

## **Frontier Energy II Beta K/S**

c/o Bech-Bruun

Langelinie Allé 35

2100 Copenhagen Ø

CVR no. 35 44 58 70

### **Annual Report 2020**

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

Chairperson:

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Anders Michael Hauch

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## Statement by the General Partner

The General Partner has today discussed and approved the annual report of Frontier Energy II Beta K/S for the financial year 1 January to 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:  
FE II GP ApS

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Søren Piilgaard Barkholt

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Erik Sejersen

## Independent auditor's report

### To the limited partners and the general partner of Frontier Energy II Beta K/S

#### Opinion

We have audited the financial statements of Frontier Energy II Beta 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:	Frontier Energy II Beta K/S
Address:	c/o Bech-Bruun law firm Langelinie Allé 35 2100 Copenhagen Ø Denmark
Registration no.:	CVR no. 35 44 58 70
Registered office:	Copenhagen
Financial year:	1 January – 31 December
Date of establishment:	15 December 2016
Initial closing date:	21 March 2017
Final closing date:	30 November 2018
Total commitment:	USD 24,208,000
Term:	10 years
Investment period:	5 years
General Partner:	FE II GP ApS (from 28 June 2019, former General Partner: Frontier Energy Erhvervsdrivende Fond)
Investment Manager:	Frontier Investment Management ApS
Auditors:	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

USD'000	2020	2019	2018	2017
<b>Key figures</b>				
Value adjustment of investments in portfolio companies	202	210	0	0
<b>Loss before financial income and expenses</b>	-384	-382	-519	-532
Financial income and expenses	389	259	103	-3
<b>Profit/Loss for the year</b>	5	-123	-416	-535
<b>Investments in portfolio companies</b>				
Investments in portfolio companies	10,754	8,829	2,635	2,049
Total assets	10,872	9,549	8,437	2,177
<b>Equity (net asset value)</b>	10,657	9,468	7,908	1,906
<b>Cash flows</b>				
Cash flows from operating activities	-555	-883	-232	-470
Cash flows from investing activities	-1,510	41	-6,221	-2,065
Cash flows from financing activities	1,621	1,298	6,377	2,437
<b>Total cash flows</b>	-444	456	-76	-98
<b>Financial ratios</b>				
Equity ratio	98.0	99.2	93.7	87.6
Return on equity (average)	neg.	neg.	neg.	neg.



## Management's review

### Operating review

#### Principal activities

Frontier Energy II Beta K/S is a private equity limited partnership, which was established on 15 December 2016.

The objective of Frontier Energy II Beta K/S is to achieve the highest possible financial return on the commitments of the partners by making, developing and realising investments in renewable energy and energy efficiency assets in countries in Sub-Saharan Africa.

Frontier Energy II Beta K/S had capital commitments totalling USD 24,208 thousand.

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

#### Development in financial position

During 2020, Frontier Energy II Beta K/S invested an additional USD 1,413 thousand in portfolio companies and related projects.

In 2020, one project (Kyambura) started commercial operation.

#### Profit for the year

In 2020, value adjustment of investments in portfolio companies amounted to USD 202 thousand (2019: USD 210 thousand).

In 2020, Frontier Energy II Beta K/S realised a profit of USD 5 thousand (2019: loss of USD 123 thousand). Cost of USD 462 thousand relates to management fee (including VAT) (2019: USD 456 thousand) and USD 8 thousand relates to general partner fee (2019: USD 7 thousand).

#### Balance sheet and capital structure

At 31 December 2020, the limited partnership had called a total net amount of USD 11,726 thousand (31 December 2019: USD 10,542) of the total capital commitment of USD 24,208 thousand, corresponding to 48% (31 December 2019: 44%).

At year end 2020, total equity (net asset value) amounted to USD 10,657 thousand (31 December 2019: USD 9,468 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**

Frontier Energy 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 limited partnership expects to make additional investments in the coming years. The limited partnership will call capital from the limited partners as needed in connection with the ongoing execution of activities in accordance with the Limited Partnership Agreement.

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 2020**

**Statement of comprehensive income**

<b>Note</b>	<b>USD'000</b>	<b>2020</b>	<b>2019</b>
6	Value adjustment of investments in portfolio companies	202	210
13	Management fee	-462	-456
13	General partner fee	-8	-7
	Set-up costs incurred in connection with the establishment of the limited partnership	0	-5
	Other external costs	-116	-124
	<b>Loss before financial income and expenses</b>	<b>-384</b>	<b>-382</b>
4	Financial income	395	282
5	Financial expenses	-6	-23
	<b>Profit/loss for the year</b>	<b>5</b>	<b>-123</b>
	Other comprehensive income	0	0
	<b>Total comprehensive income for the year</b>	<b>5</b>	<b>-123</b>

**Financial statements for the period 1 January – 31 December 2020**

**Statement of financial position**

Note	USD'000	2020	2019
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
	<b>Investments</b>		
6,13	Investments in portfolio companies	10,753	8,829
	<b>Total non-current assets</b>	<u>10,753</u>	<u>8,829</u>
	<b>Current assets</b>		
	<b>Receivables</b>		
	Receivables from limited partners	0	437
7	Receivable from Frontier Energy II Alpha K/S (parallel partnership)	97	0
	Other receivables	22	1
		<u>119</u>	<u>438</u>
	<b>Cash at bank and in hand</b>	<u>0</u>	<u>282</u>
	<b>Total current assets</b>	<u>119</u>	<u>720</u>
	<b>TOTAL ASSETS</b>	<u>10,872</u>	<u>9,549</u>
	<b>EQUITY AND LIABILITIES</b>		
8	<b>Equity</b>		
	Contributed capital	11,787	10,542
	Retained earnings	-1,069	-1,074
	Distributions	-61	0
	<b>Total equity</b>	<u>10,657</u>	<u>9,468</u>
	<b>Liabilities</b>		
	<b>Current liabilities</b>		
10	Bank loans and overdrafts	162	0
13	Payable to the investment manager	26	13
	Payable to limited partners	10	7
	Payable to Frontier Energy II Alpha K/S (parallel partnership)	0	14
9,13	Other payables	17	47
	<b>Total current liabilities</b>	<u>215</u>	<u>81</u>
	<b>Total liabilities</b>	<u>215</u>	<u>81</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>10,872</u>	<u>9,549</u>

Financial statements for the period 1 January – 31 December 2020

Statement of changes in equity and capital commitment

USD'000	Contributed capital		Committed and called capital	Retained earnings	Distributions	Total equity
	Commitment	Uncalled				
<b>Equity at 15 December 2016</b>	0	0	0	0	0	0
Committed at initial closing	20,208	-20,208	0	0	0	0
Paid through cash calls during the year	0	2,441	2,441	0	0	2,441
Loss for the period	0	0	0	-535	0	-535
<b>Equity at 1 January 2018</b>	20,208	-17,767	2,441	-535	0	1,906
Committed during the year	4,000	-4,000	0	0	0	0
Paid through cash calls during the year	0	6,418	6,418	0	0	6,418
Loss for the year	0	0	0	-416	0	-416
<b>Equity at 1 January 2019</b>	24,208	-15,349	8,859	-951	0	7,908
Paid through cash calls during the year	0	1,683	1,683	0	0	1,683
Loss for the year	0	0	0	-123	0	-123
<b>Equity at 1 January 2020</b>	24,208	-13,666	10,542	-1,074	0	9,468
Paid through cash calls during the year	0	1,245	1,245	0	0	1,245
Distributed during the year	0	0	0	0	-61	-61
Profit for the year	0	0	0	5	0	5
<b>Equity at 31 December 2020</b>	24,208	-12,421	11,787	-1,069	-61	10,657

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

**Financial statements for the period 1 January – 31 December 2020**

**Statement of cash flows**

<b>USD'000</b>	<b>2020</b>	<b>2019</b>
Loss before financial income and expenses	-384	-382
Value adjustment of investments in portfolio companies	-202	-210
Changes in working capital	-16	-295
Cash flows from operating activities before financial income and expenses	-602	-887
Financial expenses paid	-1	0
Financial expenses received	48	4
<b>Cash flows from operating activities</b>	<b>-555</b>	<b>-883</b>
Non-current investments in portfolio companies, etc.	-1,413	-3,696
Change in receivable from Frontier Energy II Alpha K/S	-97	3,737
<b>Cash flows from investing activities</b>	<b>-1,510</b>	<b>41</b>
Paid-up contributed capital	1,245	1,683
Distributed during the year	-61	0
Change in receivables from limited partners	437	-406
Change regarding interest payable to parallel partnership pursuant to section 6.2 (ii)	0	21
<b>Cash flows from financing activities</b>	<b>1,621</b>	<b>1,298</b>
<b>Cash flows for the period</b>	<b>-444</b>	<b>456</b>
Cash and cash equivalents at the beginning of the period	282	-174
<b>Cash and cash equivalents at year end</b>	<b>-162</b>	<b>282</b>
Cash and cash equivalents at year end can be specified as:		
Cash at bank and in hand	0	282
Bank loans and overdrafts	-162	0
<b>Cash and cash equivalents</b>	<b>-162</b>	<b>282</b>

## **Financial statements for the period 1 January – 31 December 2020**

### **Note summary**

- 1 Summary of significant accounting policies
- 2 Significant accounting judgements, estimates and assumptions
- 3 Standards issued not yet effective
- 4 Financial income
- 5 Financial expenses
- 6 Investments
- 7 Receivable from Frontier Energy II Alpha K/S (parallel partnership)
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- 10 Bank loans and overdrafts
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- 12 Contingencies, etc.
- 13 Related party disclosures

## Financial statements for the period 1 January – 31 December 2020

### Notes to the financial statements

#### 1 Summary of significant accounting policies

##### Corporate information

The financial statements of Frontier Energy II Beta 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. Frontier Energy II Beta K/S is a limited partnership incorporated and domiciled in Denmark.

##### Basis of preparation

The separate financial statements of Frontier Energy II Beta 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 USD and all values are rounded to the nearest thousand USD, 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 majority of returns are USD related, the capital is raised in USD and the performance is evaluated in USD terms and the liquidity of the limited partnership is also managed in USD. Therefore, the limited partnership concludes that USD is its functional currency. The limited partnership's presentation currency is also USD.

##### Statement of comprehensive income

##### Foreign currency translation

Transactions denominated in foreign currencies (non-USD) 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-USD) 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.



## Financial statements for the period 1 January – 31 December 2020

### Notes to the financial statements

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

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

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

##### Fees, set-up costs 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 expenses, realised and unrealised gains and losses on securities as well as payables and transactions denominated in foreign currencies (non-USD).

### 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).

## Financial statements for the period 1 January – 31 December 2020

### Notes to the financial statements

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

##### *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 6.

##### ***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 their performance evaluated, based on fair value.

##### *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 partnerships 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.

## Financial statements for the period 1 January – 31 December 2020

### Notes to the financial statements

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

##### Tax

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

##### 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 2020

### 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 as to 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 have impacted the 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 to 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 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, please refer to note 6.

## Financial statements for the period 1 January – 31 December 2020

### 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.

#### 4 Financial income USD'000

	2020	2019
Interest income	86	14
Interest income from receivables from portfolio companies measured at fair value through profit or loss	309	268
	<u>395</u>	<u>282</u>

#### 5 Financial expenses USD'000

	2020	2019
Interest expense	1	1
Other	5	22
	<u>6</u>	<u>23</u>

#### 6 Investments

USD'000	Equity investments in portfolio companies	Other receivables from portfolio companies, interest-bearing loans	Other receivables from portfolio companies	Total investments
Cost at 1 January	1,611	4,105	2,531	8,246
Reclassification	-104	1,221	-1,117	0
Additions during the year	634	828	-50	1,412
Cost at 31 December	<u>2,141</u>	<u>6,154</u>	<u>1,364</u>	<u>9,658</u>
Value adjustment at 1 January	210	371	2	583
Reclassification	0	2	-2	0
Accrued interest income	0	309	0	309
Value adjustment for the year	202	0	0	202
Value adjustment at 31 December	<u>412</u>	<u>682</u>	<u>0</u>	<u>1,094</u>
<b>Carrying amount at 31 December</b>	<u>2,553</u>	<u>6,836</u>	<u>1,364</u>	<u>10,753</u>

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

Other receivables relate to costs directly incurred for the development of new portfolio companies or loans to such, which are expected to be converted into equity instruments in new portfolio companies within the following years.

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

USD'000	2020	2019
Realised value adjustments for the year	0	0
Unrealised value adjustments for the year	202	210
<b>Value adjustment of investments</b>	<u>202</u>	<u>210</u>

## Financial statements for the period 1 January – 31 December 2020

### Notes to the financial statements

#### 6 Investments (continued)

##### *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 6-11% 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 is set based on the interest rates for the external loans used to fund the specific project.
- Equity/debt leverage is set based on the current capitalization of the portfolio company.

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).

## Financial statements for the period 1 January – 31 December 2020

### Notes to the financial statements

#### 6 Investments (continued)

##### *Fair value of investments*

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

USD'000	2020			
	Level 1	Level 2	Level 3	Total
<i>Investments</i>				
Equity investments in portfolio companies	-	-	2,553	2,553
Other receivables from portfolio companies, interest-bearing loans	-	-	6,836	6,836
Other receivables from portfolio companies	-	-	1,364	1,364
<b>Total financial assets</b>	-	-	10,753	10,753

  

USD'000	2019			
	Level 1	Level 2	Level 3	Total
<i>Investments</i>				
Equity investments in portfolio companies	-	-	1,821	1,821
Other receivables from portfolio companies, interest-bearing loans	-	-	4,476	4,476
Other receivables from portfolio companies	-	-	2,532	2,532
<b>Total financial assets</b>	-	-	8,829	8,829

The limited partnerships 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 2020

### Notes to the financial statements

#### 6 Investments (continued)

The limited partnership meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries but, recognises them (including related receivables and associates) as investments at fair value through profit or loss. At 31 December 2020, the limited partnership had invested in the following portfolio companies:

Subsidiaries and associates	Country	Ownership interest a)	Equity (100%/ USD'000)	Profit/loss for the year (100%/ USD'000)	Operational start	Investment project description
Rwenzori Hydro Power Ltd. <sup>(1)</sup>	Uganda	91%	10,533	-873		Development of a hydro power plant
Greenewus Energy Africa Ltd. <sup>(1)</sup>	Uganda	93%	2,714	-482		Development of a hydro power plant
BVC Geothermal Kenya Ltd <sup>(2)</sup>	Kenya	58%	-432	-215		Development of a geothermal power plant
Ndugutu Power Company Uganda Ltd. <sup>(1)</sup>	Uganda	60%	1,145	-156	2019	Operation of a hydro power plant (5.9 MW installed)
Esikipeto Power Generation Ltd. <sup>(3)</sup>	Kenya	100%**	n/a	n/a		Development of a wind power plant
Esidai Wind Power Generation Company Ltd. *	Kenya	40%**	n/a	n/a		Development of a wind power plant
Nithi Hydro Power Ltd. <sup>(3)</sup>	Kenya	100%	764	n/a		Development of a hydro power plant
Selenkei Investment Limited <sup>(3)</sup>	Kenya	51%	563	-275		Development of a solar power plant
Cedate Limited <sup>(3)</sup>	Kenya	51%	485	-337		Development of a solar power plant
DC Frontier Energy Ltd.*	Rwanda	95%	1,239	-235		Development of hydro power plants
Wind for Prosperity Kenya Ltd. <sup>(3)</sup>	Kenya	53%	224	n/a		Development of small off-grid wind power plants
Olsuswa Energy Ltd. <sup>2</sup>	Kenya	42%	-16	3		Development of a geothermal power plant
Rukarara VI HPP Ltd. <sup>(1)</sup>	Rwanda	70%	-86	-76		Development of a hydro power plant
Frontier Energy Hydro Power Limited*	Zambia	100%	n/a	n/a		Development of a hydro power plant
Bukwo HPP Ltd*	Uganda	100%	n/a	n/a		Development of a hydro power plant
Enventure Africa S.A.*	Mozambique	55%	n/a	n/a		Development of a wind power plant
Range Wind Park Limited*	Kenya	85%	n/a	n/a		Development of a wind power plant
Momba Hydropower Ltd.	Tanzania	0%***	n/a	n/a		Development of a hydro power plant
Kiwira Energy Ltd.	Tanzania	0%***	n/a	n/a		Development of a hydro power plant
Elemental Energy Ltd.	Uganda	0%***	n/a	n/a		Development of a hydro power plant
Chania Green Generation Ltd. <sup>(3)</sup>	Kenya	51%	951	-362		Development of a wind power plant
Ziba Ltd.	Uganda	39%			2019	Operation of a hydro power plant (7.6 MW installed)
G-E Djibouti Holding 1 Limited <sup>3)</sup> (holding company for the 35% investment in Djibouti Solar Park 1 Ltd. SAS*)	Cyprus	100%	-3	-1		Holding company for the investment in Djibouti Solar Park 1 Ltd. SAS, Djibouti, which invests in development of a solar power plant
Mukoki HPP Ltd.	Uganda	0%	n/a	n/a		Development of a hydro power plant
Bihongora Hydro Ltd.	Rwanda	60%	n/a	n/a		Development of a hydro power plant

a) The ownership interest is based on the consolidated ownership percentage of Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S (the parallel partnership). According to the Limited Partnership Agreement, each parallel partnership shall invest in the same Investments, and divest such Investments, in each case at the same time, and on the same terms and conditions. At 31 December 2020, the pro-rate share of Investments is 89.35/10.65, respectively, for Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S.



## Financial statements for the period 1 January – 31 December 2020

### Notes to the financial statements

#### 6 Investments (continued)

- 1) According to the latest approved financial statements for the financial year 1 July 2019 - 30 June 2020
- 2) According to the latest approved financial statements for the financial year 1 January - 31 December 2018
- 3) 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.

\*\* Shares are held in trust by legal counsel.

\*\*\* No shares subscribed. Cost directly incurred for the development of new portfolio companies or loans to such, which are expected to be converted into equity instruments in new portfolio companies within the following years. Classified as 'Other receivables within Investments'.

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

Specification by investments of the respective Limited Partners:

USD'000	Share of total investment costs	Share of accrued interest income	Share of total value adjustment	Share of carrying amount
FMO	9,576	884	200	10,661
Aggregate team commitment	83	8	2	92
<b>Balance at 31 December 2020</b>	<b>9,659</b>	<b>892</b>	<b>202</b>	<b>8,829</b>

#### 7 Receivable from Frontier Energy II Alpha K/S (parallel partnership)

USD'000	2020	2019
Receivable from Frontier Energy II Alpha K/S (the parallel partnership)	97	0

#### 8 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 USD 24,208 thousand at 31 December 2020, of which USD 12,482 thousand was uncalled. Quantitative information about the limited partnership's capital is provided in the statement of changes in equity and 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 2020

### Notes to the financial statements

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

Specification by capital accounts of the respective limited partners:

USD'000	Committed and contributed capital			Retained earnings			Distributions	Total equity
	Commitment	Uncalled	Called	Allocation of cost incurred, net	Unrealised gains on investments	Total retained earnings		
FMO	24,000	12,314	11,686	-1,860	800	-1,060	-60	10,566
Aggregate team commitment	207	106	101	-16	7	-9	-1	91
FE II CIV K/S	1	1	0	0	0	0	0	0
<b>Balance at 31 December 2020</b>	<b>24,208</b>	<b>12,421</b>	<b>11,787</b>	<b>-1,876</b>	<b>807</b>	<b>-1,069</b>	<b>-61</b>	<b>10,657</b>

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

	USD'000
<b>Balance at the establishment on 15 December 2016</b>	0
Commitments at initial closing at 21 March 2017	20,208
Additional commitments during 2018	4,000
<b>Balance at 31 December 2020</b>	<b>24,208</b>

## Financial statements for the period 1 January – 31 December 2020

### Notes to the financial statements

#### 9 Other payables USD'000

	2020	2019
Payable to the general partner	0	8
Other payables	17	39
	<u>17</u>	<u>47</u>

#### 10 Bank loans and overdrafts USD'000

	2020	2019
Bank overdraft facility	162	0
	<u>162</u>	<u>0</u>

#### 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 equity investments in portfolio companies. Some risks are inherent in the limited partnership's activities, refer to note 6 for details. 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 secure 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 realizing 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 2020

### 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:

USD'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>						
Investments in portfolio companies	-	-	-	2,553	2,553	2,553
Other receivables from portfolio companies, interest-bearing loans	-	-	-	6,836	6,836	6,836
Other receivables from portfolio companies	-	-	-	1,364	1,364	1,364
<i>Receivables</i>						
Receivables from limited partners	0	-	-	-	-	-
Other receivables	21	-	-	-	21	21
Cash at bank and in hand	-	-	-	-	-	-
<b>Total financial assets</b>	<b>720</b>	<b>-</b>	<b>-</b>	<b>10,753</b>	<b>10,774</b>	<b>10,774</b>
<i>Obligations</i>						
Payable to the Investment Manager	26	-	-	-	26	26
Payables to limited partners	10	-	-	-	10	10
Payable to Frontier Energy II Alpha K/S (parallel partnership)	0	-	-	-	0	0
Other payables	17	-	-	-	17	17
Bank Overdrafts	162	-	-	-	162	162
<b>Total financial liabilities</b>	<b>215</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215</b>	<b>215</b>

Repayment of receivables relating to Investments (other receivables and interest-bearing loans from portfolio companies) depend on start 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 when commercial operation has commenced.

Besides the financial assets and liabilities presented in the table above, the limited partnership has entered into certain agreements about investments in portfolio companies in 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 12 for further description.

## Financial statements for the period 1 January – 31 December 2020

### Notes to the financial statements

#### 11 Financial risk (continued)

USD'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>						
Investments in portfolio companies	-	-	-	1,821	1,821	1,821
Other receivables from portfolio companies, interest-bearing loans	-	-	-	4,476	4,476	4,476
Other receivables from portfolio companies	-	-	-	2,532	2,532	2,532
<i>Receivables</i>						
Receivables from limited partners	437	-	-	-	437	437
Other receivables	1	-	-	-	1	1
Cash at bank and in hand	282	-	-	-	282	282
<b>Total financial assets</b>	<b>720</b>	<b>-</b>	<b>-</b>	<b>8,829</b>	<b>9,549</b>	<b>9,549</b>
<i>Obligations</i>						
Payable to the Investment Manager	13	-	-	-	13	13
Payables to limited partners	7	-	-	-	7	7
Payable to Frontier Energy II Alpha K/S (parallel partnership)	14	-	-	-	14	14
Other payables	47	-	-	-	47	47
<b>Total financial liabilities</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>81</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 within 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 USD 0 (nil).

The carrying amount 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 2020

### Notes to the financial statements

#### 12 Contingencies, etc.

The limited partnership has entered into an Investment Management Agreement 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 Frontier Energy II Beta K/S. If this agreement is terminated, the limited partnership may under certain circumstances be under an obligation to pay six months' management fees.

#### Portfolio transfer agreement

In 2017, the limited partnership entered into a portfolio transfer agreement with DI Frontier Market Energy & Carbon Fund K/S (the predecessor fund to Frontier Energy II Alpha K/S). According to this agreement, a part of the portfolio companies in DI Frontier Market Energy & Carbon Fund K/S, including related commitments, will be transferred to the limited partnership. The limited partnership expects that the transfer of remaining two portfolio companies under the portfolio transfer agreement will be finalised during 2021.

The agreed amount that the limited partnership and Frontier Energy II Beta K/S (the parallel partnership) is committed to pay under the portfolio transfer agreement for the two portfolio companies awaiting transfer is USD 695 thousand. At 31 December 2020, unconditional commitments related to the two portfolio companies awaiting transfer to the limited partnership amounted to USD 410 thousand. At 31 December 2020, the pro-rate share between the partnerships is 89.35/10.65, respectively, for Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S.

#### Commitments regarding investments in portfolio companies

The limited partnership and Frontier Energy II Beta K/S (the parallel partnership) have entered into certain agreements about investments in portfolio companies. At 31 December 2020, total unconditional commitments amounted to USD 2,357 thousand (31 December 2019: USD 2,017 thousand). At 31 December 2020, total conditional commitments amounted to USD 34,044 thousand (31 December 2019: USD 61,444 thousand), which the limited partnerships under certain conditions are committed to contribute to portfolio companies for project funding. At 31 December 2020, the pro-rate share between the partnerships is 89.35/10.65, respectively, for Frontier Energy II Alpha K/S and Frontier Energy II Beta K/S.

The limited partnership does not expect all conditional commitments to materialise and will call capital from the limited partners as needed based on the ongoing investment activities.

## Financial statements for the period 1 January – 31 December 2020

### Notes to the financial statements

#### 13 Related party disclosures

No individual companies or persons exercise control over Frontier Energy II Beta 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 beginning from the initial closing date (21 March 2017). The management fee is payable quarterly.

Total management fee for 2020 and set-up costs incurred are disclosed separately in the statement of comprehensive income.

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. Payroll taxes paid to the Investment Manager during 2020 amount to USD 16 thousand and are reported as part of other external costs (2019: USD 23 thousand).

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 – FE II GP ApS (from 28 June 2019)***

FE II GP ApS (the general partner), which has direct and unlimited liability for the limited partnership's debts and liabilities, and its management are considered as related parties.

The general partner has the 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.

The general partner is entitled to receive a fee, which constitutes the financial entitlement in the limited partnership.

The general partner fee is payable quarterly in arrears, beginning at the expiry of the first calendar quarter following the initial closing date.

Total general partner fee for 2019 is disclosed directly in the statement of comprehensive income.

The balance with the general partner at 31 December 2020 is disclosed in note 9.

##### ***Portfolio companies***

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

**Financial statements for the period 1 January – 31 December 2020****Notes to the financial statements****13 Related party disclosures (continued)*****Other related parties***

Other related parties comprise the following:

***Frontier Energy II Alpha K/S***

Frontier Energy II Alpha K/S and its management are considered as related parties to the limited partnership. Frontier Energy II Alpha K/S is a parallel partnership of Frontier Energy II Beta K/S and has the same general partner, FE II GP ApS.

As Frontier Energy II Alpha K/S is a parallel partnership to Frontier Energy II Beta K/S, transactions within the normal activity of the limited partnership is typically made by Frontier Energy II Alpha K/S and subsequently, for the pro rata share, paid by Frontier Energy II Beta K/S to Frontier Energy II Alpha K/S.

The balance at 31 December 2020 with Frontier Energy II Alpha K/S is disclosed directly in the statement of financial position.

***FE II CIV K/S***

FE II CIV K/S and its management are considered as related parties to the limited partnership. FE II CIV K/S is the founding partner of the limited partnership and has the same general partner as Frontier Energy II Beta K/S, FE II GP ApS.

FE II CIV K/S is entitled to carried interest subject to and in accordance with the Limited Partnership Agreement.

Transactions with FE II CIV K/S are disclosed in note 9.



# ΠΕΝΝΕΟ

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

## Søren Piilgaard Barkholt

### General Partner

On behalf of: FE II GP ApS

Serial number: PID:9208-2002-2-975793097970

IP: 62.199.xxx.xxx

2021-04-09 12:18:08Z

NEM ID 

## Anders Michael Hauch

### Chairman

On behalf of: Frontier Energy II Alpha K/S and Fronti...

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

IP: 77.233.xxx.xxx

2021-04-09 12:51:51Z

NEM ID 

## Erik Sejersen

### General partner

On behalf of: FE II GP ApS

Serial number: PID:9208-2002-2-774063329171

IP: 87.104.xxx.xxx

2021-04-11 12:33:58Z

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 09:46:31Z

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 08:14:37Z

NEM ID 

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