

The background of the entire page is a photograph of several birch tree trunks. The trunks are light-colored with characteristic dark, horizontal lenticels and vertical bark fissures. They are arranged in a slightly diagonal pattern, creating a sense of depth and texture. The lighting is soft, highlighting the natural patterns of the bark.

MAJ INVEST EQUITY SOUTHEAST ASIA II K/S

Annual report 2019

penneo dokumentnogle: MZX8P-6HPDY-KKAD-A8HMZ-38LN7-QZQFM

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STATEMENTS

STATEMENT BY MANAGEMENT

The Executive board has today discussed and approved the annual report for Maj Invest Equity Southeast Asia II K/S for the financial year January 1 – December 31, 2019.

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

In my opinion, the financial statements give a true and fair view of the limited partnership's assets, liabilities and financial position at December 31, 2019 and of the results of the limited partnership's operations and cash flows for the financial year January 1 – December 31, 2019.

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

I recommend the annual report 2019 for adoption at the annual general meeting.

Copenhagen, May 25, 2020

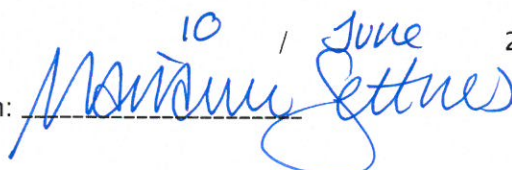
General partner:
MIE SEA II GP ApS
Executive board:

Cato Baldvinsson

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

on 10 / June 2020

Chairman:



STATEMENTS

Independent auditor's report

To the limited partners in Maj Invest Equity Southeast Asia II K/S

Opinion

We have audited the financial statements of Maj Invest Equity Southeast Asia II K/S for the financial year January 1 – December 31, 2019, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement 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 December 31, 2019 and of the results of the Limited Partnership's operations for the financial year January 1 – December 31, 2019 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as

STATEMENTS

Independent auditor's report

a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

*Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

*Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Limited Partnership's internal control.

*Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

*Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Limited Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Limited Partnership to cease to continue as a going concern.

*Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the

STATEMENTS

Independent auditor's report

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 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, May 25, 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Karstensen, mne16615
State Authorised
Public Accountant

Rasmus Berntsen, mne35461
State Authorised
Public Accountant

MANAGEMENT COMMENTARY

Fund information

The limited partnership	Maj Invest Equity Southeast Asia II K/S Gammeltorv 18 DK-1457 Copenhagen K Denmark
Manager contact information	E-mail: kontakt@majinvest.com Website: www.majinvest.com
CVR no.	36 53 33 66
Financial year	January 1 – December 31
Registered office	Copenhagen
General partner	MIE SEA II GP ApS
Executive board in MIE SEA II GP ApS	Cato Baldvinsson
Manager	Maj Invest Equity A/S
Depository	Private Equity Administrators Depository Services ApS
Auditors	ERNST & YOUNG Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg Denmark

MANAGEMENT COMMENTARY

KEY FIGURES AND RATIOS

'000 USD	2019	2018	2017	2016	2015 (11 months)
Key figures					
Profit/loss					
Value adjustment of investments in portfolio companies	(5,109)	(4,337)	-	(4,254)	-
Operating profit/loss	(6,470)	(6,315)	(1,989)	(6,301)	(1,938)
Profit/loss for the year	(6,482)	(6,330)	(2,287)	(6,354)	(1,956)
Balance sheet					
Investments in portfolio companies	24,792	28,613	30,677	8,490	6,054
Total assets	24,841	29,593	31,650	9,600	7,009
Equity	24,440	29,530	31,639	9,577	6,995
Financial resources					
Cash	49	978	959	922	955
Remaining commitment	7,150	43,912 *	48,133	72,482	81,048
Total financial resources	7,199	44,890	49,092	73,404	82,003
Cash flow					
Cash flows from operating activities	(1,392)	(1,939)	(2,125)	(2,279)	(1,942)
Cash flows from investing activities	(1,279)	(2,261)	(22,187)	(6,690)	(6,054)
Cash flows from financing activities	1,742	4,221	24,349	8,936	8,952
Net change in cash	(929)	19	37	(33)	955
Ratios					
Equity ratio	98.4%	99.8%	100.0%	99.8%	99.8%
committed capital (%)	87.0%	51.4% *	46.7%	19.8%	9.9%

* Reference is made to the "Statement of capital" on page 21.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

Maj Invest Equity Southeast Asia II K/S

The private equity fund Maj Invest Equity Southeast Asia II K/S (Maj Invest Equity Southeast Asia II) was established on January 30, 2015 as a Danish limited partnership and is owned by a number of Danish investors. The purpose of the Fund is to carry out investments in Vietnam and Indonesia.

The objective of Maj Invest Equity Southeast Asia II is to create and realize value in the portfolio companies.

During the years Maj Invest Equity Southeast Asia II has invested in four investments: two investments in Vietnam and two investments in Indonesia.

In 2018, it was decided not to make any new investments in the Fund. Existing investments will be developed for the purpose of future exits.

CSR policy

Maj Invest Equity Southeast Asia II's CSR Policy serves as the framework for ensuring the incorporation of environmental, social and governance factors (ESG) into the investment decision-making process and ownership practices and for ensuring a responsible and positive development on ESG factors in the companies. The Fund promotes the UN Global Compact principles, with the addition of good corporate governance and animal welfare.

Ownership

Maj Invest Equity Southeast Asia II is owned by a number of Danish professional and institutional investors holding a stake of 98.96%. Maj Invest Management, the Investment Committee and staff involved in investments in Maj Invest Equity Southeast Asia II have invested as special limited partners in Maj Invest Equity Southeast Asia II. 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.

MANAGEMENT COMMENTARY

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Investors	Commitment 31.12.2019 '000 USD	Interest in per cent
Danish Pension Institutions	39,560	71.93%
Other danish professional investors	12,172	22.13%
Maj Invest Holding A/S	2,696	4.90%
Investment Committee	176	0.32%
Management and staff etc.	396	0.72%
	55,000	100.00%

Legal structure

Maj Invest Equity Southeast Asia II is a Danish limited partnership with a Danish private limited company as general partner. The investors have entered into a limited partnership agreement. The general partner is managed by an executive board consisting of an external director. The general partner is a subsidiary of the manager Maj Invest Equity A/S which is owned by Maj Invest Holding A/S (Maj Invest Holding).

Under two management agreements, the manager handles all investment-related and administrative tasks for Maj Invest Equity Southeast Asia II. Consequently, Maj Invest Equity Southeast Asia II has no staff employed. The manager has made an advisory service agreement with Fondsmæglerselskabet Maj Invest A/S (MI) in respect of some of the investment-related tasks and an agreement with Maj Invest Holding in respect of administrative tasks.

Decision structure

The investors in Maj Invest Equity Southeast Asia II has set up an Investor Board with representatives appointed by the investors. The Investor Board is the investors representative body which evaluates the overall developments in the Fund. The Investor Board approves the members of the Investment Committee and various other specific decision points.

The Investment Committee is responsible for deciding follow on investments in or divestments of portfolio companies in Maj Invest Equity Southeast Asia II following a recommendation by the Manager. The Investment Committee consists of five members: three external members with business experience, the CEO of MI and the managing partner of Maj Invest Equity A/S. Reference is made to note 8, which shows any other executive functions or directorships held by Investment Committee members.

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 Equity Southeast Asia II 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 A/S is disclosed in the annual report of Maj Invest Equity A/S which is available on the website www.majinvest.com. Information is given on Manager level.

The financial development in Vietnam and Indonesia

Vietnam

Following last year's impressive growth figure of 7.08%, Vietnam's 2019 GDP growth of 7.02% exceeded the government's target of 6.8%. The accelerated growth was driven by higher domestic demand, record export earnings, and the government's economic reforms. The economy saw strong growth in all three main areas: agriculture, industry & construction, and services. The upbeat results reflected a high growth of the manufacturing and services sector, robust foreign inflows and rising global and domestic demand, which boosted manufacturing and exports.

Meanwhile, 2019's Consumer Price Index (CPI) rose by 2.79%, which was lower as compared to last year's 3.54% and the 4% target set by the government. CPI was kept in check thanks to efforts of the government to conduct regular market inspections and apply several price stabilization policies for indispensable goods. Further, the State Bank of Vietnam's efforts to pursue a consistent monetary policy aimed at macroeconomic stability and inflation control also helped to keep CPI under control.

The value of exports was estimated at USD 263.45 billion in 2019, an increase of 7.7% compared to 2018. Phones and various devices led among the key export commodities followed by garment and textiles products, computers and electronic devices and components, and shoes. Meanwhile, the value of imports in 2019 was estimated at USD 253.51 billion (+6.7% y-o-y) fueled by increased demand for machinery and equipment for the manufacturing of mobile phones, electronics, and PCs. As a result, Vietnam recorded a trade surplus of USD 9.94 billion, a significant increase compared to last year's USD 7.21 billion.

In 2019, Vietnam attracted USD 16.7 billion (-7.06% y-o-y) in registered foreign direct investment ("FDI") for new projects. Additionally, existing FDI projects dated prior to 2019 registered for a total share capital increase of USD 5.8 billion. Meanwhile, actual disbursed FDI reached USD 20.4 billion (+6.8% y-o-y) and total foreign indirect investment

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("FII") reached USD 15.5 billion (+56.7% y-o-y). The manufacturing sector was the largest beneficiary of FDI in 2019 with USD 12.1 billion in registered capital, accounting for 72.2% of the country's FDI inflows. Top countries directing FDI capital into Vietnam in 2019 included Korea (USD 3.66 billion, accounting for 21.9%), Hongkong (USD 2.81 billion, accounting for 16.8%), China (USD 2.37 billion, accounting for 14.2%) and Singapore (USD 2.1 billion, accounting for 12.5%).

With regards to the foreign exchange rate, the commercial VND/USD exchange rate had a depreciation 0.99% against the US Dollar (USD) compared to the target of keeping the VND depreciation in the range of 2%-3% against the USD. Foreign currency reserves of the country peaked at approximately USD 79 billion – the highest level ever, due to the trade surplus, the FDI, FII and remittance from overseas Vietnamese. This significantly contributed to a stable exchange rate, enhanced macro-economic conditions, and increased trust from foreign investors in the country's economy.

In December 2019, Moody's downgraded its 12 – 18 months Vietnam outlook to negative from stable (but still kept Vietnam's Ba3 rating) stating "The negative outlook reflects some ongoing risk of payment delays on some of the government's indirect debt obligations, in the absence of more tangible and significant measures to improve the coordination and transparency around debt management within the administration". Vietnam has kept its Ba3 rating, which is underpinned by strong growth potential and economic diversification, supporting the economy's capacity to absorb shocks.

Overall, following the 2015 – 2018 period, the Vietnamese economy continued showing robust growth in 2019 underlining the country's economic and political stability.

Indonesia

The Indonesian economy grew by 5.02 % in 2019, lower than 5.17% GDP growth in 2018, mainly driven by the cooling in global economy as a result of United States-China trade dispute. The GDP growth of 5.02% was lower than Government's 5.30% target for 2018.

Meanwhile, in 2019, the current account deficit in Indonesia narrowed to 2.7% of GDP, compared to 2.9% of GDP in 2018. This was driven by a trade deficit of USD 3.2 billion, sharply narrowing compared to trade deficit of USD 8.7 billion in 2018 due to decline in imports of 9.5% compared to 2018, while exports declined by 6.9% y-o-y. For 2020, the current account deficit is expected to improve to 2.0%-2.5% of GDP.

The Central Bank of Indonesia ("BI") stated that inflation averaged at 3.02% in 2019, lower than the 3.20% in 2018, driven by more stable price increases in food, electricity, water, and subsidized fuels. For 2020, Indonesia targets to maintain the inflation rate at around 3.5%, on account of controllable market demand, and administered prices and the stable exchange rate of the rupiah.

MANAGEMENT COMMENTARY

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Indonesia attracted USD 28 billion in foreign direct investment (FDI) in 2019, slightly down from the USD 29 billion in 2018, according to the country's investment coordinating board (BKPM). The slight decline was mainly caused by investors' wait-and-see approach during 2019's general elections. For 2020, BKPM targets to achieve USD 36 billion of FDI, to be driven by further policy reforms towards foreign investments.

The Indonesian Rupiah appreciated from IDR 14,460 per USD on December 31, 2018 to IDR 13,885 per USD on December 31, 2019, supported by the narrowing trade deficit. Rupiah is expected to strengthen further to the level of IDR 13,700 per USD in 2020.

Financial position and development in the portfolio companies in 2019

Profit/loss for the year

The bottom-line for 2019 is a loss of USD 6.5 million (2018 loss of USD 6.3 million). The result for the year has been influenced by a negative unrealised value adjustment of USD 5.1 million in two portfolio companies. The result is not in line with the management expectations for 2019.

Development in the portfolio companies in 2019

Berrybenka Pte. Ltd. (Berrybenka)

Maj Invest Equity Southeast Asia II made its initial investment in Berrybenka in February 2015. Berrybenka was established in 2012, and is a fast-fashion retailer company in Indonesia. Berrybenka aims to be the #1 local fast-fashion company in Indonesia by selling an assortment of attractive fashion products at affordable prices through its online and offline distribution channel (omnichannel), as well as delivering the best customer shopping experience for the online fashion consumer. Berrybenka has a focus on female fashion within the middle market segment.

After the successful execution of a strategy pivot from a department store-style fashion provider into a pure fashion private label business in 2018, Berrybenka further grew its top line while improving further its efficiency in 2019. Furthermore, the store count grew from 18 outlets to 25 outlets. In the beginning of 2020, the company expected to continue growing its sales in both offline and online channel. However, Berrybenka will be affected by COVID-19.

As of December 31, 2019 the Fund's ownership in Berrybenka is 19.97% plus convertible notes that when converted would give the Fund a total ownership of 42.47% in Berrybenka.

Niso Corporation (Niso)

Maj Invest Equity Southeast Asia II made its initial investment in Niso Corporation in October 2016. Niso was established in 1991 and is a Vietnamese F&B company operating a

MANAGEMENT COMMENTARY

BUSINESS REVIEW

variety of different restaurant and coffee shop concepts, typically based on Vietnamese café concepts offering a mix of Vietnamese and Western dishes. As of December 2019, Niso operated 26 outlets under 7 unique brands.

Following 2018, Niso continued facing challenges in 2019 due to the fact that some of the stores did not manage to make profit caused by concept and location issues. Since May 2019, the Board made the decision to close 10 stores which had been consistently unprofitable. As a result, by December 2019, Niso had 26 outlets compared to 32 outlets as of December 2018. Meanwhile, in 2019, Niso opened 4 more stores. However, most of the new stores did not manage to achieve the sales targets. In the beginning of 2020, the managements key goals for Niso is to make the company breakeven at EBITDA level within 2020 and the management team will focus on (1) optimizing the performance of existing stores (2) close down stores and (3) optimize back-office expenses. However, it is uncertain whether expectations for 2020 can be achieved, as the COVID-19 will affect Niso.

As of December 31, 2019 the ownership of the Fund in Niso Corporation is 33.5%.

Fit and Health Indonesia (Gold's Gym)

Maj Invest Equity Southeast Asia II made its initial investment in Gold's Gym in April 2017. PT Fit and Health Indonesia, established in 2004, is the second leading fitness club chain operator in Indonesia. It operates 18 clubs (15 self-owned, 2 joint ventures, and 1 franchise) in 3 major cities across Indonesia under the "Gold's Gym" brand, a licensed brand from the USA. The company employs more than 600 employees and has more than 43,000 active club members. The company's main source of revenue are gym membership fees and personal trainer fees. The Company's core target market are people aged between 17 and 36 with an average income above USD 250 per month.

Following restructuring and reorganization processes in 2017, Gold's Gym started showing significant improvement in 2018. Furthermore in 2019, Gold's Gym showed further growth and improvement from EBITDA breakeven in 2018 into positive EBITDA in 2019. The improvement was led by the growth in the number of active members and personal training sessions. Gold's Gym will be effected by COVID-19. Moving forward, the company will continue optimizing the operations in the existing clubs and further improve the back office before adding new clubs.

Kim Healthcare Group Joint Stock Company (Kim Dental)

Maj Invest Equity Southeast Asia made its initial investment in Kim in May 2017. Kim was established in 2009, being one of a few private health care services companies in Vietnam that has managed to build a network of 21 dental clinics and 1 cosmetic surgery hospital as of December 2019. Kim aims to become the leading player in the local dental market by functioning as a one-stop shop catering to all dental needs at competitive prices.

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During 2019, the greatest challenge for Kim was the underperformance of its newly opened clinics. The management decided to halt expansion and slow down marketing activities so as to standardize its operating model. Since June 2019, the company also made a significant move by closing down 5 underperforming clinics.

In 2020, Kim's key focus areas will be continually improving operations, and focusing on hiring and training doctors. In the beginning of 2020, the company expected to improve the gross profit margin by effectively controlling inventory and close underperforming clinics. However, Kim Dental will be affected by COVID-19.

As of December 31, 2019 the ownership of the Fund in Kim Dental is 44.67%.

Capital resources

At year-end Maj Invest Equity Southeast Asia II has a total capital commitment of USD 55.0 million. On December 31, 2019, investors has paid USD 47.85 million, or 87.0% of their capital commitments, and the remaining capital commitment is USD 7.15 million.

Maj Invest Equity Southeast Asia II's equity amounted to USD 24.4 million at December 31, 2019, matching an equity ratio of approx. 98%.

Financial risks

The objective of Maj Invest Equity Southeast Asia II is to own investments in Vietnamese and Indonesian portfolio companies and create value in such companies. The major risk factor is therefore the failure to create value in the portfolio companies. General economic trends, including COVID-19, financing opportunities and trends in interest levels and currency have a tremendous impact on the potential for value creation in the portfolio companies and consequently also the future value of Maj Invest Equity Southeast Asia II's investments.

Uncertainties relating to recognition and measurement in the financial statements

The investments in the portfolio companies are valued at fair value, according to Accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty.

Events after the balance sheet day

COVID-19 has taken the world by surprise and even though the full impact is not clear at this point of time, the COVID-19 will affect the portfolio companies negatively and will require value adjustments in 2020. Maj invest Equity Southeast Asia II will monitor the COVID-19 effects closely.

Besides this, there have not been other events after the balance sheet date and to date that materially affect the assessment of the annual report.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

GENERAL

The annual report for Maj Invest Equity Southeast Asia II 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 of class C entities such as cash flow statement 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 the 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.

The annual report is prepared in USD (USD/DKK: 31/12-2019: 667.59 / 31/12-2018: 651.94)

The accounting policies are the same as last year.

With reference to the Danish Financial Statements Act §110, the limited partnership has not prepared consolidated financial statements.

Recognition and measurement

All income and expenses relating to the financial year are recognised in the income statement regardless of time of payment. Negative value adjustments in respect of investments in portfolio companies 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 on the balance sheet date.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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

Income of investments in portfolio companies

Realised gains/losses on investments, negative unrealised value adjustments of investments are recognised in the income statement. Interest received on loans to and dividends received from portfolio companies are also recognised under "Income of investments in portfolio companies".

Administrative expenses

Administrative expenses mainly consist of management fees and other administrative expenses.

Financial income and expenses

Financial income and expenses include interest on bank deposits, interest on bridge loans and annual risk premium to the general partner "MIE SEA II GP ApS".

Tax

Maj Invest Equity Southeast Asia II is a Danish limited partnership. The limited partnership is transparent for tax purposes and taxes are levied on the individual investors 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 recognised 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.

The fair value of investments in portfolio companies are measured at the most recent market price, for instance in the form of an expansion of capital or a partial sale based on the values of comparable companies or through the use of traditional valuation methods, such as EV/EBITDA, P/E, EV/EBIT, P/B.

If the fair value assessment is not reliable, investments will be measured at cost, with the addition of transaction costs.

Positive unrealised value adjustments of investments in associated companies

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

are made directly at the equity. Negative unrealised value adjustments are recognised in the income statement.

Receivables

Receivables from portfolio companies and other receivables are measured at the lower of amortized 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 amortized cost, usually corresponding to the nominal value.

CASH FLOW STATEMENT

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as the year's movements in cash flows and the limited partnership's cash at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities include the net profit or loss for the year, adjusted for changes in working capital and non-cash operating items, such as value adjustments of investments in portfolio companies and provisions. The working capital includes current assets less short-term liabilities, exclusive of items included in cash and bank loans.

Cash flows from investing activities

Cash flows from investing activities include payments in respect of acquisitions or divestments of portfolio companies.

Cash flows from financing activities

Cash flows from financing activities include payments to and from limited partners as well as any changes in bank loans.

FINANCIAL STATEMENTS

INCOME STATEMENT

'000 USD	Note	2019	2018
Income of investments in portfolio companies	1	(5,109)	(4,337)
Administrative expenses		(1,361)	(1,978)
Operating profit/loss		(6,470)	(6,315)
Financial income	2		1
Financial expenses	(14)	(14)	(16)
Profit/loss before tax		(6,482)	(6,330)
Withholding tax		-	-
Profit/loss for the year		(6,482)	(6,330)
Proposed distribution of net profit/loss			
Retained earnings		(6,482)	(6,330)
		(6,482)	(6,330)

FINANCIAL STATEMENTS

BALANCE SHEET

'000 USD	Note	31/12/2019	31/12/2018
ASSETS			
Investments in portfolio companies	2	19,467	22,938
Receivables from portfolio companies	3	5,325	5,675
Total investments		24,792	28,613
Total non-current assets		24,792	28,613
Other receivables		-	2
Total receivables		-	2
Cash		49	978
Total current assets		49	980
Total assets		24,841	29,593
EQUITY AND LIABILITIES			
Paid-in capital		47,850	46,458
Distributions		-	-
Retained earnings		(23,410)	(16,928)
Total equity		24,440	29,530
Debt to banks		350	-
Other payables		51	63
Total short-term liabilities		401	63
Total liabilities		401	63
Total equity and liabilities		24,841	29,593
Cash flow statement – adjustments	4		
Cash flow statement – change in work capital	5		
Uncertainties relating to recognition and measurement in the financial statements	6		
Contingent liabilities etc.	7		
Other notes	8		

FINANCIAL STATEMENTS

Statement of capital

'000 USD	Paid-in capital	Retained earnings	Fair value adjustment	Total
2019				
Equity 01/01	46,458	(16,928)	–	29,530
Paid-in capital from limited partners during the year	1,392	–	–	1,392
Profit/loss for the year	–	(6,482)	–	(6,482)
Equity 31/12	47,850	(23,411)	–	24,440

The limited partners are liable for their share of the remaining commitment as of December 31, 2019

7,150

2018

Equity 01/01	42,237	(10,598)	–	31,639
Paid-in capital from limited partners during the year	4,221	–	–	4,221
Profit/loss for the year	–	(6,330)	–	(6,330)
Equity 31/12	46,458	(16,928)	–	29,530

The limited partners are liable for their share of the remaining commitment as of December 31, 2018

43,912

As a consequence of the limited partners decision to reduce the total commitment in the Fund to USD 55.0 million, the remaining commitment was reduced to USD 8.542 million as of January 1, 2019.

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

'000 USD	Note	2019	2018
Profit/loss for the year		(6,482)	(6,330)
Adjustments	4	5,112	4,340
Change in working capital	5	(10)	66
Cash flows from operating activities before net financials		(1,380)	(1,924)
Financial income		2	1
Financial expenses		(14)	(16)
Cash flows from operating activities		(1,392)	(1,939)
Purchase of investments in portfolio companies		(1,629)	(1,908)
Changes in loan to portfolio companies		350	(353)
Cash flows from investing activities		(1,279)	(2,261)
Paid-in capital from limited partners		1,392	4,221
Distributions to limited partners		-	-
Changes in bank loans		350	-
Cash flows from financing activities		1,742	4,221
Cash flows for the year, net		(929)	19
Cash at the beginning of the year		978	959
Cash at the end of the year		49	978

FINANCIAL STATEMENTS

NOTES

'000 USD	2019	2018
NOTE 1 Income of investments in portfolio companies		
Realised gain/loss on loans to portfolio companies	(9)	(12)
Unrealised value adjustments	(5,100)	(4,325)
	(5,109)	(4,337)
NOTE 2 Investments in portfolio companies		
	31/12/2019	31/12/2018
Cost at 01/01	31,517	29,609
Additions during the year	1,629	1,908
Disposals during the year	–	–
Cost at 31/12	33,146	31,517
Value adjustments at 01/01	(8,579)	(4,254)
Value adjustments during the year	(5,100)	(4,325)
Value adjustments at 31/12	(13,679)	(8,579)
Carrying amount at 31/12	19,467	22,938

The investments are valued according to the fair value measurements in Level 3 of the fair value hierarchy. One of the investments is a minority investment with an ownership percentage less than 20%. The investment's fair value is recognised based on the valuation from the recent capital injection in 2016 with addition of convertible notes.

FINANCIAL STATEMENTS

NOTES

'000 USD	31/12/2019	31/12/2018
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NOTE 3 Receivables from portfolio companies

Cost at 01/01	5,675	5,322
Additions during the year	-	353
Disposals during the year	(350)	-
Cost at 31/12	<u>5,325</u>	<u>5,675</u>
Carrying amount at 31/12	<u>5,325</u>	<u>5,675</u>

NOTE 4 Cash flow statement – adjustments

Financial income	(2)	(1)
Financial expenses	14	16
Unrealised value adjustment	5,100	4,325
	<u>5,112</u>	<u>4,340</u>

NOTE 5 Cash flow statement – change in working capital

Change in receivables	2	14
Change in other short-term liabilities	(12)	52
	<u>(10)</u>	<u>66</u>

FINANCIAL STATEMENTS

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NOTE 6 Uncertainties relating to recognition and measurement in the financial statements

The investments in the portfolio companies are valued at fair value, according to accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty.

NOTE 7 Contingent liabilities etc.

Contingent liabilities

Maj Invest Equity Southeast Asia II has entered into management agreements with Maj Invest Equity for the Manager's administration of Maj Invest Equity Southeast Asia II as well as the provision of investment advisory services to Maj Invest Equity Southeast Asia II. On termination, Maj Invest Equity Southeast Asia II may in certain circumstances be obliged to pay management fees for up to a 9 month period. At December 31, 2019 the fee payable amounted to app. USD 0.6 million.

NOTE 8 The Executive board and Investment Committee

Executive board of the general partner:

Cato Baldvinsson

Director of:

MIE SEA II GP ApS.

Chairman of:

Maj Bank A/S and Asgard Fixed Income Fund Limited, Cayman Islands.

Board member of:

Pensionskassen Pensam, Pensam Liv, Investeringsfondene Asgard Fund ICAV, Irland and Kronborg DAC, Irland.

Investment Committee:

Jeppe Christiansen

CEO of:

Fondsmæglerselskabet Maj Invest A/S and Maj Invest Holding A/S.

Director of:

Maj Invest Equity A/S and Det Kgl. Vajsenhus.

Chairman of:

Haldor Topsøe A/S, JEKC Holding ApS, Emlika ApS and Emlika Holding ApS.

Vice Chairman of the boards of:

Novo Nordisk A/S.

Board member of:

Kirkbi A/S, Novo Holdings A/S, JKLE Holding ApS, Pluto Naturfonden and Maj Invest Equity A/S.

Member of Investment Committee of:

Maj Invest Equity Vietnam I K/S, Maj Invest Financial Inclusion Fund II K/S, Maj Invest Inclusion Fund II K/S, Maj Invest Financial Inclusion Fund III K/S, Danish Microfinance Partners K/S, Maj Invest Equity 4 K/S and Maj Invest Equity 5 K/S.

FINANCIAL STATEMENTS

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Erik Holm

CEO, Managing Partner of:

Maj Invest Equity A/S.

Director of:

Fondsmæglerselskabet Maj Invest A/S, Maj Invest Holding A/S and Erik Holm Holding ApS.

In addition, chairman and board member of several holding companies and underlying portfolio companies owned by Maj Invest Equity 4 K/S and Maj Invest Equity 5 K/S.

Chairman of:

Cenex ApS.

Vice Chairman of the boards of:

Arvid Nilssons Fond and SP Group A/S.

Board member of:

Fonden Maj Invest Equity General Partner, Brødrene A. & O. Johansen A/S, AO Invest A/S, Maj Invest Singapore Private Ltd., Maj Invest South America S.A. and Maj Invest Equity A/S.

Member of Investment Committee of:

Maj Invest Equity 4 K/S, Maj Invest Equity 5 K/S and Maj Invest Equity Vietnam I K/S.

Michael Hauge Sørensen

Chairman and co-owner of:

Fristads Kansas Group AB.

Board member of:

Michaso Holdings Limited and Elevate Global Limited.

Member of Investment Committee of:

Maj Invest Vietnam I K/S.

Sameer Kalra

Group Executive Vice President:

Alfa Laval Group.

President:

Alfa Laval – Marine Division.

Chairman of:

Framo AS and Alfa Laval Aalborg A/S.

Member of Investment Committee of:

Maj Invest Equity Vietnam I K/S.

Torben Kjær

Board member of:

Berrybenka Pte. Ltd., Singapore, Kim Health Care Group Corporation, Vietnam, Niso Corporation, Vietnam, Fonden LDE 2 GP, Fonden LDE 3 GP and Fonden MIE 5 GP.

Member of Investment Committee of:

Maj Invest Equity Vietnam I K/S.

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Cato Anthoni Baldvinsson

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