

# Private Equity New Markets III K/S

Tuborg Havnevej 18

2900 Hellerup

CVR no. 33 07 82 85

## Annual report 2020

Approved at the Company's annual general meeting on 9 April 2021

Chairman:



Michael Rude Mortensen



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### Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Private Equity New Markets III K/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and the consolidated 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 Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Hellerup, 9 April 2021

Executive board of General Partner, PENM Partners GP III ApS:



Hans Christian Jacobsen



Lars Kjær

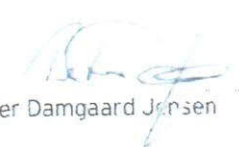
Board of Directors of Private Equity New Markets III K/S:



David Richard Hexter  
Chairman



Bent Pedersen  
Vice chairman



Peter Damgaard Jensen

## Independent auditor's report

### To the shareholders of Private Equity New Markets III K/S

#### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Private Equity New Markets III K/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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.

## Independent auditor's report

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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

## Independent auditor's report

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, 9 April 2021  
EY GODKENDT REVISIONSPARTNERSELSKAB  
CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'Rasmus Berntsen'.

Rasmus Berntsen  
State Authorised  
Public Accountant  
mne35461

## Management's review

### Financial highlights for the Group

In USD'000	2020	2019	2018	2017	2016
<b>Key figures</b>					
Operating profit/loss	-48	-29	-39	-208	-39
Net financials	96,900	-21,147	11,170	56,502	20,511
Profit/loss for the year	96,852	-21,176	11,131	56,294	20,472
Total assets	161,483	155,204	194,115	205,682	144,133
Equity	160,681	154,103	193,494	204,548	143,486
Contributed capital	129,300	128,800	128,800	128,800	122,550
Average number of employees	0	0	0	0	0
<b>Financial ratios</b>					
Return on equity	61.5	-12.2	5.6	32.3	15.2
Equity ratio	99.5	99.3	99.7	99.4	99.6

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on equity 
$$\frac{\text{Profit/loss for the year excl. non-controlling interests} \times 100}{\text{Average equity excl. non-controlling interests}}$$

Equity ratio 
$$\frac{\text{Equity excl. non-controlling interests, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$$

### Primary activities

Private Equity New Markets III K/S's objective is to invest in companies in Vietnam looking for financing in order to develop and/or commercialize technologies and/or products, or in holding companies whose primary objective is ownership of such companies, and directly or indirectly, to participate in the overall management and operations of such companies with the aim to achieve a high overall rate of return and any other activities which in the opinion of the general partner is related thereto.

### Development in activities and finances

In the financial year 2020 Private Equity New Markets III K/S has made a profit of USD 96.9 million, which is in line with management's expectations. The result relates to investment income in PENM III Germany GmbH & Co. KG's portfolio companies. The year's profit was driven by satisfying investment results within construction materials offset by less positive results within drilling and well services.

The effect of the COVID-19 pandemic has not had significant impact on the Funds' investments

### Uncertainty relating to recognition and measurement

In preparing the annual report, it is required that Management makes a number of accounting estimates and assumptions that form the basis of presentation, recognition and measurement of the Company's assets and liabilities.

Management's judgements and estimates are described in note 6.

Such estimates are based on assumptions which Management considers reasonable and realistic, but which are inherently uncertain. During the financial year, there have been no unusual events.

## Management's review

### Particular risks

#### *Financial risks*

It is Private Equity New Markets III K/S' objective to contribute risk capital to competitive companies. The greatest risk factor is therefore changes in the value of the investments.

#### *Interest risks*

Private Equity New Markets III K/S is less sensitive to changes in the interest rate level.

#### *Currency risks*

Private Equity New Markets III K/S's investments are affected by currency risks, since all of the investments are made in foreign currency.

### Outlook

Private Equity New Markets III K/S is taking active part in developing the operational skills of the portfolio companies in order to drive growth in turnover as well as earnings to strengthen the companies. It cannot be excluded that the current market conditions caused by COVID-19 will have negative effects on the Fund's investments. Private Equity New Markets III K/S expects a satisfactory result in 2021.

### Subsequent events

Beside the general uncertainty in the market due to COVID-19 and as described in outlook for 2021, there have been no other events after the balance sheet day and to date that materially affect the assessment of the annual report.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Income statement

Note	USD'000	Group		Parent	
		2020	2019	2020	2019
2	Administrative expenses	-2,218	-2,323	-2,184	-2,287
	Other operating income	2,170	2,295	2,179	2,300
	<b>Gross profit/loss</b>	-48	-29	-5	13
	Income from investments in group enterprises	0	0	98,745	-21,265
3	Income from other investments	96,856	-21,067	0	0
	Financial income	47	19	0	7
	Financial expenses	-3	-98	-1	0
4	<b>Profit/loss for the year</b>	<b>96,852</b>	<b>-21,176</b>	<b>98,741</b>	<b>-21,246</b>





## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Statement of changes in equity

Note	USD'000	Group		
		Contributed capital	Retained earnings	Total
	Equity at 1 January 2019	128,800	64,694	193,494
	Increase of capital	0	0	0
	Ordinary dividend paid	0	-18,215	-18,215
	Profit/loss for the year	128,800	-21,176	-21,176
	<b>Equity at 1 January 2020</b>	<b>128,800</b>	<b>25,303</b>	<b>154,103</b>
	Increase of capital	500	0	500
	Ordinary dividend paid	0	-90,744	-90,774
	Profit/loss for the year	0	96,852	96,852
	<b>Equity at 31 December 2020</b>	<b>129,300</b>	<b>31,381</b>	<b>160,681</b>

Note	USD'000	Parent			
		Committed capital	Net revaluation acc. to the equity method	Retained earnings	Total
	Equity at 1 January 2019	128,800	104,522	-40,207	193,115
	Increase of capital	0	0	0	0
	Ordinary dividend paid	0	0	-18,215	-18,215
	Profit/loss for the year	0	-21,265	20	-21,245
	<b>Equity at 1 January 2020</b>	<b>128,800</b>	<b>83,255</b>	<b>-58,401</b>	<b>153,654</b>
	Increase of capital	500	0	0	500
	Ordinary dividend paid	0	0	-90,774	-90,774
	Profit/loss for the year	0	7,868	90,873	98,741
	<b>Equity at 31 December 2020</b>	<b>129,300</b>	<b>91,124</b>	<b>-58,303</b>	<b>162,121</b>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Cash flow statement

Note	USD'000	Group	
		2020	2019
	Operating profit/loss	96,852	-21,176
	Value adjustments of investments	-95,352	21,279
	Changes in receivables	324	-483
	Changes in payables	-298	479
	<b>Cash flows from operating activities</b>	<b>1,527</b>	<b>100</b>
	Acquisition of fixed asset investments	0	0
	Disposal of fixed asset investments	108,369	18,068
	<b>Cash flows from investing activities</b>	<b>108,369</b>	<b>18,068</b>
	Dividend distribution	-90,774	-18,215
	Cash increase of equity	500	0
	<b>Cash flows from financing activities</b>	<b>-90,274</b>	<b>-18,215</b>
	<b>Increase/decrease in cash and cash equivalents</b>	<b>19,621</b>	<b>-47</b>
	<b>Net cash flows</b>		
	Cash and cash equivalents, beginning of year	218	265
	<b>Cash and cash equivalents, year-end</b>	<b>19,839</b>	<b>218</b>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies

The annual report of Private Equity New Markets III K/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

#### *Preparation of consolidated financial statements*

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Equity investments in associates are recognised in the consolidated financial statements using the equity method.

The Group's activities in joint operations are recognised in the consolidated financial statements on a line-by-line basis.

#### **Reporting currency**

The financial statements are presented in US Dollars (USD). At the balance sheet date, the DKK/USD exchange rate was 605.76 against a DKK/USD exchange rate of 667.59 last year.

#### **Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate 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 are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

##### Income statement

###### Administrative expenses

Administrative expenses include administration fees and other expenses.

###### Other operating income

Other operating income comprises refunds that are reimbursed administration and management fees.

###### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

###### Income from other investments

Income from other fixed investments comprises income from portfolio companies which includes realisations and value adjustments of equity investments, dividends and other portfolio income.

###### Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised currency losses on receivables, payables and other monetary items in foreign currency and on transactions in foreign currencies.

##### Balance sheet

###### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method.

The proportionate ownership share of the subsidiaries' equity value is determined based in the fair value of the identifiable net assets at the acquisition date minus or plus unrealised intragroup gains or losses is recognised in the balance sheet as "investments in subsidiaries".

The total net revaluation of investments in subsidiaries is transferred via distribution of profit to "Reserve for net revaluation according to the equity" under equity. The reserve is reduced by distribution of dividends to the Parent Company and is adjusted by other changes in equity in subsidiaries.

###### Other investments

On initial recognition, other investments are determined at the exchange rates at the transaction date and are subsequently measured at fair value translated at the exchange rate at the balance sheet date. The fair value is determined based on the fair value of the underlying investments. Liabilities in other investments are measured at fair value.

###### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

##### Equity

###### *Reserve for net revaluation according to the equity method*

Net revaluation of investments in group enterprises is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

##### Cash flow statement

The cash flow statement shows the Group'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 Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

###### Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

###### Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

###### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to only minor risks of changes in value.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes

USD'000		Parent	
		2020	2019
<b>2</b>	<b>Administrative expenses</b>		
	Management fee	2,183	2,285
	Other costs	1	2
		<u>2,184</u>	<u>2,287</u>

Neither Private Equity New Markets III K/S, nor the group has any employees.

### 3 Income from investments in group enterprises

Income from investments in group enterprises is mainly determined by the investment income in PENM III Germany GmbH & Co. KG's portfolio companies.

The underlying entity PENM III Germany GmbH & Co. KG has invested in two portfolio companies of another fund, Private Equity New Markets IV K/S, which is under common management with the entity. The joint ownership in the portfolio companies is less than 5% and 15%, respectively.

USD'000		Parent	
		2020	2019
<b>4</b>	<b>Proposed distribution of profit/loss</b>		
	Transfer to reserve for net revaluation according to the equity method	98,745	-21,265
	Retained earnings	-4	20
		<u>98,741</u>	<u>-21,246</u>

USD'000		Parent	
		2020	2019
<b>5</b>	<b>Investments in group enterprises</b>		
	Cost at 1 January	70,377	88,557
	Additions	0	0
	Disposals	0	-18,180
	Cost at 31 December	<u>70,377</u>	<u>70,377</u>
	Revaluations at 1 January	83,255	104,521
	Share of profit/loss for the year	98,745	-21,265
	Disposals	-90,876	0
	Revaluations at 31 December	<u>91,124</u>	<u>83,255</u>
	<b>Carrying amount at 31 December</b>	<u>161,501</u>	<u>153,632</u>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes

USD'000	Group	
	2020	2019
<b>6 Other investments</b>		
Cost at 1 January	104,673	115,239
Additions	0	0
Disposals	-72,730	-10,566
Cost at 31 December	31,943	104,673
Revaluations at 1 January	49,229	78,010
Exchange rate adjustments	-7,215	2,369
Impairment losses for the year	0	0
Fair value adjustments	102,567	-23,648
Exit revaluations	-35,639	-7,502
Value adjustments at 31 December	108,942	49,229
<b>Carrying amount at 31 December</b>	<b>140,885</b>	<b>153,902</b>

In preparing the annual report it is required that the Management makes a number of accounting estimates and assumptions that form the basis of presentation, recognition and measurement of the Entity's assets and liabilities.

The accounting estimates and judgements concern particularly the value of PENM III Germany GmbH & Co. KG's investments in unlisted portfolio companies, which include equity and equity-related contributions to growth-oriented companies. Management has appraised the value of these investments by estimating the portfolio companies' commercial development and divestment opportunities.

The Entity's listed portfolio companies are valued at the quoted price at 31 December 2020. The stock market in Vietnam is affected by a relatively high political and market risk.

### 7 Contributed capital

USD'000	Parent	
	2020	2019
General Partner	0	0
Limited Partners	129,300	128,800
	129,300	128,800

The total committed capital amounts to USD 143,700,000, whereas USD 129,300,000 is paid in.

### 8 Transactions with related parties

Only transactions with related parties that are not carried out on market terms are disclosed in the annual report. There have not been such transactions in the current year.

### 9 Contingencies

The Company has not provided any security or other collateral in assets at 31 December 2020.

#### Carried interest

Since carried interest is a matter between the owners, carried interest is not provided for in the balance sheet. Private Equity New Markets III K/S has at 31 December 2020 reached a return on its investments in excess of the prescribed limit (hurdle rate) for initiation of catch up on capital calls.