

# DSDG Holding ApS

c/o IFU, Fredericiagade 27 , 1310 Copenhagen K, Denmark

CVR no. 40 96 02 44

## Annual report

for the period 22 November 2019 - 31 December 2020

Approved at the Company's annual general meeting on 29 April 2021

Chairman:

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Nicolai Boserup





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## Statement by Management

The undersigned have today discussed and approved the annual report of DSDG Holding ApS for the financial year 22 November 2019 - 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 22 November 2019 - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 29 April 2021  
Management of DSDG Holding ApS

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Nicolai Boserup  
Chairman

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Torben Huss

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Lars Krogsgaard

## Independent auditor's report

To the limited partners of DSDG Holding ApS

### Opinion

We have audited the financial statements of DSDG Holding ApS for the financial year 22 November 2019 - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 22 November 2019 - 31 December 2020 in accordance with 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' 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.

### 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 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 Company'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 Company 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.

## Independent auditor's report

- ▶ 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company 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.

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.

### 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 form of 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 misstatement of the Management's review.

Copenhagen, 29 April 2021

EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Lars Rhod Søndergaard  
State Authorised  
Public Accountant  
mne28632

Anne Tønsberg  
State Authorised  
Public Accountant  
mne32121

## Management's review

### Company details

Name	DSDG Holding ApS
Address, zip code, city	c/o IFU, Fredericiagade 27, 1310 Copenhagen K, Denmark
CVR no.	40 96 02 44
Established	22 November 2019
Registered office	Copenhagen
Financial year	22 November 2019 - 31 December 2020
Auditor	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

Seen over the period 22 November 2019 - 31 December 2020, the development of the Company can be described by the following financial highlights.

#### Key figures

DKK'000	2020
<b>Profit/loss</b>	
Profit/loss before financial income and expenses	(826)
Net financials	(36)
<b>Net profit/loss for the year</b>	<b>(862)</b>
<b>Balance sheet</b>	
Balance sheet total	65,004
Equity	64,178
<b>Cash flows</b>	
Cash flows from operating activities	(36)
Cash flows from investing activities	(61,661)
Cash flows from financing activities	65,040
<b>Change in the year</b>	<b>3,343</b>
<b>Financial ratios</b>	
Return on assets	(1.3)%
Solvency ratio	98.7 %
Return on equity	(2.7)%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see Note 1 Accounting policies.

#### Main activity

The purpose of DSDG Holding ApS is to undertake private sector investments in developing countries with a positive impact on the 17 UN Sustainable development Goals e.g. within renewable energy, agribusiness, industry and service, the financial sector and infrastructure including water and sanitation.

#### Development in activities and financial matters

The income statement for 2020 shows a loss of DKK 862 thousand, and the balance sheet at 31 December 2020 shows equity of DKK 64,178 thousand.

#### Events after the balance sheet date

No events have occurred after the balance sheet date, which have materially affected DSDG Holding's financial position.

#### Outlook for 2021

A positive result is expected, however subject to considerable uncertainty, not least related to the unknown effects of the Covid-19 outbreak, specifically the timing and scope of the lifting of restrictions as well as the risk of new waves and mutations materializing.

## Financial statements 22 November 2019 - 31 December 2020

### Income statement

Note	DKK'000	22 November 2019 - 31 December 2020
	Operation expenses, net	(826)
	<b>Gross profit/loss</b>	<b>(826)</b>
	Financial income, net	(36)
	<b>Profit/loss before tax</b>	<b>(862)</b>
	<b>Net profit/loss for the year</b>	<b>(862)</b>
<b>Recommended distribution of profit/loss</b>		
	Retained earnings	(862)
		<b>(862)</b>

The net loss for the year has been transferred to equity.



## Financial statements 22 November 2019 - 31 December 2020

### Balance sheet

Note	DKK'000	22 November 2019 - 31 December 2020
	<b>ASSETS</b>	
	<b>Non-current assets</b>	
4	Investments	61,661
	<b>Total non-current assets</b>	<b>61,661</b>
	<b>Current assets</b>	
	Cash	3,343
	<b>Total current assets</b>	<b>3,343</b>
	<b>TOTAL ASSETS</b>	<b>65,004</b>
	<b>EQUITY AND LIABILITIES</b>	
	<b>Equity</b>	
	Share capital	40
	Premium on shares	65,000
	Retained earnings	(862)
	<b>Total equity</b>	<b>64,178</b>
	<b>Current liabilities</b>	
	Payables to group enterprises	826
	<b>Total current liabilities</b>	<b>826</b>
	<b>Total liabilities</b>	<b>826</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>65,004</b>

- 1 Accounting policies
- 2 Contingent liabilities and other financial obligations
- 3 Related parties and ownership
- 6 Financial risk management
- 7 Equity and credit risks
- 8 Currency risk
- 9 Liquidity risk
- 10 Classification of financial instruments
- 11 Fair value measurement basis

## Financial statements 22 November 2019 - 31 December 2020

### Statement of changes in equity

DKK'000	22 November 2019 - 31 December 2020
<b>Total equity</b>	
Share capital	40
Premium on shares	65,000
<b>Paid-in capital end of year</b>	<b>65,040</b>
Retained earnings beginning of year	-
Transferred from net income for the year	(862)
<b>Retained earnings end of year</b>	<b>(862)</b>
<b>Total equity end of year</b>	<b>64,178</b>

## Financial statements 22 November 2019 - 31 December 2020

### Cash flow statement

Note	DKK'000	22 November 2019 - 31 December 2020
	<b>Cash flow from operating activities</b>	
	Net profit/loss for the year	(862)
5	Change in working capital	826
	<b>Net cash from operating activities</b>	<b>(36)</b>
	<b>Cash flow from (to) investing activities</b>	
	Paid-in investments in portfolio companies	(61,661)
	<b>Net cash from (to) investing activities</b>	<b>(61,661)</b>
	<b>Cash flow from (to) financing activities</b>	
	Paid-in share capital	40
	Premium on shares	65,000
	<b>Net cash from (to) financing activities</b>	<b>65,040</b>
	Net change in cash	3,343
	Cash beginning of year	-
	<b>Cash end of year</b>	<b>3,343</b>
	- Shown as cash in current assets	3,343
	- Shown as bank loans and overdrafts	-

## Financial statements 22 November 2019 – 31 December 2020

### Notes

#### 1 Accounting policies

The annual report of DSDG Holding ApS (DSDG Holding) for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

##### Presentation and classification

To better reflect DSDG Holding's activities, the presentation of the income statement and balance sheet as well as the order of the line items in the income statement deviate from the standard tables in the Danish Financial Statements Act. By presenting the primary statements on the basis of DSDG Holdings's special character investing in long-term share capital investments, the financial statements hereby provide the reader with the best possible clarity of DSDG Holding's activities. The deviation is in accordance with section 23(4) of the Danish Financial Statements Act.

##### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to DSDG Holding, and provided that the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when DSDG Holding has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of DSDG Holding, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Adjustment subsequent to initial recognition is affected as described below for each item.

DSDG Holding applies the accounting principles described in the Danish Financial Statements Act Section 37 (5), on measurement of financial assets and liabilities in accordance with IFRS.

Information brought to DSDG Holding's attention before the time of finalising the presentation of the annual report that evidence affords and conditions existing at the balance sheet date is taken into consideration at recognition and measurement.

Income other than value adjustments is recognised in the income statement when earned, just as costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as value adjustments.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

##### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances.

## Financial statements 22 November 2019 – 31 December 2020

### Notes

#### 1 Accounting policies (continued)

For assets and liabilities that are measured at fair value on a recurring basis, DSDG Holding identifies transfers to and from the three levels of the fair value hierarchy by re-assessing the categorisation and deems transfers to have occurred at the beginning of each reporting period.

#### Foreign currency adjustment

Foreign currency transactions are initially recognised in DKK using the exchange rate at the transaction date. Loans, receivables, payables and other monetary items denominated in foreign currencies which have not been settled at the balance sheet date are converted into DKK using the exchange rate at the balance sheet date. All exchange rate adjustments, including those that arise at the payment date, are recognised in the income statement as contribution from investments or financial income and financial expenses, depending on their nature.

#### Non-monetary items

Monetary balance sheet items are translated at the exchange rates prevailing at the balance sheet date, whereas non-monetary items are translated at transaction date rates.

#### Income statement

##### Contribution from investments

Contribution from investments consists of contribution from share capital investments and contribution from binding commitments on loans.

Contribution from share capital investments includes declared dividends (after tax), contributions from divested share capital investments and value adjustments in relation to the outstanding portfolio at year-end.

Contribution from binding commitments on loans includes provisions for losses.

##### Operating expenses, net

The Investment Fund for Developing Countries (IFU) manages the administration and accounting of DSDG Group, including the Company. Operating expenses, net, comprise fees to the Parent Company and external costs.

##### Financial income, net

Financial income, net, comprises interest income on cash, interest expenses, exchange rate adjustments on cash and bank charges.

##### Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item, whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

## Financial statements 22 November 2019 - 31 December 2020

### Notes

#### 1 Accounting policies (continued)

##### Balance sheet

##### Investments

Investments consist of share capital investments.

Share capital investments are recognised when they are disbursed. Share capital investments are measured at fair value both at initial recognition and throughout the investment period with changes recognised through profit or loss as contribution from share capital investments.

Share capital investments where DSDG Holding has significant influence (typically 20-50 per cent of the voting rights) are associates and are accounted for as share capital investments.

##### Other receivables

Other receivables include dividends and prepayments.

##### Current liabilities

Current liabilities are initially recognised at cost, which is fair value, and are subsequently measured at amortised cost.

Current liabilities primarily consist of payable management fees.

##### Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method and shows DSDG Holding's cash flow from operating, investing and financing activities as well as DSDG Holding's cash position at the beginning and end of the year.

Cash comprises cash at hand less short-term bank debt.

## Financial statements 22 November 2019 - 31 December 2020

### Notes

#### 1 Accounting policies (continued)

##### Contingent liabilities

Undisbursed commitments to investments comprise undisbursed contractual commitments and binding commitments not yet contracted. The existence of such liabilities will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within DSDG Holding's control.

##### Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

#### 2 Contingent liabilities and other financial obligations

DSDG Holding ApS has entered into the following commitments to investments:

	22 November 2019 - 31 December 2020
DKK'000	
Undisbursed contracted commitments	13,116
Binding commitments	5,343
<b>Total undisbursed to investments</b>	<b>18,459</b>

Danish Sustainable Development Goals Investment Fund K/S has signed a management agreement with IFU, whereby IFU performs administration, monitoring and investment advice for DSDG group, this agreement includes DSDG Holding ApS. The management agreement cannot be cancelled. For 2020, the payment for the Group amounts to DKK 70,727 thousand incl. VAT.

#### 3 Related parties and ownership

DSDG Holding ApS' related parties comprise the following:

##### Control

Danish Sustainable Development Goals Investment Fund K/S, which exercises control

## Financial statements 22 November 2019 - 31 December 2020

### Notes

	22 November 2019 - 31 December 2020			
DKK'000				
<b>4 Investments</b>				
Cost at beginning of year	-			
Additions for the year	61,661			
<b>Cost at 31 December</b>	<b>61,661</b>			
Accumulated value adjustment at beginning of year	-			
Value adjustments	-			
<b>Accumulated value adjustment end of year</b>	<b>-</b>			
<b>Carrying amount at 31 December</b>	<b>61,661</b>			
<b>Hereof associated companies:</b>				
Share capital investment in projects end of year, at cost	61,661			
Accumulated value adjustments end of year	-			
	<b>61,661</b>			
<b>Associated companies:</b>				
	DSDG Holding's ownership interest (%)			
<b>Name:</b>	<b>Domicile:</b>	<b>Form of company:</b>	<b>Profit/loss</b>	<b>Equity</b>
According to the latest approved annual report				
JCM Power Europe B.V.	Netherlands	B.V.	24.5%	N/A
				N/A
<b>5 Cash flow statement - changes in working capital</b>				
Change in payables, etc.				826
				<b>826</b>



## Financial statements 22 November 2019 - 31 December 2020

### Notes

#### 6 Financial risk management

##### Introduction

Through investments, DSDG Holding is exposed to financial risks such as equity and credit risk on investments, currency risk, interest rate risk and liquidity risk.

A number of limits have been established to avoid excessive concentration of risks, and through its investment policy and due diligence procedures, DSDG Holding further seeks to identify and mitigate the equity and credit risk.

#### 7 Equity and credit risks

##### Equity risk

Equity risk arises from changes in the fair values of share capital investments in projects.

##### Credit risk

Credit risk is the risk that DSDG Holding will incur a financial loss due to a counterparty not fulfilling its obligations.

##### Managing equity and credit risks

At the portfolio level, DSDG Holding mitigates equity and credit risks by investing in a variety of countries and by limiting investments in a single project.

DSDG Holding assesses the concentration of risk on the basis of total commitments to the Fund. Further, DSDG Holding assesses, through the due diligence process, the specific risks for each share capital investment and seeks to mitigate associated equity risks.

For some of DSDG Holding's share capital investments, DSDG Holding has the opportunity to sell the shares through pre-agreed exit agreements. In this way, DSDG Holding mitigates the risk of not being able to exit the investments.

See note 11 for fair value measurement basis.

The table below shows the distribution of the cost of DSDG Holding's investments by the OECD country risk classification.

This classification takes into account the political and economic environment of each country, including risk of force majeure such as war, etc. The classification of each country is updated twice a year.

22 November 2019 - 31 December 2020 OECD	Share capital investments		Total		Commitments (off balance sheet)	
	DKK'000	%	DKK'000	%	DKK'000	%
7	61,661	100%	61,661	100%	18,459	100%
<b>Total</b>	<b>61,661</b>	<b>100%</b>	<b>61,661</b>	<b>100%</b>	<b>18,459</b>	<b>100%</b>

## Financial statements 22 November 2019 - 31 December 2020

### Notes

#### 7 Equity and credit risks (continued)

##### Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk for DSDG Holding.

DKK'000	22 November 2019 - 31 December 2020	
	Carrying amount	Maximum credit exposure (contractual cash flow)
Cash	3,343	3,343
Commitments	-	5,343
	<b>3,343</b>	<b>8,686</b>

#### 8 Currency risk

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

DSDG Holding is exposed to currency risk through its investments that are denominated in currencies other than the functional currency (DKK). DSDG Holding does not hedge currency exposure in share capital investments, as the timing of cash flow is uncertain, and investments are typically exposed to local currencies where hedging costs are normally very high. By way of operation, some investments may have a natural built-in hedge, e.g. export-oriented businesses. Normally, DSDG Holding does not hedge commitments to disburse either, as timing and amounts are often difficult to foresee.

##### Currency exposure and sensitivity

In 2020, there is no currency risk apart from share capital investments.

## Financial statements 22 November 2019 - 31 December 2020

### Notes

#### 9 Liquidity risk

Liquidity risk is defined as the risk that DSDG Holding will encounter difficulty in meeting financial obligations.

DSDG Holding's primary exposure to liquidity risk arises from commitments to disburse share capital investments.

#### Contractual maturities

The contractual maturities based on undiscounted contractual cash flows are shown below for financial assets, liabilities, guarantees and commitments.

22 November 2019 - 31 December 2020

DKK'000	Carrying amount	Contractual cash flows	On demand	0-1 year	1-5 years	Over 5 years	No fixed maturity
<b>Assets</b>							
Cash and cash equivalents	3,343	3,343	3,343	-	-	-	-
<b>Total assets</b>	<b>3,343</b>	<b>3,343</b>	<b>3,343</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>							
Other current liabilities	826	826	-	826	-	-	-
<b>Total liabilities</b>	<b>826</b>	<b>826</b>	<b>-</b>	<b>826</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance</b>							
Amounts payable on share capital and loan agreements	-	13,116	13,116	-	-	-	-
Binding commitments	-	5,343	-	5,343	-	-	-
<b>Total off-balance</b>	<b>-</b>	<b>18,459</b>	<b>13,116</b>	<b>5,343</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Financial statements for the period 22 November 2019 - 31 December 2020

### Notes

#### 10 Classification of financial instruments

The following table provides a reconciliation between line items in the balance sheet and categories of financial instruments.

22 November 2019 - 31 December 2020

DKK'000	Designated at fair value through profit and loss	Loans and receivables at amortised cost	Other liabilities at amortised cost	Total
<b>Financial assets</b>				
Share capital investment in projects	61,661	-	-	61,661
Cash and cash equivalents	-	3,343	-	3,343
<b>Total financial assets</b>	<b>61,661</b>	<b>3,343</b>	<b>-</b>	<b>65,004</b>
<b>Financial liabilities</b>				
Current liabilities:				
Other current liabilities	-	-	826	826
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>826</b>	<b>826</b>

#### 11 Fair value measurement basis

The calculation of fair value is based on a fair value hierarchy that reflects the level of judgement associated with the inputs used to measure the fair value. The fair value hierarchy has the following levels:

- ▶ Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date
- ▶ Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly
- ▶ Level 3 inputs are unobservable inputs that have been applied in valuing the respective assets or liabilities.

In the following sections, a short description of the overall principle for DSDG Holding's calculation of fair value is provided. For all investments, the value determined by using the methods described below will be adjusted, if considered necessary and appropriate, by taking the following factors into account:

1. Current and expected operating results of the project company
2. Risk of remittance, if any
3. Specific circumstances relating to the partners, project, country, region and/or sector
4. Current market conditions
5. Tax issues

## Financial statements for the period 22 November 2019 - 31 December 2020

### Notes

#### 11 Fair value measurement basis (continued)

##### Share capital investments

All of DSDG Holding's fair value estimates are based on unobservable market data (level 3).

Investments are valued as follows:

- ▶ In the initial phase, all investments are valued at cost price less any impairment adjustment, as this is deemed to provide a good indication of fair value. Hereafter investments will be valued at either the Discounted Cash Flow method (DCF), by earnings multiple if appropriate and reliable transaction/earnings multiples are available, or by the net assets methodology, if appropriate.
- ▶ If during the 12-month period prior to the reporting date DSDG Holding has received a binding offer in writing from a third party or a significant transaction has taken place, the shares will normally be valued based on the offer or the recent transaction.

The following general assumptions are applied when performing DCF or earnings multiple calculations:

- ▶ For DCF calculations, budgets and forecasts for the investments form the basis for the valuation.
- ▶ A weighted average cost of capital based on the cost of equity and the cost of debt weighted by the targeted financial leverage from the industry. Growth in terminal period is based on the estimated long-term inflation rate of the country.
- ▶ An illiquidity discount is applied and other specific adjustments may be applied where relevant for both DCF and earnings multiple calculations.

Valuing private investments in developing countries at fair values involves a large inherent uncertainty. Due to these uncertainties, a degree of caution is applied when exercising judgements and making the necessary estimates.

Some share capital investments include a pre-agreed exit agreement. In these cases, the value of the exit agreements is taken into consideration as part of the fair value calculation. Investments valued according to exit agreements are disclosed in the table below together with investments valued based on a recent binding offer or transaction.

##### Fair value measurements and reconciliation

The following table shows financial instruments recognised at fair value by level in the fair value hierarchy and a reconciliation of all movements in the fair value of items categorised within level 3.

22 November 2019 - 31 December 2020

DKK'000	Level 1	Level 2	Level 3	Total
<b>Share capital investments</b>				
Opening balance	-	-	-	-
Paid-in share capital in projects	-	-	61,661	61,661
<b>Closing balance</b>	-	-	61,661	61,661
<b>Total recurring fair value measurements</b>	-	-	61,661	61,661

## Financial statements for the period 22 November 2019 - 31 December 2020

### Notes

#### 11 Fair value measurement basis (continued)

Valuation techniques and unobservable inputs used measuring fair value of level 3 fair value measurements.

22 November 2019 - 31 December 2020

Type of investment	Fair value at 31/12/2020	Valuation technique	Unobservable inputs	Reasonable possible shift in %	Change in fair value
<b>Investments</b>					
	61,661	Cost			
		- Binding offers/ transactions/ exit terms			
		- Discounted cash flow	WACC	+10%	-
			Growth in terminal value	-20%	-
<b>Share capital investments</b>	<b>61,661</b>				

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## Tristan Nicolai Boserup

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## Lars Krogsgaard

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## Anne J. N. Toensberg

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