FRONTIER

ENERGY

DI Frontier Market Energy & Carbonfund K/S

c/o Bech-Bruun

Gdanskgade 18

2150 Nordhavn

CVR no. 33 77 16 81

Annual Report 2023

Approved at the limited partnership's ordinary partnership meeting on 29 March 2024

Chairperson:

....
Anders Michael Hauch

Contents

Statement by the general partner

The general partner has today discussed and approved the annual report of DI Frontier Market Energy & Carbonfund K/S for the financial year 1 January – 31 December 2023.

The financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the limited partnership's assets, liabilities and financial position at 31 December 2023 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2023.

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 ordinary partnership meeting.

Copenhagen, 29 March 2024

General partner:
DI Frontier Market Energy & Carbon GP ApS

Daniel Schleyer Schultz Chairman of the Board	Kim Gredsted	Gert Heinholt Skov
Lars R. Tejlgaard Jensen	Anders Michael Hauch	

Independent auditor's report

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

Opinion

We have audited the financial statements of DI Frontier Market Energy & Carbonfund K/S for the financial year 1 January – 31 December 2023, 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 material accounting policy information. The financial statements are prepared in accordance with IFRS Accounting 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 2023 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's review and the Supplementary report in accordance with Sustainable Finance Disclosure Regulation

Management is responsible for the Management's review and the Supplementary report on information in accordance with Sustainable Finance Disclosure Regulation, hereinafter referred to as the "supplementary report".

Our opinion on the financial statements does not cover the Management's review and the Supplementary report, 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 the Supplementary report and, in doing so, consider whether the Management's review and the Supplementary report are 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 and the Supplementary report are in accordance with the financial statements and have 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 or the Supplementary report.

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 the IFRS Accounting 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, 29 March 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Hjortkjær Petersen	Bjørn Würtz Rosendal
State Authorised Public Accountant	State Authorised Public Accountant
mne33748	mne40039

Management's review

Details of the limited partnership

Name:	DI Frontier Market Energy & Carbonfund K/S
Address:	c/o Bech-Bruun law firm Gdanskgade 18 2150 Nordhavn 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, term has been extended by three years to 2024 (1 remaining option to extend by one additional year)
Investment period:	5 years
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	2023	2022	2021	2020	2019
Key figures					
Value adjustment of investments in portfolio companies	-5,991	-12,814	-9,518	9,102	8,472
Profit/loss before financial income and expenses	-6,495	-13,584	-10,476	8,010	7,359
Net financial income	-118	42	1,553	771	2,117
Profit/loss for the year	-6,614	-13,542	-8,923	8,781	9,476
Investments in portfolio companies	34,978	50,434	67,712	76,602	66,460
Total assets	35,059	50,969	68,102	76,728	67,639
Equity (net asset value)	34,064	49,225	66,351	75,434	65,716
Cash flows from operating activities	-1,275	125	552	87	32
Cash flows from investing activities	9,465	4,170	-358	-1,040	-3,838
Cash flows from financing activities	-8,654	-3,248	-162	934	-1,565
Total cash flows	-454	375	34	-20	-5,371
Financial ratios					
Equity ratio	97.2%	96,6%	97.4%	98.3%	97.2%
Return on equity (average)	neg.	neg.	neg.	12.1%	15.5%

The financial ratios have been calculated as follows:

Equity ratio: $\frac{Equity\ at\ year\ end*100}{Equity\ and\ liabilities\ at\ year\ end}$

Return on equity (average): $\frac{Profit\ for\ the\ year\ *100}{Average\ equity}$

Management's review

Operating review

Principal activities

DI Frontier Market Energy & Carbonfund K/S is a private equity limited partnership, which was established on 28 June 2011. The objective of DI Frontier Market Energy & Carbonfund 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 & Carbonfund 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 & Carbonfund K/S. The limited partnership has therefore no employees.

Development in financial matters

During 2023, DI Frontier Market Energy & Carbonfund K/S invested an additional EUR 148 thousand (2022: EUR 252 thousand) in portfolio companies..

In 2023, no new projects started commercial operations.

Profit for the year

In 2023, value adjustment of investments in portfolio companies amounted to EUR -5,991 thousand (2022: EUR -12,814 thousand), primarily impacted by the development in a specific investment under development.

In 2023, DI Frontier Market Energy & Carbonfund K/S realised a loss of EUR 6,614 thousand (2022: loss of EUR 13,542 thousand). Costs incurred include EUR 215 thousand (2022: EUR 598 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 2023, the limited partnership had called a total net amount of EUR 60,010 thousand (31 December 2022: EUR 60,010 thousand) of the total capital commitment of EUR 60,512 thousand, corresponding to 99% (31 December 2022: 99%).

The 2023 distributed amount of EUR 8,547 thousand (2022: 3,584 thousand) includes distribution of EUR 7,501 thousand (2022: EUR 2,940 thousand), EUR 77 thousand (2022: EUR 525 thousand) of withholding taxes paid, EUR 915 thousand (2022: EUR 119 thousand) of realised interest and EUR 54 thousand of capital gains tax (2022: 0).

At year-end 2023, total equity amounted to EUR 34,064 thousand (31 December 2022: EUR 49,225 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.

Sustainability and Disclosure

Frontier Energy is dedicated to developing and implementing projects that are environmentally and socially sustainable. When developing and building a project, Frontier Energy strives to benefit the neighboring communities and to adhere to global best practice, including IFC performance standards. As part of this work, Frontier Energy has a comprehensive ESG risks assessment process including conducting full Environmental & Social Impact Assessments for all projects and further emphasizes community engagement from early phases of project development.

The 2023 annual report includes sustainability disclosures in accordance with the Sustainable Finance Disclosures Regulation (SFDR). The requirements are largely based on the latest Regulatory Technical Standards ("RTS") to the SFDR Regulation, which indicate which sustainability related information to be made available to investors through the annual report and how this information is to be presented.

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 and term extension

The investment manager expects to receive simple majority approval from the Limited Partners in 2024 for another one-year term extension (1 option remaining of 4 as set out in the Limited Partnership Agreement). The investment manager expects to liquidate the Fund within the next two years.

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 value of the limited partnership's assets in operation is not affected by price volatility, as they have long term fixed price power purchase agreements in USD, but they are affected by exchange rate volatility. The limited partnership's asset in construction is expected to be exited during 2024 close to current book value.

Financial statements for the period 1 January – 31 December

Statement of comprehensive income

Note	EUR'000	2023	2022
7	Value adjustment of investments in portfolio companies	-5,991	-12,814
4	Other external costs	-504	-771
	Profit/loss before financial income and expenses	**-6,495**	**-13,584**
5	Financial income	12	88
6	Financial expenses	-130	-46
	Profit/loss for the year	**-6,614**	**-13,542**
	Other comprehensive income	0	0
	Total comprehensive income for the year	**-6,614**	**-13,542**

Financial statements for the period 1 January – 31 December

Statement of financial position

Note	EUR'000	2023	2022
	ASSETS		
	Non-current assets		
	Investments		
6, 7	Investments in portfolio companies	34,978	50,434
	Total non-current assets	**34,978**	**50,434**
	Current assets		
	Receivables		
8	Other receivables	6	5
	Total receivables	**6**	**5**
	Cash at bank and in hand	**76**	**530**
	Total current assets	**82**	**535**
	TOTAL ASSETS	**35,059**	**50,969**
	EQUITY AND LIABILITIES		
9	**Equity**		
	Contributed capital	60,010	60,010
	Retained earnings	-11,663	-5,049
	Distributions	-14,282	-5,736
	Total equity	**34,064**	**49,225**
	Liabilities		
	Non-current liabilities		
10	Loan payable to Industriens Fond	963	1,037
	Total non-current liabilies	**963**	**1,037**
	Current liabilities		
	Payable to the investment manager	1	2
	Other payables	31	705
	Total current liabilities	**32**	**707**
	Total liabilities	**995**	**1,744**
	TOTAL EQUITY AND LIABILITIES	**35,059**	**50,969**

Financial statements for the period 1 January – 31 December

Statement of changes in equity and capital commitment

EUR'000	Contributed capital: Commitment	Contributed capital: Uncalled	Contributed capital: Committed and paid-in capital	Retained earnings	Distributions	Total equity
Equity at 1 January 2022	60,512	502	60,010	8,493	-2,152	66,351
Distributed during the year	0	0	0	0	-3,584	-3,584
Paid through cash calls during the year	0	0	0	0	0	0
Profit for the year	0	0	0	-13,542	0	-13,542
Equity at 31 December 2022	60,512	502	60,010	-5,049	-5,736	49,225
Distributed during the year	0	0	0	0	-8,547	-8,547
Paid through cash calls during the year	0	0	0	0	0	0
Profit for the year	0	0	0	-6,614	0	-6,614
Equity at 31 December 2023	60,512	502	60,010	-11,663	-14,282	34,064

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

The 2023 distributed amount of EUR 8,547 thousand (2022: 3,584 thousand) includes distribution of EUR 7,501 thousand (2022: EUR 2,940 thousand), EUR 77 thousand (2022: EUR 525 thousand) of withholding taxes paid, EUR 915 thousand (2022: EUR 119 thousand) of realised interest and EUR 54 thousand of capital gains tax (2022: 0).

Financial statements for the period 1 January – 31 December

Cash flow statement

EUR'000	2023	2022
Profit/loss before financial income and expenses	-6,495	-18,399
Value adjustment of investments in portfolio companies	5,991	17,628
Changes in working capital	-771	504
Cash flows from operating activities before financial income and expenses	-1,275	-266
Interest expenses paid	-1	-2
Interest income received	12	393
Cash flows from operating activities	**-1,265**	**125**
Net additions to investments in portfolio companies, etc.	-148	-252
Net realized proceeds from investments in portfolio companies, etc.	9,500	921
Change in receivables from portfolio companies	0	0
Dividends received from investments	113	3,501
Cash flows from investing activities	**9,465**	**4,170**
Paid-up contributed capital	0	0
Partial repayment of loan payable to Industriens Fond	-108	-336
Distributed during the year	-8,547	-3,584
Cash flows from financing activities	**-8,654**	**-3,248**
Cash flows for the period	-454	375
Cash and cash equivalents at the beginning of the period	530	155
Cash and cash equivalents at year end	**76**	**530**

Cash and cash equivalents at year end can be specified as:		
Cash at bank and in hand	76	530

Financial statements for the period 1 January – 31 December

Note summary

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Summary of material accounting policies

Corporate information

The financial statements of DI Frontier Market Energy & Carbonfund K/S (the limited partnership) for the year ended 31 December 2023 were approved and authorised for issue by the general partner on 29 March 2024. DI Frontier Market Energy & Carbonfund K/S is a limited partnership incorporated and domiciled in Denmark.

Basis of preparation

The separate financial statements of DI Frontier Market Energy & Carbonfund K/S (the limited partnership) have been prepared in accordance with the IFRS Accounting Standards (IFRS) as adopted by the EU and the provisions applying to reporting class B enterprises under the Danish Financial Statements Act. These audited 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 2023. The accounting policies are unchanged from prior year, however, the Limited Partnership has adopted the amendments to IAS 1 *Presentation of Financial Statements* & Amendments to Practice Statement 2 *Making Materiality Judgements*, whereby the following information only contains such information that Management finds material.

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.

The investment manager expects to receive simple majority approval from the Limited Partners in 2024 for another one-year term extension (1 option remaining of 4 as set out in the Limited Partnership Agreement). On this basis, theses financial statements are prepared on a going concern basis.

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 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

Value adjustment of investments in portfolio companies

Realised and unrealised fair value adjustments of investments in portfolio companies, including receivables from portfolio companies and 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 material 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 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 ordinary partnership 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 and loans, reference is made to note 7.

Notes to the financial statements

1 Summary of material accounting policies (continued)

Receivables from portfolio companies and loans

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

Initial measurement

Receivables from portfolio companies and loans are recognised at the trade date, initially measured at fair value.

Subsequent measurement

Subsequently, receivables from portfolio companies and 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 receivables 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.

Equity

Investments by limited partners are recognised when cash calls are made. Investment commitments where cash calls have not been made at the balance sheet date are disclosed in the notes.

Tax

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

Notes to the financial statements

1 Summary of material 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.

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 criterias 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 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.

Investments in portfolio companies

For fair value of investments in portfolio companies, including receivables from portfolio companies and loans, 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	2023	2022
4 Other external costs		
Management fee (including VAT) calculated and paid in accordance with the limited partnership Agreement, the Investment Management Agreement and the approved management fee budget	215	598
Other external costs	289	173
Total other external costs	**504**	**771**
5 Financial income		
Foreign exchange rate gain	1	85
Other	11	4
Total financial income	**12**	**88**
6 Financial expenses		
Interest expenses on financial liabilities	34	36
Foreign exchange rate loss	95	8
Other	1	2
Total financial expenses	**130**	**46**

7 Investments

EUR'000	Equity investments in portfolio companies	Receivables from portfolio companies and loans	Total investments
Cost at 1 January 2023	22,080	28,059	50,139
Reclassification	357	-357	0
Additions during the year	0	148	148
Disposals during the year	-2,238	-4,986	-7,224
Cost at 31 December 2023	20,199	22,864	43,063
Value adjustment at 1 January 2023	-3,084	3,379	295
Reclassification	11,341	-11,341	0
Unrealised value adjustments	-2,592	-3,391	-5,983
Disposed value adjustment	-1,566	0	-1,566
Accrued interest	0	224	224
Disposed accrued interest	0	-1,056	-1,056
Value adjustment at 31 December 2023	4,099	-12,185	-8,085
Carrying amount at 31 December 2023	**24,298**	**10,679**	**34,978**

Notes to the financial statements

7 Investments (continued)

EUR'000	2023	2022
Value adjustment of investments in portfolio companies		
Dividend	113	3,501
Realised gain	-514	0
Unrealised value adjustments	-5,983	-17,628
Realised interest	168	921
Unrealised interest	224	392
Total value adjustment of investments in portfolio companies	**5,991**	**-12,814**

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

During 2023, two portfolio companies were transferred to the successor fund.

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

Fair value of investments

Equity investments in portfolio companies, including receivables from portfolio companies and loans are measured at fair value through profit or loss. One investment is measured at fair value, a third-party offer, and the remaining investments are based on the valuation by a third-party valuation specialist.

The fair value of the investments is determined using valuation methods and assumptions made by the third-party valuer that best reflect 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 (including agreed sales prices for transactions in progress at year-end).

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).

Financial statements for the period 1 January – 31 December

Notes to the financial statements

7 Investments (continued)

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:

	2023			
EUR'000	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Equity investments in portfolio companies	0	0	24,298	24,298
Receivables from portfolio companies and loans	0	0	10,679	10,679
Total financial assets	**0**	**0**	**34,978**	**34,978**

	2022			
EUR'000	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Equity investments in portfolio companies	0	0	18,996	18,996
Receivables from portfolio companies and loans	0	0	31,438	31,438
Total financial assets	**0**	**0**	**50,434**	**50,434**

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.

The following table shows a reconciliation of the opening balance to the closing balance for fair value measurements in Level 3 of the fair value hierarchy.

	2023		
EUR'000	**Equity investments in portfolio companies**	**Receivables from portfolio companies and loans**	**Total**
Balance at 1 January	18,996	31,438	50,434
Total gains or losses[1]	7,183	-15.563	-8,380
Additions	0	148	148
Disposals during the year	-2,238	-4,986	-7,224
Reclassifications	357	-357	0
Total financial assets	**24,298**	**10,679**	**34,978**

	2022		
EUR'000	**Equity investments in portfolio companies**	**Receivables from portfolio companies and loans**	**Total**
Balance at 1 January	36,101	31,610	67,712
Total gains or losses[1]	-17,106	-423	-17,530
Additions	0	252	252
Total financial assets	**18,996**	**31,438**	**50,434**

1 All gains and losses are recognized as value adjustment of investments in portfolio companies or financial income in the profit and loss. 0 (nil) is recognized in other comprehensive income.

There are no transfers between level 1, 2 and 3 during 2023 and 2022.

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 and loans, is determined using valuation methods and assumptions made by management, including agreed sales prices for transactions in progress at year-end. Accordingly, the measurement of the investments, including receivables from the portfolio companies and loans, 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.

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 2023, 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. (1	Uganda	99%	16,383	281	Q1 2017 (Siti I) Q2 2019 (Siti II)	Operation of two hydro power plants
Lubilia Kawembe Hydro Ltd. (1	Uganda	98%	2,066	287	Q2 2018	Operation of a hydro power plant
Nyamagasani II HPP Ltd.(1	Uganda	95%	4,605	-821	Q3 2021	Operation of a hydro power plant
Frontier Akiira Holding Ltd. (2 (holding company for the 37,5% investment in Akiira Geothermal Ltd.*)	Mauritius	100%	71	-9		Development of a geothermal power plant

[1] According to the latest approved financial statements for the financial year 1 July 2022 - 30 June 2023
[2] According to the latest approved financial statements for the financial year 1 January - 31 December 2022
* Kenyan branch of Mauritius Company.

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	15,660	-4,431	1,491	12,720
GEEREF	7,124	-2,016	678	5,786
IFU	4,980	-1,409	474	4,045
PensionDanmark	4,980	-1,409	474	4,045
PFA Pension	4,980	-1,409	474	4,045
Tryg Forsikring NUF	4,980	-1,409	474	4,045
Team commitment	361	-102	34	293
Balance at 31 December 2023	**43,063**	**-12,185**	**4,099**	**34,978**

8 Other receivables (current assets)

EUR'000	2023	2022
Other receivables	6	5
Total other receivables	**6**	**5**

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 2023, 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.

Notes to the financial statements

9 Capital management and contributed capital (continued)

Specification by capital accounts of the respective limited partners:

	Committed and contributed capital			Retained earnings				
EUR'000	Commit-ment	Uncalled	Called	Allocation of cost incurred, net	Unrealised gain on investments	Other adjustments according to LPA*	Distribu-tions	Total equity
British International Investment PLC	22,000	416	21,584	-5,760	1,519	233	-5,193	12,384
GEEREF	10,000	23	9,977	-2,618	691	-61	-2,360	5,629
IFU	7,000	16	6,984	-1,833	483	-42	-1,652	3,940
PensionDanmark	7,000	16	6,984	-1,833	483	-42	-1,652	3,940
PFA Pension	7,000	16	6,984	-1,833	483	-42	-1,652	3,940
Tryg Forsikring NUF	7,000	16	6,984	-1,833	483	-42	-1,652	3,940
Team commitment	511	0	511	-134	35	0	-121	291
Balance at 31 December 2023	**60,512**	**502**	**60,010**	**-15,842**	**4,179**	**0**	**-14,282**	**34,064**

* Adjustments pursuant to the limited partnership Agreement ("LPA"), section 16.1 (5).

Notes to the financial statements

9 Capital management and contributed capital (continued)

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

	EUR'000
Balance at the establishment on 28 June 2011	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
Balance at 31 December 2023	**60,512**

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 & Carbonfund 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, credit risk and currency 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.

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. We refer to note 7 for the exposures to investments in loans where the fair value of the investments is exposed to changes in interest rate risk. The loans are with fixed-interest rate terms.

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.

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
2023						
Investments						
Equity investments in portfolio companies	0	0	0	24,298	24,298	24,298
Receivables from portfolio companies and loans	0	0	0	10,679	10,679	10,679
Receivables						
Other receivables	6	0	0	0	6	6
Cash at bank and in hand	0	0	0	76	76	76
Total financial assets	**6**	**0**	**0**	**35,059**	**35,059**	**35,059**
Obligations						
Loan payable to Industriens Fond	0	0	0	963	963	963
Payable to the investment manager	1	0	0	0	1	1
Other payables	32	0	0	0	32	32
Total financial liabilities	**33**	**0**	**0**	**963**	**996**	**996**

Cash at bank are without restrictions and available upon request.

Repayment of receivables from portfolio companies and loans is dependent on the commencement of commercial operations. 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. The total balance towards the individual portfolio company is therefore included as 'no fixed maturity' in above table.

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.

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
2022						
Investments						
Equity investments in portfolio companies	0	0	0	18,996	18,996	18,996
Receivables from portfolio companies and loans	0	0	0	31,438	31,438	31,438
Receivables						
Other receivables	5	0	0	0	5	5
Cash at bank and in hand	0	0	0	530	155	155
Total financial assets	**5**	**0**	**0**	**50,965**	**50,969**	**50,969**
Obligations						
Loan payable to Industriens Fond	0	0	0	1,037	1,037	1,037
Payable to the investment manager	2	0	0	0	2	2
Other payables	705	0	0	0	705	705
Total financial liabilities	**707**	**0**	**0**	**1,045**	**1,751**	**1,751**

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 2023 and 2022, the limited partnership accounted for an impairment loss of receivables measured at amortised cost 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.

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 part of the limited partnership's expenses, is in DKK. Further, the limited partnership's investments (Investments in portfolio companies, receivables from portfolio companies and 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 exchange 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 at 31 December on its monetary financial assets and liabilities. The analysis calculates the effect of a reasonable positive movement of the exchange rate against EUR on profit or loss with all other variables held constant.

		Effect on profit or loss (*relates to monetary financial assets and liabilities*)	
Currency	**Change in exchange rate%**	**2023 (EUR'000)**	**2022 (EUR'000)**
DKK	10%	0	0
USD	10%	1,075	1,618

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 & Carbonfund 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 2023, unconditional commitments amounted to EUR 78 thousand (31 December 2022: EUR 650 thousand). At 31 December 2023, conditional commitments amounted to EUR 59 (31 December 2022: EUR 13,850 thousand), which the limited partnership under certain conditions are committed to contribute to portfolio companies for project funding.

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 & Carbonfund 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 on a quarterly basis.

Total management fee for 2022 and 2023 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 2023 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 of authority 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 & Carbonfund 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 & Carbonfund 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 & Carbonfund K/S subject to and in accordance with the final liquidation accounts of DI Frontier Market Energy & Carbonfund K/S.

The limited partnership has not had any transactions with the general partner in 2023.

Portfolio companies

Transactions and balances with portfolio companies (subsidiaries and associates) are disclosed in note 7.

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 2023 is 0 (nil) EUR (2022: EUR -691 thousand).

Supplementary report in accordance with Sustainable Finance Disclosure Regulation

The following pages consist of the periodic reporting for funds categorized under Article 9 in accordance with the provisions of the Sustainable Finance Disclosure Regulation.

The reporting follows the calendar year of the annual report and is prepared in accordance with an approved EU standard, which may not be derogated from.

ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: DI Frontier Market Energy & Carbonfund K/S
Legal entity identifier: CVR: 33771681 (FTID: 24376)

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Did this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It made **sustainable investments with an environmental objective: 100%**	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent was the sustainable investment objective of this financial product met?

The sustainable investment objective of DI Frontier Market Energy & Carbonfund K/S (DIFMEC) is to invest in development, construction and operation of renewable energy power projects and related infrastructure in the less developed emerging markets in Sub-Saharan Africa. DIFMEC has only made investments in renewable energy projects which is within the sustainable investment objective. DIFMEC has 3 investments in operation contributing to GHG emission reductions by producing green energy. The reduction of

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

GHG emissions and increasing the renewable energy capacity in Sub-Saharan Africa the sustainable investment object of DIFM EC aligns with and has contributed to the goals set out in the Paris Agreement.

- ***How did the sustainability indicators perform?***

DIFM EC investee companies produced 106,341GWh of renewable energy in the reference period. This has resulted in an estimated reduction of 16,510 tCO2. The amounts have not been audited.

- ***..and compared to previous periods?***

In the previous period DIFM EC investee companies produced 98,446GWh of renewable energy. This has resulted in an estimated reduction of 19,706 tCO2. The amounts have not been audited.

- ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

No new investments were made in the reference period. To ensure that the existing sustainable investments did not cause significant harm to any sustainable investment objective all investments follow the ESMS mechanisms set out by the fund manager. This is monitored with investees reporting annually on ESG matters to ensure that they are all complying with the sustainable investment objective set out. Further, there is ongoing reporting of all ESG-related issues from the investee company to the fund manager. 100% of the investments made by DIFM EC have been 100% aligned with EU taxonomy.

How were the indicators for adverse impacts on sustainability factors taken into account?

DIFM EC made investments that were 100% in allignment with EU taxonomy. ESG personnel is involved with all investments made by DIFM EC. All investments track all mandatory and applicable voluntary principal adverse impact on sustainability including GHG emissions in scope 1,2, and 3 as well as GHG emission reduction when in operation.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

All investment were made in accordance with the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights. DIFM EC has set up ESG requirements for all investee companies that secures that they comply with a long list of international standards including OECD guidelines and UN guiding principles.

How did this financial product consider principal adverse impacts on sustainability factors?

DIFMEC considers all mandatory principal adverse impacts as well as all relevant voluntary principal adverse impacts on all investments. DIFMEC has expanded the reporting on the carbon footprint including scope 1, 2 and 3 emissions. DIFMEC has 0% exposure to companies active in the fossil fuel sector. There have been 0 violations of UN Global Compact princples in the investee companies. Before construction there is a thourough inspection regarding threatened species. DIFMEC has setup several policies for all investee companies including a Environment, Health and Safety Policy, Social, Labour and Human Rights Policy, and Business Integrity, Anti-Bribery & -Corruption and Corporate Governance Policy. These policies jointly with the reporting from investees ensure that principal adverser impacts on sustainability are considered.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2023

2023

Largest investments	Sector	% Assets	Country
Akiira Geothermal Ltd.	*Renewable Energy*	*28.2%*	*Kenya*
Elgon Hydro Siti (PVT) Ltd.	*Renewable Energy*	*23.8%*	*Uganda*
Nyamagasani II HPP Ltd.	*Renewable Energy*	*9.7%*	*Uganda*
Lubilia Kawembe Hydro Ltd.	*Renewable Energy*	*9.3%*	*Uganda*

2022

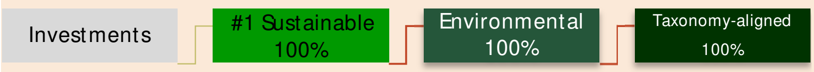
Largest investments	Sector	% Assets	Country
Akiira Geothermal Ltd.	*Renewable Energy*	*28.2%*	*Kenya*
Elgon Hydro Siti (PVT) Ltd.	*Renewable Energy*	*23.8%*	*Uganda*
Rwaza Hydro Ltd.	*Renewable Energy*	*11.4%*	*Rwanda*
Nyamagasani II HPP Ltd.	*Renewable Energy*	*9.7%*	*Uganda*
Lubilia Kawembe Hydro Ltd.	*Renewable Energy*	*9.3%*	*Uganda*

What was the proportion of sustainability-related investments?

100%, all investment were sustainability-related investments in the renewable energy sector.

What was the asset allocation?

100% of the assets where sustainability-related investments. There has been no double-counting as all investments has only been counted under environmental due to all the investments being renewable energy.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

specific assets.

In which economic sectors were the investments made?

All investments where made in the renewable energy sector.

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

100% of the investments made by DIFM EC where alligned with EU Taxonomy as investments where made within, electricity generation from hydro power and electricity generation from geothermal energy. The investments has not been audited for EU Taxonomy.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

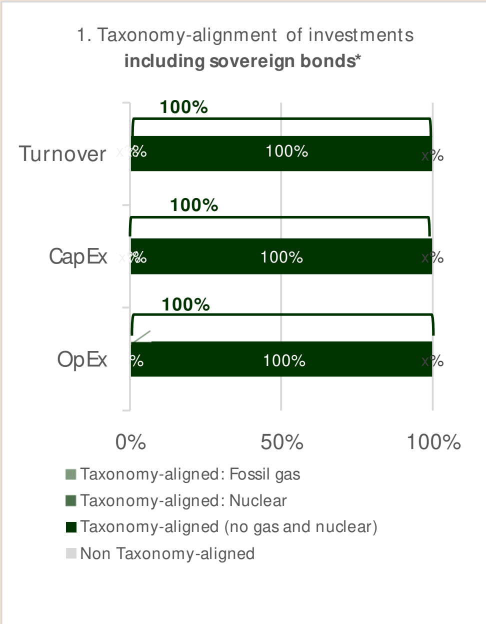
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

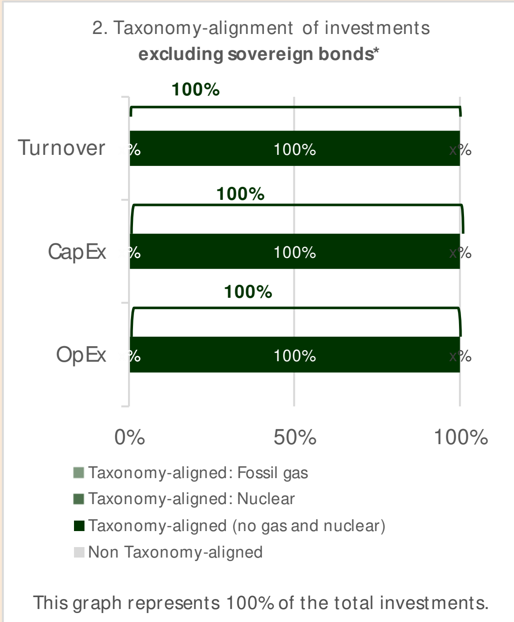
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What was the share of investments made in transitional and enabling activities?

100%, all investments made by DIFMEC were made in transitional and enabling activities as all investment made are generating green electricity that can substitute electricity made from fossil fuels.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

The percentage of aligned with EU Taxomony was also 100% in the previous reference period.

What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

All investment made were alligned with the EU Taxonomy

What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

No investment were included under "not sustainable".

What actions have been taken to attain the sustainable investment objective during the reference period?

To attain the sustainable investment objective 100% of the investments made in the reference period has been in renewable energy alligned with the EU Taxonomy.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

How did this financial product perform compared to the reference sustainable benchmark?

No index has been chosen as a reference benchmark for DIFM EC. By investing accordingly with the aforementioned investment strategy and the implemented sustainability indicators for DIFM EC, each environmental objective is considered to be attained

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