021-04-09 12:52:32Z

NEM ID 

## Anders Michael Hauch

### General Partner

On behalf of: DI Frontier Market Energy & Carbon GP A...

Serial number: PID:9208-2002-2-650743677177

IP: 77.233.xxx.xxx

2021-04-09 12:52:32Z

NEM ID 

## Lars Rajan Tejlgaard Jensen

### General partner

On behalf of: DI Frontier Market Energy & Carbon GP A...

Serial number: PID:9208-2002-2-902445823082

IP: 77.233.xxx.xxx

2021-04-12 11:37:18Z

NEM ID 

## Filip Asmussen

### State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:26348584

IP: 145.62.xxx.xxx

2021-04-14 13:33:11Z

NEM ID 

## Jens Thordahl Noehr

### State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:1268040410146

IP: 77.233.xxx.xxx

2021-04-15 08:17:04Z

NEM ID 

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