



MAJ INVEST FINANCIAL
INCLUSION FUND III K/S

Annual report 2020

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STATEMENTS

STATEMENT BY MANAGEMENT

The Executive Board has today discussed and approved the annual report for 2020.

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

In our opinion, the financial statements give a true and fair view of the limited partnership's assets, liabilities and financial position at 31 December 2020 and of the results of the limited partnership's operations for the financial year 1 January – 31 December 2020.

We believe that the Management commentary includes a fair review of the affairs and conditions referred to therein.

We recommend the annual report 2020 for adoption at the annual general meeting.

Copenhagen, 7 July 2021

General partner:
MIFIF III GP ApS

Executive Board:

Kasper Svarrer

Thomas Riis

The annual report is presented and adopted at the annual general meeting.

on _____ / _____ 2021

Chairman: _____

STATEMENTS

Independent auditors' report

To the limited partners in Maj Invest Financial Inclusion Fund III K/S

Opinion

We have audited the financial statements of Maj Invest Financial Inclusion Fund III K/S for the financial year 1 January – 31 December 2020, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 Limited Partnership at 31 December 2020 and of the results of the Limited Partnership's operations for the financial year 1 January – 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 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.

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 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.

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Independent auditors' report

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.

STATEMENTS

Independent auditors' report

- 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, 7 July 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Rasmus Berntsen
State Authorised
Public Accountant
mne35461

MANAGEMENT COMMENTARY

Fund information

The limited partnership	Maj Invest Financial Inclusion Fund III K/S Gammeltorv 18 DK-1457 Copenhagen K Denmark
Contact information	E-mail: kontakt@majinvest.com Website: majinvest.com
CVR no.	39 40 18 27
Financial year	1 January – 31 December
Registered office	Copenhagen
General partner	MIFIF III GP ApS
Executive Board in MIFIF III GP	Kasper Svarrer Thomas Riis
Manager	Maj Invest Equity A/S
Depositary	Private Equity Administrators Depositary Services ApS
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg Denmark

MANAGEMENT COMMENTARY

KEY FIGURES AND RATIOS

'000 USD	2020	2019	2018
Key figures			
Profit/loss			
Value adjustment of investments in portfolio companies	(69)	-	-
Operating profit/loss	(2,965)	(426)	-
Profit/loss	(3,142)	(426)	-
Balance sheet			
Investments in portfolio companies	17,745	-	-
Total assets	18,654	-	4
Equity	18,529	(426)	-
Financial resources			
Cash	3	-	-
Remaining commitment	103,220	115,630	-
Total financial resources	103,223	115,630	-
Ratios			
Equity ratio	99%	neg.	-
Paid-in capital to committed capital (%)	18%	N/A	-

Maj Invest Financial Inclusion Fund III K/S started the private equity activity in December 2019.

*Equity ratio = Equity/total assets * 100*

*Paid-in capital to committed capital (%) = Paid-in capital/total commitment * 100*

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Maj Invest Financial Inclusion Fund III K/S

The sector-focused private equity fund Maj Invest Financial Inclusion Fund III K/S (Maj Invest Financial Inclusion Fund III) was established on 26 February 2018 as a limited partnership and started its activity on 20 December 2019, where the limited partnership had first closing with investors.

The object is to invest in financial institutions, financial service providers servicing client groups below the middle class in selected countries in Latin America, Asia and Africa.

The limited partnership is mainly owned by a number of Danish investors and has a total commitment of USD 125.3 million as per December 31, 2020. The investors have entered into a limited partnership agreement (LPA). The Fund has invested in one portfolio company since inception.

Investment policy and strategy in Maj Invest Financial Inclusion Fund III

Maj Invest Financial Inclusion Fund III will invest directly in top tier financial institutions which provide micro- and SME financial services. Microfinance institutions having a strong growth strategy and in compliance with recognized social impact standards.

Microfinance institutions offer a range of financial products and services depending on country, market and regulations. They provide micro-credits which are small loans with short maturities. Other services are saving and insurance products and payment handling. Loans are granted to groups, individual clients or small companies almost exclusively for income generating activities. The customers are low income groups, with limited or no access to financial services in traditional commercial banks.

The Fund will make significant minority positions and primarily in unquoted companies. Investments can be made in quoted companies, but the nature of such investments is assets with low liquidity.

It is very important that the microfinance institutions are well reputed and it has been preferable that investment is conducted together with/or into a likeminded ownership group. The Fund closely monitors investments to ensure that their value potential is realised and assesses exit opportunities on a continuous basis.

Social impact policy

The Social Impact Policy outlines the Fund's commitment to social impact. The Fund considers social impact as an integrated part of the overall framework for responsible investment, and the Fund's perception of responsible investment is aligned with that of the United Nations (UN). More specifically, the UN has provided a framework in the form of Principles for Investors in Inclusive Finance for responsible investment within the microfinance and financial inclusion sector. These principles represent the core values of the Fund's commitment to

MANAGEMENT COMMENTARY

BUSINESS REVIEW

social impact and express the Fund's intent to create long-term social impact with the addition of positive environmental and governance impact.

The Social Impact Policy of the Fund considers the provisions laid down in international social impact standards. These include the Client Protection Principles of the Smart Campaign, the Universal Standards for Social Performance Management of the Social Performance Task Force, the Anti-Money Laundering Recommendations of the Financial Action Task Force, the Principles for Investors in Inclusive Finance as well as IFC's Exclusion List and EDFI's/IFU's Exclusion List. Through earnest implementation of its Social Impact Policy, Maj Invest Financial Inclusion Fund III strives to achieve its vision of generating a sound financial return as well as positive ESG impact for its investors.

Maj Invest Financial Inclusion Fund III organisation

The advisory team consist of one Managing Partner for Financial Inclusion, the executive board of Fondsmæglerselskabet Maj Invest A/S (Maj Invest), two partners, one investment principal, one investment manager, one sustainability manager, three associates, one senior analyst as well as three back-office staff involved in finance, legal matters and administrative duties.

Ownership

Maj Invest Financial Inclusion Fund III is owned by a number of professional and institutional investors holding a stake of 96.5%. The remaining stake is owned by Maj Invest Holding A/S (Maj Invest Holding), Maj Invest Equity A/S (Maj Invest Equity) and Maj Invest Equity Management and staff involved in investments as well who have all invested as special limited partners in Maj Invest Financial Inclusion Fund III. Any profits earned by such special limited partners are subject to tax under current Danish and local tax rules. The special limited partners do not pay management fees and partnership formation costs to the Fund.

Investors per 31 December 2020	Commitment	in
	USDm	percent
Danish Pension funds	31.32	25.0%
Other Danish investors	81.45	65.0%
Other investors – foreign	8.18	6.5%
Maj Invest Holding, Maj Invest Equity, Management and staff in Maj Invest Equity International	4.37	3.5%
	125.32	100.0%

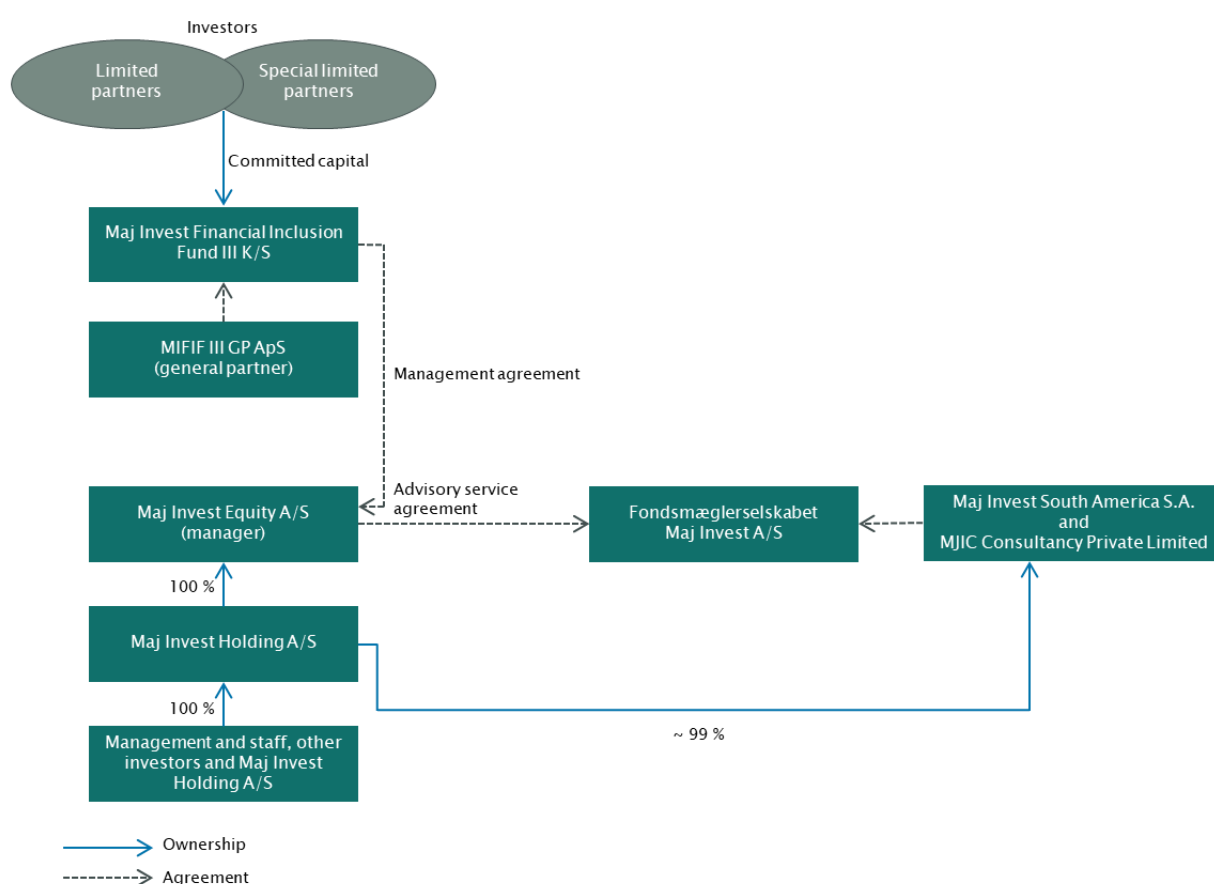
MANAGEMENT COMMENTARY

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Legal structure

Maj Invest Financial Inclusion Fund III is a Danish limited partnership with a Danish private limited company as general partner. The general partner MIFIF III GP ApS is managed by an executive board consisting of the Managing Partner for Financial Inclusion and a Director in Maj Invest. The General Partner is a subsidiary of the Manager Maj Invest Equity which is owned by Maj Invest Holding.

Legal structure of Maj Invest Financial Inclusion Fund III



The general partner is responsible for management and also signs for the Fund. Under a management agreement, the Manager handles all investment-related and administrative tasks for Maj Invest Financial Inclusion Fund III. Consequently, the Fund has no staff employed. The Manager has made an advisory service agreement with Maj Invest in respect of some of the investment-related tasks.

Decision structure

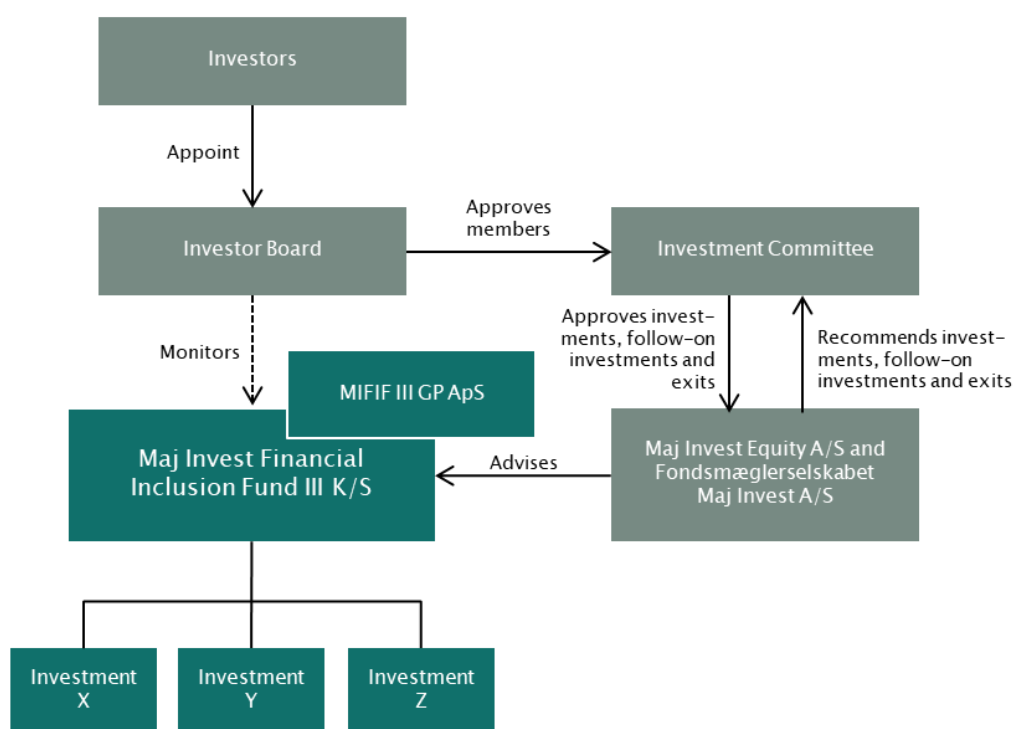
The investors in Maj Invest Financial Inclusion Fund III have set up an Investor Board with representatives appointed by the investors. The Investor Board is the investors representa-

MANAGEMENT COMMENTARY

BUSINESS REVIEW

tive body which evaluates the overall developments in the Fund. The Investor Board approves the Investment Committee and various other specific decision points.

Decision structure in Maj Invest Financial Inclusion Fund III



The general partner has established an Investment Committee. The investment Committee is responsible for reviewing and considering all investments, follow-on investments or divestment proposals prepared and submitted by the Investment Advisor and based on such review to make recommendations to the general partner. No investments or realisation can be made without the prior approval of the Investment Committee. The Investment Committee consist of eight members – five external members, with business experience, the CEO of Maj Invest, the Managing Partner, Financial Inclusion and a partner, Financial Inclusion. All members of the Investment Committee shall be approved by the Investor Board.

Investment committee members do not participate in the particular companies and never invest in the portfolio companies in a discretionary manner.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

License as manager with the Danish FSA

The Manager has received a license as manager (in Danish: forvalter) with the Danish FSA (in Danish: Finanstilsynet) and the Manager is under financial regulation and the Danish FSA supervision.

Maj Invest Financial Inclusion Fund III has appointed a depositary in accordance with the provisions in FAIF.

Remuneration for the financial year paid to management and staff in Maj Invest Equity is disclosed in the annual report of Maj Invest Equity and on the website majinvest.com. The annual report of Maj Invest Equity is also available on the website majinvest.com. Information is given at Manager level.

Carried interest

Maj Invest Financial Inclusion Fund III has been established with a management fee structure which is normal in relation to the private equity market. This means that the Manager receives a fixed management fee as well as a share of carried interest depending on the investors' returns on their investments.

No carried interest had been allocated or paid as of 31 December 2020.

Reporting

One of the things governed by the LPA is the aspect of reporting on fund activities, its development and financial position in relation to investors. The Fund is obliged to report to its investors on a current basis:

- Quarterly reports on the financial situation, the development in individual investments and investment returns.
- Memoranda on investments and follow-on investments.
- Memoranda on exits.
- Annual reports.
- Investor meetings.
- Annual Social Impact Reports.
- Replies to current investor queries.

The quarterly reports to investors are prepared in compliance with Invest Europe Investor Reporting Guidelines. Investments are valued at their fair values and in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

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Market development

The financial inclusion industry has overcome a year marked by the global health crisis. During 2020, as large swaths of the global economy were impacted by the Covid-19 pandemic, the financial inclusion industry, showing its historical resilience, stepped up its efforts to recover. For few months, from the onset, disbursements to new clients were significantly reduced as severe lockdowns shut down entire countries, and, afterwards, massive restructurings of loan portfolios took place. Between six to 12 months of loan moratorium along with strong money inflows from governments were among the key measures taken to offset the pandemic's impact.

By September 2020, the financial inclusion industry had gradually begun to resume activities, with promising economic growth perspectives for 2021 hovering 15% for South East Asia and 10% for LatAm countries¹. The major remaining constraint is about the difficulty in collecting loan repayments, but collection rates improved from an average of ~ 50% as of Q2 2020 to ~70% as of Q4 2020, and even higher in the case of selected Maj Invest Financial Inclusion India portfolio companies. In addition, financial inclusion institutions (FIIIs) made voluntary provisions, getting ready to overcome any potential raise in delinquencies expected by mid-2021. Agriculture and retail are among the sectors less impacted by Covid-19, while tourism and services are the most affected. Nevertheless, FIIIs have a diversified basket of products on top of the atomization of the credit risk in many small loans. With respect to moratoria periods, few more months are needed before complete data on loan repayment is available to have a full picture of its impact on borrowers. Those institutions that have prudent solvency positions, good provision levels and a significant scale of operations are the ones which will further grow and contribute to the consolidation of the sector through inorganic expansion.

Going forward, the financial inclusion industry is moving towards a digital business model. Digitization remains an opportunity for the sector to retain a competitive position and to thrive by providing responsible services to their low-income customers. Scale, however, is still a real challenge. More than ever, impact investors must maintain their focus on financial inclusion, which has a long track record of lifting underserved communities, by supporting FIIIs adoption and transformation into digital age operations.

Great responsiveness seems to have already been adopted by many FIIIs. Going beyond the priority given to the repayment of credits or their restructuring, successful FIIIs have introduced not only new digital communication and distribution channels, but also new credit

¹ <https://www.moneycontrol.com/news/business/six-early-trends-in-financial-sector-that-point-to-gradual-recovery-post-covid-19-6205291.html>

Moody's, "Analysis and perspectives of microfinance system in Peru", February 2021
Asomicrofinanzas, "Buletin of microfinance sector in Colombia", September 2020

MANAGEMENT COMMENTARY

BUSINESS REVIEW

policies for innovative products tailored to the customer's particular needs. The Covid-19 pandemic is accelerating the emergence of the digital economy, boosting a fintech sector that continues to grow, increasing digital payments and digital wallets overtaking online credit platforms.

For 2021, demand for micro and small businesses credit is expected to increase, because of higher unemployment rates in Emerging Markets (EM)². Without direct governmental support, people and businesses in EM need to provide for themselves by accessing lines of credit that are converted into income generating activities. In addition, with informal sectors ranging from 70% in LatAm to 90% in India, EM are expected to recover quicker as these sectors are more flexible, adapting and overcoming crisis faster. Moreover, local governments are expected to rely on the FIIIs to support the post-Covid-19 economic recovery and poverty alleviation efforts. The financial inclusion industry is expected to continue its expansion as the overall demand from 3-4 billion people in need of basic financial services will increase.

Investment in 2020:

In July, Maj Invest Financial Inclusion Fund III invested in Save Solutions private Limited, which is an Indian financial service provider. The Fund acquired 19.7% of the portfolio company.

More information on the investment is available below.

Result for the year

The result for 2020 is a loss of USD 3.1 million (against a loss in 2019 of USD 0.4 million) which is in line with the management expectations due to the fact that 2020 is in the beginning of the Funds investment period.

Development in portfolio company in 2020

Save Solutions Private Limited

Save Solutions Private Limited (Save) is an Indian business correspondent (BC) company with a fully owned non-banking financial company (NBFC) and non-banking financial company - microfinance institution (NBFC-MFI). Save was established in 2009 and has since 2010 been using an extensive network customer service points (CSPs) to allow banks to reach out to clients in deep rural and semi-urban areas in a cost-efficient manner. Within ten years of operations, Save has evolved into one of the top 3 largest Indian BCs in terms of transaction volume. The company uses innovative proprietary fintech tools to manage the business.

² Toronto Center, "Guide to supervision in the Covid-19 world", September 2020 CGAP, "Vision of the future: financial inclusion 2025", June 2017

MANAGEMENT COMMENTARY

BUSINESS REVIEW

In 2020/21, Save's operations were impacted by COVID-19, as a result the growth rate of net profit was less than expected. Maj Invest Financial Inclusion Fund III has a seat in the Board of Save. For further information about the company please refer to the portfolio company's homepage saveind.in and savebc.com.

Capital resources

Maj Invest Financial Inclusion Fund III has a total capital commitment of USD 125.3 million. As of 31 December 2020, investors had paid USD 22.1 million, equal to 18% of their capital commitments. The remaining capital commitment is USD 103.2 million. Maj Invest Financial Inclusion Fund III's equity amounted to USD 18.5 million at 31 December 2020, matching an equity ratio of 99%.

Maj Invest Financial Inclusion Fund III is able to finance investments and follow-on investments from the time of investment and up to six months through bridge financing loans from financial institutions. A bridge loan must be repaid in connection with a capital call from investors. As of 31 December 2020, Maj Invest Financial Inclusion Fund III had debt to banks of USD 0.1 million.

Financial risks

The objective of Maj Invest Financial Inclusion Fund III is to invest in portfolio companies. The major risk factor is therefore the failure to create value in the underlying portfolio company. Changes in the macroeconomic environment, including effects of COVID-19, currency risk and the political risk in the countries of the investments can have impact on the potential for value creation in the portfolio companies and consequently also of the performance of Maj Invest Financial Inclusion Fund III.

Regarding COVID-19, the current coronavirus pandemic has affected the financial inclusion industry in 2020, resulting in a slow down in business and has impacted the portfolio company's operations negatively in 2020. The full impact of the virus is still not clear at the present moment, but it is expected to have short term implications on profits and liquidity in the portfolio company. However, at the medium and long term the financial inclusion sector is expected to resume growth. The investment team is following the situation closely.

Uncertainties relating to recognition and measurement in the financial statements

Interests in the portfolio company is valued at the fair value, according to the description in Accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty. The full impact arising from COVID-19 is not clear at this point of time and therefore, the uncertainty is also related to the effects of COVID-19.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

Events after the balance sheet day

In April 2021, third closing took place with an additional USD 26.1 million commitment giving a total commitment of USD 151.5 million.

There have been no other events after the balance sheet day and to date that materially affect the assessment of the annual report.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

GENERAL

The annual report for Maj Invest Financial Inclusion Fund III is prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class B entities with the adoption of rules for reporting class C entities such as statement of changes in equity and with the necessary adjustments considering that the company is a limited partnership, whose activity is private equity. Investments in portfolio companies are recognised in compliance with the International Private Equity and Venture Capital Valuation Guidelines, drawn by the IPEV Board.

In order to achieve a true and fair view of operations of the limited partnership, the presentation of the income statement has been changed compared with the reporting form shown in schedule 2 of the Danish Financial Statements Act. Value adjustment of investments in portfolio companies is presented as an item under operating profit/loss.

The annual report is prepared in USD. USD/DKK: 31 December 2020 = 605.76
(31 December 2019 = 667.59)

The accounting policies are the same as last year.

Recognition and measurement

All income and expenses relating to the financial year are recognised in the income statement regardless of time of payment. Value adjustments in respect of investments in portfolio companies, which are measured at fair value, are also recognised in the income statement.

Assets are recognised in the balance sheet, if, in all probability, future economic benefits will flow to the limited partnership, and the value of such assets can be measured reliably.

Liabilities are recognised in the balance sheet, if, in all probability, future economic benefits will flow out of the limited partnership, and the value of such liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement of assets and liabilities have taken into account any information available after the balance sheet date but before the presentation of the financial statements, either affirming or not affirming conditions existing

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

on the balance sheet date.

Foreign currency translation

If transactions in other currencies than USD, these are translated into USD using the exchange rates applicable on the transaction date.

INCOME STATEMENT

Value adjustment of investments in portfolio companies

Gains/losses on investments and value adjustments of investments in portfolio companies are recognised in the income statement. Dividends received from portfolio companies and carried interest will also be classified as "Value adjustment of investments in portfolio companies".

Administrative expenses

Administrative expenses include mainly management fees, partnership formation costs, broken deal costs, depositary fee and other administrative costs.

Financial income and expenses

Financial income and expenses include interest expense due to credit facilities and bridge loans, financial risk premium to the general partner and currency adjustments.

Tax

Maj Invest Financial Inclusion Fund III K/S is a Danish limited partnership. The limited partnership is transparent for tax purposes and taxes are levied on the individual investor in proportion to their shares in the partnership. Consequently, no provisions for tax have been made in the financial statements. However, tax withheld on the payment of dividends by the portfolio companies will be recognized in the income statement under tax.

BALANCE SHEET

ASSETS

Investments in portfolio companies

On initial recognition, investments in portfolio companies are measured at cost, with the addition of transaction costs. On subsequent recognition, investments are measured at fair value. Value adjustments are recognised in the income statement.

The fair value of investments in unquoted portfolio companies are measured at the most recent market price for a limited period following the date of the relevant transaction, for instance in the form of an expansion of capital or partial sale or through the use of traditional valuation methods for microfinance institutions, e.g.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

P/B, P/Rev multiples.

The fair value of investments in quoted companies will for actively traded (quoted) investments be available market prices. If shares are not actively traded, investments will be measured as investments in unquoted portfolio companies.

Receivables

Receivables are measured at the lower of amortised cost or net realisable value, which usually corresponds to the nominal value less write-downs for bad debts. Write-downs for bad debts are determined on the basis of an assessment of the individual receivables.

Cash

Cash includes deposits with financial institutions.

LIABILITIES

Financial liabilities

Bank loans regarding bridge financing are measured at amortised cost, corresponding to the outstanding debt.

Other liabilities are measured at amortised cost, usually corresponding to the nominal value.

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INCOME STATEMENT

'000 USD	Note	2020	2019
Value adjustment of investments in portfolio companies	1	(69)	-
Administrative expenses		(2,896)	(426)
Operating profit		(2,965)	(426)
Financial income		0	-
Financial expenses	2	(177)	(0)
Profit before tax		(3,142)	(426)
Withholding tax		-	-
Profit for the year		(3,142)	(426)
Proposed distribution of net profit			
Retained earnings		(3,142)	(426)
		(3,142)	(426)

FINANCIAL STATEMENTS

BALANCE SHEET

'000 USD	Note	2020	2019
ASSETS			
Investments in portfolio companies	3	17,745	-
Total investments		17,745	-
Total non-current assets		17,745	-
Other receivables		76	-
Prepayments		831	-
Total receivables		907	-
Cash		3	-
Total current assets		910	-
Total assets		18,654	-
EQUITY AND LIABILITIES			
Paid-in capital		22,097	-
Distributions		-	-
Retained earnings		(3,568)	(426)
Total equity		18,529	(426)
Debt to banks		117	-
Other payables		9	426
Total short-term liabilities		126	426
Total liabilities		126	426
Total equity and liabilities		18,654	-
Contingent liabilities	4		
Other notes	5-6		

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

'000 DKK	Paid-in capital	Distributions	Retained earnings	Total
2020				
Equity 01/01	-	-	(426)	(426)
Paid-in capital from limited partners	22,097	-	-	22,097
Distributions to limited partners	-	-	-	-
Profit/loss for the year	-	-	(3,142)	(3,142)
Equity 31/12	22,097	-	(3,568)	18,529
The limited partners are liable for their share of the remaining commitment 31/12/2020				<u>103,220</u>
2019				
Equity 01/01	-	-	-	-
Paid-in capital from limited partners	-	-	-	-
Distributions to limited partners	-	-	-	-
Profit/loss for the year	-	-	(426)	(426)
Equity 31/12	-	-	(426)	(426)
The limited partners are liable for their share of the remaining commitment 31/12/2019				<u>115,630</u>

FINANCIAL STATEMENTS

NOTES

'000 USD	2020	2019
NOTE 1 Value adjustment of investments in portfolio companies		
Unrealised value adjustments	(69)	-
Dividend received from portfolio companies	-	-
	<u>(69)</u>	<u>-</u>
NOTE 2 Financial expenses		
General Partner, annual financial risk premium	1	0
Other financial expenses	176	-
	<u>177</u>	<u>0</u>
NOTE 3 Investments in portfolio companies		
Cost at 1/1	-	-
Additions during the year	17,814	-
Disposals during the year	-	-
Cost at 31/12	<u>17,814</u>	<u>-</u>
Value adjustments at 1/1	-	-
Value adjustments during the year	-	-
Currency adjustments during the year	(69)	-
Value adjustments at 31/12	<u>(69)</u>	<u>-</u>
Carrying amount at 31/12	<u>17,745</u>	<u>-</u>

The investment in the portfolio company is a minority investment with an ownership interest less than 20% which is valued according to the fair value measurements in Level 3 of the fair value hierarchy.

FINANCIAL STATEMENTS

NOTES

NOTE 3 Investments in portfolio companies (continued)

Name of investment in portfolio company	Registered office	Ownership interest	Share capital	Equity	Profit/loss for the year
			INR	'000 USD	'000 USD
SAVE Solutions Private Limited	India	19.70%	49,144,000	12,289	1,853

Share capital, equity and profit/loss for the year are from the latest annual reports published, which is 2019/20.

* Financial year is 1 April to 31 March.

FINANCIAL STATEMENTS

NOTES

'000 USD

NOTE 4 Contingent liabilities

Contingent liabilities

Maj Invest Financial Inclusion Fund III has entered into a management agreement with Maj Invest Equity A/S for the Manager's administration of Maj Invest Financial Inclusion Fund III K/S as well as the provision of investment advisory services to Maj Invest Financial Inclusion Fund III K/S. On termination, Maj Invest Financial Inclusion Fund III K/S may in certain circumstances be obliged to pay management fees for up to 12 month. At 31 December 2020, the fee amounted to app. USD 2.4 million (at 31 December 2019 approx. USD 1.9 million).

NOTE 5 Information on average number of employees

Maj Invest Financial Inclusion Fund III has no employees.

NOTE 6 Executive Board of the general partner

Kasper Svarrer

Director of:

Kasper Svarrer Holding ApS, Harbour Group Holding ApS, DMP Holding 1 ApS, Danish Microfinance Partners General Partner ApS, Danish Microfinance Partners Management ApS, Management Equity Vietnam I ApS, General Partner Equity Vietnam ApS and MIFIF III GP ApS.

Board member of:

Jutlandia Terminal A/S, A/S J. Lauritzen´s Eftf., Esbjerg, Jantzen A/S, Baobab S.A.S., France, Arohan Financial Services Private Limited, India, MJIC Consultancy Private Limited, India and Maj Invest South America S.A., Peru.

Member of Investment Committee of:

Maj Invest Financial Inclusion Fund II K/S and Capricorn Forest Fund K/S.

Thomas Riis

Director of:

ACE Capital ApS, Danish Microfinance Partners Management ApS, DMP Holding 1 ApS, General Partner Equity Vietnam ApS, Management Equity Vietnam I ApS and Ole Riis Holding ApS.

In addition, managing director or directorship of various holding companies and

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underlying portfolio companies owned by Maj Invest Equity 4 K/S and Maj Invest Equity 5 K/S.

In addition, managing director of several holding companies owned by Maj Invest Equity Vietnam I K/S and Maj Invest Equity Southeast Asia II K/S.