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Gram Commercial A/S
Central Business Registration No 12 00 66 32
Aage Grams Vej 1
6500 Vojens

Annual report 2017

The Annual General Meeting adopted the annual report on

04.06.2018

Chairman of the General Meeting



Name: Ole Brandorff-Lund

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Company details

Company

Gram Commercial A/S

Aage Gramsvej 1

6500 Vojens

Central Business Registration No: 12 00 66 32

Registered in: Vojens, Denmark

Phone: +45 73 20 12 00

Fax: +45 73 20 12 07

Internet: www.gram-commercial.com

E-mail: info@gram-commercial.com

Board of Directors

Katsuhiro Kurimoto, chairman

Ole Brandorff-Lund

Tomoo Shimizu

Anders Sjøgaard

Jacob Nielsen

Thomas Kruse

Executive Board

Ole Brandorff-Lund

Anders Sjøgaard

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Gram Commercial A/S for the financial year 1 January to 31 December 2017.

The annual report was prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2017 and of their financial performance as well as the cash flow for the financial year 1 January to 31 December 2017.


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

We recommend the annual report for adoption at the Annual General Meeting.

Vojens, 31.05.2018

Executive Board



Ole Brandorff-Lund
Chief Executive Officer


Anders Sjøgaard
Director

Board of Directors


Katsuhiro Kurimoto
Chairman


Ole Brandorff-Lund


Anders Sjøgaard


Jacob Nielsen


Thomas Kruse


Tomoo Shimizu

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Vojens, 31.05.2018

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Chief Executive Officer

Anders Sjøgaard
Director

Board of Directors

Katsuhiko Kurimoto
Chairman

Ole Brandorff-Lund

Anders Sjøgaard

Jacob Nielsen

Thomas Kruse

Tomoo Shimizu

Independent auditor's report

To the shareholders of Gram Commercial A/S

Opinion

We have audited the financial statements of Gram Commercial A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the financial statements* section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about 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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Kolding, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56


Suzette Demediuk Steen Nielsen

State-Authorised

Public Accountant

MNE-nr.32207

Management commentary

The Gram Commercial produces and sells refrigerators and freezers, refrigerated tables and blast chillers for the professional market and the biomedical and pharmaceutical market.

In the biomedical and pharmaceutical market costumers mainly consist of hospitals, laboratories, medical companies and pharmacies.

The Company operates in more than 30 countries with sales representatives in Germany, UK, Netherlands and France as well as partners in Norway, Sweden, France and Turkey.

Development in activities and financial position

Revenue for the year amounts to DKK 300,3 million against DKK 327,7 million the previous year. Profit/loss on ordinary activities before tax amounts to DKK 53,3 million against 72,2 million the previous year.

In 2017 the Gram Commercial Group finished a corporate restructuring process, where the European sales and distribution activities in the commercial market are centralised in the Dutch based Hoshizaki Europe. Gram Commercial became a separate business unit with a main focus on R&D, manufacturing and sales within the Biomedical and pharmaceutical market. Gram Commercial made profits of DKK 61,1 million from sale of above mentioned activities.

The development in the Company's financial performance in 2017, is negatively affected by a number of factors, where the devaluation of GBP in connection to the BREXIT and the restructuring process has by far the largest impact.

The Company has throughout the year worked actively with adjusting the activity- and cost level to the changed market circumstances, and has implemented a number of internal improvements and investments. These initiatives are done to secure the growth of the Company.

The financial development does not comply with the expectations of the Company.

Environment

The Company is working actively on optimisation of the external and internal environment. This is done through development of low energy products, use of natural refrigerants and reusable materials where technically possible. Several countries have introduced product energy classification, where the Company is the market leader.

Product development

The Company carries out current product development and optimisation of the business areas. Expenses in this respect are recognised in the income statement on a current basis and are considered immaterial. However is expected to increase considerable after the restructure mentioned above.

Management commentary

Particular risks

Financial risks

The Company's activities expose the Company to financial risks relating to foreign currency, interest, lending activities and liquidity. For further description of the financial risks we refer to note 17 to the Financial Statements.

Commercial risks

The Company is not subject to commercial risks besides what is usual within this line of business.

Outlook for 2018

Revenues decreased 8% year on year to DKK 300,3 million. The reduction has been primarily caused by the Company's restructure, where Gram Commercial as an independent business organisation were through the process of reviewing and structuring of all business activities.

Gram Commercial expect revenues on the same level as 2017, due to the restructure process, which still will influence on the result of 2018. Gram Commercial expect profits DKK 1,0 million in 2018. From 2019 Growth is expected to come from synergies in the sales organisation generated through the integration process, and the newly launched 5th generation products. The Company expect an increase in revenue and profit in 2019.

Report on corporate social responsibility (CSR)

Pursuant to S 99a Danish Financial Statements Act

Gram Commercial's most significant contribution to society relates to the Company's development, manufacturing and sale of environmentally friendly cooling and freezing products to commercial, biomedical and pharmaceutical markets. By purchasing and installing energy efficient products, it is possible to reduce the customers' energy consumption and hence the environmental impact. The Company's basic values focus on environmental friendliness and energy efficiency, and the Company aspires to be a global leader in this respect.

Below, Gram Commercial's CSR efforts are outlined, including policies and guidelines governing such efforts and specific CSR activities and performance. Our CSR efforts mainly fall within four overall categories: ethics, environmental and climate matters, labour and supply chain management.

Code of Ethics

Gram Commercial's Code of Ethics forms the basis of the Company's CSR efforts. The Code specifies Gram Commercial's approach to social responsibility, including behavioural rules, working environment, customer relations, sustainable marketing, whistleblowing policy and anti-corruption. All staff members receive annual training in the Code of Ethics. The staff's participation in training is registered with and reported to Management to ensure integration of the ethical guidelines. We plan to further integrate the ethical guidelines by developing specific scenarios and dilemmas to be discussed in smaller groups.

Environmental and climate matters

Gram Commercial's environmental policy forms an integral part of the Company's quality control system. This policy and the control system ensure that the Company regularly improves its manufacturing processes, enabling the Company to provide highly energy efficient and environmentally friendly products in addition to managing the environmental impact of its activities.

The strongest environmental impact of the Company's activities relates to heating and electricity consumed in manufacturing and the use of refrigerants in finished products. The Company monitors and implements current progress that may help to reduce its consumption of resources. The use of compressed air and lighting at the factories represent an area in which we would be able to reduce our energy consumption by managing and reorganising the manufacturing process, and it will be a continuous optimization process. As regards refrigerants, we aim to use natural refrigerants such as propane for all our products instead of so-called greenhouse gases. We are well on our way to accomplishing this with a usage rate of 75%. As for refrigerants, Gram Commercial seeks to influence the market to take a more environmentally friendly and energy efficient approach by actively engaging in a dialogue with its customers and through product development. Also, we have started using the natural gas, cyclopentane as propellant for insulating refrigerator and upright freezer cabinets.

Gram Commercial's product development and sales is well reputed for presenting the most environmental choice in the European market. Pioneering the replacement of the strong greenhouse gasses HFC with natural gasses HC in the beginning of the century.

Replacing old refrigerators and upright freezers by energy efficient Gram Commercial products often result in a considerable positive environmental impact in the form of reduced energy consumption of up to 75% or more compared with cabinets based on traditional HFC technology.

Gram Commercial has brought a new generation of refrigerators and upright freezers named Gram Superior, hence early adopting the energy-labelling system to govern professional refrigerators and upright freezers.

Labour

Ensuring a healthy and safe environment for the staff of Gram Commercial is about guaranteeing physical safety and psychological well-being. We base our work on the basic approach that all staff want to perform their duties and that Management wants all staff to be happy working at Gram Commercial. A psychologically healthy environment is ensured, for example, by having behavioural and communication guidelines in place. Gram Commercial's Safety Committee and regular workstation assessments ensure follow-up on accidents and similar incidents that call for a special effort. In addition, Gram Commercial reimburses part of any expense incurred by a staff member for treatment by a physiotherapist or chiropractor, should the member require such treatment. We conduct regular follow-up to ensure our employees' safety.

Gram Commercial has no formal human rights policy in place, but relevant matters such as employment, safety and the Gram Commercial staff handbook covers collective agreements.

Management commentary

Supply chain management

Gram Commercial aims to improve its suppliers' awareness about accountability. When selecting new suppliers, importance is attached to actively integrating considerations of environmental matters and working conditions in the suppliers' manufacturing process and products. We visit new suppliers considered to be key to production or to involve a risk in terms of the environment and working conditions. For major suppliers, we also visit their sub-suppliers. Gram Commercial is aware that the Company may have both a positive and a negative effect by way of its supply chain.

Diversity – statement regarding the underrepresented gender pursuant to S 99b Danish Financial Statements Act

For this financial year, Gram Commercial's Board of Directors is made up of five persons, all of which are men. Gram Commercial has set a target rate of representation for the underrepresented gender of 20%, meaning that the Board of Directors must include at least one woman by 2018.

Gram Commercial is in the process of formulating and implementing a policy to govern the representation of the underrepresented gender at other management levels. At the 1st of January 2018, Gram Commercial has 15 managers and middle managers, of which 3 are women. Gram Commercial would like a higher representation of women at management level, and therefore we will be focusing on increasing recognition of managerial talents among our female staff and encouraging them to apply for positions at the various management levels of Gram Commercial.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this Annual Report.

Management commentary

	2013 DKK'000	2014 DKK'000	2015 DKK'000	2016 DKK'000	2017 DKK'000
Financial highlights					
Key figures					
Revenue	271.406	294.270	310.165	327.661	300.275
Operating profit/loss	22.092	6.277	5.577	-7.329	-5.819
Net financials	4.107	5.046	5.712	79.551	59.124
Profit/loss for the year	22.374	9.291	9.842	74.571	41.503
Equity	173.835	183.126	192.968	179.477	159.551
Balance sheet total	260.363	276.170	283.196	274.497	237.803
Invested capital including goodwill	85.586	109.405	101.703	95.916	87.365
Net interest-bearing debt	-88.249	-73.721	-91.265	-83.561	-72.186
Ratios					
EBIT-margin (%)	8,10%	2,10%	1,80%	-2,20%	-1,93%
Return on invested capital including goodwill (%)	24,30%	6,40%	5,30%	-7,40%	-6,66%
Revenue/Invested capital including goodwill	3	3	2,9	3,3	3,4
Return on equity (%)	13,80%	5,20%	5,20%	40,00%	26,00%
Investments in property, plant and equipment	9.019	8.040	5.270	4.625	2.323

Accounting policies

Financial Statements

The Annual Report and the Financial Statements were prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements governing reporting class C enterprises (large), cf. IFRS notification issued according to the Danish Financial Statements Act.

Implementation of the new updated standards and interpretations with the entry into force 1 January 2017 has not led to changes in accounting policies.

IFRS16 (Lease agreements) and IFRS 15 (Revenue from contracts with customers), which entry into force the 1 January 2018 is not expected to lead to any changes in accounting policies.

The Financial Statements have been prepared under the historical cost method. At the preparation of the Financial Statements, Management lays down assumptions affecting the activities and liabilities reported at the balance sheet date and the reported income and expenses for the accounting period. Note 1 below states accounting estimates and assessments which are considered material for the preparation of the Financial Statements.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when incurred or when they are probable and the value of the liability can be measured reliably.

Revenue is recognized in the income statement as earned when goods are delivered defined as that moment when the significant risks and rewards of the goods are passes to the customer. Expenses are recognized when incurred to achieve revenue for the year, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed estimates of amounts previously recognized.

Comprehensive income

Revenue

Revenue comprises the value of goods delivered for the year less value added tax, other duties and discounts directly related to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year, including amortisation, depreciation and staff expenses.

Sales and distribution expenses

Sales and distribution expenses comprise expenses for sales staff, advertising and exhibitions, amortisation, depreciation, etc.

Accounting policies

Administrative expenses

Administrative expenses comprise expenses for administrative staff, Management, office premises, office supplies, amortisation, depreciation, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, exchange gains and losses relating to transactions as well as receivables and payables in foreign currencies.

Tax

Corporation tax expensed relates to the profit/loss for the year. Tax for the year consists of current tax, change in deferred tax and adjustment concerning previous years.

Balance sheet

Intangible assets

The carrying amount of goodwill is tested for impairment once a year and in case of decisive events, and is written down over the income statement to the recoverable amount in case this is lower than the carrying amount.

Licences and software are measured at cost less accumulated amortisation and impairment losses and are amortised on a straight-line basis over the estimated useful lives of the assets.

Licences and software are amortised over periods of 3 years. Goodwill is not amortised.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition as well as expenses directly related to the acquisition up until the time when the asset is ready for use. In case of assets of own construction, cost comprises direct expenses for labour, materials, purchased parts and services delivered by sub-suppliers.

Depreciation is stated considering the residual value of the asset and is reduced by any impairment losses. The residual value is currently reassessed. If the residual value exceeds the carrying amount of the asset, depreciation ceases. Depreciation is made on a straight-line basis over the estimated useful lives of the assets. The most material periods of depreciation are:

Leasehold improvements	5-10 years
Plant and machinery	3-10 years
Fixtures, fittings, tools and equipment	3-7 years

Accounting policies

Fixed assets which are sold or abandoned are deducted from accumulated cost and in accumulated depreciation. Gains or losses on the sale of property, plant and equipment are measured as the difference between the selling price less sales expenses and the carrying amount at the time of sale.

Property, plant and equipment are recognised at the lower of recoverable amount and carrying amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Investments in subsidiaries are written down to the lower of recoverable amount and carrying amount.

Lease agreements

Lease agreements in respect of which the most material part of the risks and rewards of the asset remains with the lessor are classified as operating leases. Lease payments concerning operating leases are recognised in the income statement on a straight-line basis over the term of the lease periods. All leases are at the balance sheet date classified as operating leases.

Impairment of long-term assets

The carrying amounts of long-term assets are reviewed on an annual basis to determine whether there is any indication of impairment. If so, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less expected sales expenses and value in use. Value in use is calculated as the net present value of expected cash flows from the smallest cash generating unit to which the asset belongs.

Inventories

Inventories are measured at standard cost and FIFO.

The cost of work in progress and finished goods comprises direct production costs such as raw materials and consumables with addition of energy and direct labour in the production and indirect production costs such as staff expenses, maintenance and depreciation of production plant.

Inventories with an expected sales price less any expenses for completion and expenses for carrying through the sale (net realisable value) which is lower than cost are written down to net realisable value.

Receivables

Receivables are measured at amortised cost. Provisions are made for bad debts based on an individual assessment of major receivables and based on experience of provision for bad debts relating to other receivables.

Prepayments

Prepayments comprise expenses paid concerning subsequent financial years. These typically comprise prepaid expenses concerning rent, insurance premiums and subscriptions. Prepayments are measured at cost.

Accounting policies

Cash at bank and in hand

Cash at bank and in hand recognised as short-term assets comprise bank deposits and cash.

Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting.

Pensions

The Company's pension schemes comprise solely defined contribution plans. For the defined contribution plans the Company pays a regular contribution to separate legal entities, and the Company has no further obligations when payment has been effected. Recognition in the income statement is made in the period in which the pension is earned by the employee.

Income taxes and deferred tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity or other comprehensive income by the portion attributable to entries directly in equity or other comprehensive income.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Tax for the year is measured based on the tax regulations and tax rates that will be in effect, using the laws at the balance sheet date.

Deferred tax is recognised according to the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities, except for deferred tax on temporary differences arising either from the initial recognition of goodwill or from initial recognition of a transaction (other than in a business combination) and where the temporary difference realized at the time of initial recognition neither affects the accounting profit nor the taxable profit.

Deferred tax is calculated based on the planned use of each asset or settlement of each liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets for set-off against future positive taxable income. At the balance sheet date it is evaluated whether it is probable that in future sufficient taxable income will be generated to be able to use the deferred tax asset.

Accounting policies

Provisions

Provisions are recognised when as a result of a prior event occurred before or on the balance sheet date the Company has a legal or constructive obligation, where it is probable that economic benefits must be given up to settle the obligation and the amount relating to the liability can be measured reliably.

Financial liabilities

Interest-bearing loans are recognised initially at fair value, which usually equivalents to the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Other financial liabilities are measured at amortised cost.

Deferred income

Deferred income includes payments received in respect of income in subsequent years. Deferred income is measured at cost.

Cash flow statement

Cash flows from operating activities are stated indirectly and calculated as the net profit for the year adjusted for non-cash operating items, changes in working capital, interest received and paid and corporation tax paid.

Cash flows from investing activities comprise purchase and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise the raising and repayment of interest-bearing debt, change in intra-group accounts as well as dividend payment to shareholders.

Cash comprises cash and bank balances less bank debt, which is an integral part of liquidity management.

Segment reporting

As the Company is not listed on the stock exchange and is therefore not comprised by IFRS 8, no segment information is disclosed.

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with current "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
EBIT margin (%)	= $\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$	The enterprise's operating profitability.
Return on invested capital, including goodwill (%)	= $\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the enterprise on investors' funds.
Revenue/Invested capital, including goodwill	= $\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$	The enterprise's capital intensity and efficiency in employing invested capital.
Return on equity (%)	= $\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The enterprise's return on capital invested in the enterprise by the owners.

EBIT (Earnings Before Interest and Tax) is defined as operating profit.

Invested capital including goodwill is defined as net working capital plus property, plant and equipment, intangible minus other provisions and other long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables. Income tax receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Comprehensive Income statement for 2017

	<u>Notes</u>	2017 DKK'000	2016 DKK'000
Revenue	2	300.275	327.661
Other income		61.099	0
Cost of sales	3	<u>-274.205</u>	<u>-280.315</u>
Gross profit/loss		87.169	47.346
Sales and distribution expenses	3	-16.809	-33.250
Administrative expenses	3	<u>-15.080</u>	<u>-21.425</u>
Operating profit/loss (EBIT)		55.280	-7.329
Gain from sales of subsidiaries		0	85.331
Financial income	4	138	364
Financial expenses	5	<u>-2.113</u>	<u>-6.144</u>
Profit/loss before tax		53.305	72.222
Tax on profit/loss for the year	6	<u>-11.802</u>	<u>2.349</u>
Profit/loss for the year		41.503	74.571
Other comprehensive income		<u>0</u>	<u>0</u>
Comprehensive income		41.503	74.571

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Goodwill		36.646	36.646
Licences and software		1.081	912
Intangible assets	8	<u>37.727</u>	<u>37.558</u>
Plant and machinery		7.334	8.343
Ongoing investments		0	70
Leasehold improvements		371	599
Other fixtures, fittings, tools and equipment		8.621	13.685
Property, plant and equipment	9	<u>16.326</u>	<u>22.697</u>
Investments in group companies	10	0	329
Financial assets		<u>0</u>	<u>329</u>
Deposits		1.035	1.025
Other non-current assets		<u>1.035</u>	<u>1.025</u>
Non-current assets		<u>55.088</u>	<u>61.609</u>
Inventories	11	<u>57.429</u>	<u>73.707</u>
Trade receivables	12	9.508	48.176
Receivables from group companies		40.294	3.528
Corporation tax		1.149	1.940
Other receivables		1.623	1.777
Prepayments		1.675	2.139
Total receivables		<u>54.249</u>	<u>57.560</u>
Cash at bank and in hand		<u>71.037</u>	<u>81.621</u>
Current assets		<u>182.715</u>	<u>212.888</u>
Total assets		<u>237.803</u>	<u>274.497</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Share capital	13	50.000	50.000
Retained earnings		109.551	129.477
Equity		<u>159.951</u>	<u>179.477</u>
Deferred tax liabilities	14	7.656	8.204
Warranty obligations	15	2.356	1.595
Non-current liabilities		<u>10.012</u>	<u>9.799</u>
Warranty obligations	15	6.784	10.545
Payables to group companies		3.015	8.845
Trade payables		37.937	38.907
Other payables	16	20.504	26.924
Current liabilities		<u>68.240</u>	<u>85.221</u>
Total liabilities		<u>78.252</u>	<u>95.020</u>
Equity and liabilities		<u>237.803</u>	<u>274.497</u>
Financial risks	17		
Foreign currencies in the balance sheet	18		
Contractual obligations	19		
Recourse guarantee commitments and contingent liabilities	20		
Related parties	23		
Fee to auditors appointed at the Annual General Meeting	7		

Statement of changes in equity 1 January – 31 December 2017

	Share capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2016	<u>50.000</u>	<u>142.968</u>	<u>192.968</u>
Profit/loss for the year	<u>0</u>	<u>74.571</u>	<u>74.571</u>
Comprehensive income	<u>0</u>	<u>74.571</u>	<u>74.571</u>
Extraordinary dividend	<u>0</u>	<u>-88.062</u>	<u>-88.062</u>
Equity at 31 December 2016	<u>50.000</u>	<u>129.477</u>	<u>179.477</u>
Profit/loss for the year	<u>0</u>	<u>41.503</u>	<u>41.503</u>
Comprehensive income	<u>0</u>	<u>41.503</u>	<u>41.503</u>
Extraordinary dividend	<u>0</u>	<u>-61.429</u>	<u>-61.429</u>
Equity at 31 December 2017	<u><u>50.000</u></u>	<u><u>109.551</u></u>	<u><u>159.551</u></u>

Cash flow statement 1 January – 31 December 2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Net profit/loss for the year		41.503	74.571
Working capital changes	22	5.581	-11.657
Adjustments	21	<u>17.535</u>	<u>13.889</u>
Cash flows from operating activities before financial income and expenses		64.619	76.813
Financial income received		138	364
Financial expenses paid		<u>-346</u>	<u>-337</u>
Cash flows from ordinary activities before tax		64.411	76.840
Corporation tax paid		<u>-11.562</u>	<u>-1.485</u>
Cash flows from operating activities		<u>52.849</u>	<u>75.355</u>
Sale of property, plant and equipment		0	65
Purchase of property, plant and equipment and intangible assets		-2.323	-4.625
Reclassification of property, plant and equipment and intangible assets		0	15
Cost price subsidiaries		0	4.936
Capital reduction Graminoks		329	3.126
Other non-current assets		<u>-10</u>	<u>4</u>
Cash flows from investing activities		<u>-2.004</u>	<u>3.521</u>
Extraordinary dividend	24	<u>-61.429</u>	<u>-88.062</u>
Cash flows from financing activities		<u>-61.429</u>	<u>-88.062</u>
Increase/decrease in cash and cash equivalents		-10.584	-9.186
Cash and cash equivalents, beginning of year		<u>81.621</u>	<u>90.807</u>
Cash and cash equivalents at 31 December 2017		<u>71.037</u>	<u>81.621</u>
Financial reserves at 31 December 2017		<u>71.037</u>	<u>81.621</u>

The cash flow statement cannot be derived solely from the accounting records published.

Notes

1. Significant accounting estimates

At the preparation of the annual report it is, in accordance with generally accepted accounting principles, necessary that Management makes estimates and sets up assumptions affecting the assets and liabilities reported as well as information about contingent assets and liabilities at the balance sheet date and the reported income and expenses for the financial period.

Management bases its estimates on historical experience as well as various other assumptions which are considered reasonable in the circumstances. The result of this forms the basis of assessing the reported carrying amounts of assets and liabilities as well as the reported income and expenses which do not immediately appear from other documentation. Actual results may deviate from these estimates.

Management considers the following accounting estimates and related assessments material for the preparation of the Financial Statements.

Goodwill

The measurement of goodwill may be affected by changes in estimates and assumptions forming the basis of the values. For a description of the impairment test of intangible assets, we refer to note 8. The goodwill for accounting purposes at 31 December 2017 amounts to DKK 36.646k (31 December 2016, DKK 36.646k).

No impairment loss has been recognised.

Impairment of inventories

Inventories are written down due to obsolescence. The write-down is based on the rate of turnover of the items combined with an actual management assessment of current market trends, product development and any possibilities of recycling the products. Write-down of inventories at 31 December 2017 amounts to DKK 8.499k (31 December 2016 DKK 5.799k); we refer to note 11.

Provisions and warranty obligations

A general warranty of 1-5 years is granted to all customers, according to which the customer may under certain conditions require that the Company repair the product.

Provision is made for this warranty on the Company's products assessed on the basis of realised revenue and the currently realised warranty expense percentage at market level. Provisions for warranty obligations at 31 December 2017 amount to DKK 9.140k (31 December 2016, DKK 12.140k); we refer to note 15.

Notes

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
2. Revenue		
Denmark	90.495	70.599
Other markets	<u>209.780</u>	<u>257.062</u>
	<u>300.275</u>	<u>327.661</u>
3. Remuneration to key employees		
Wages and salaries	75.061	87.828
Pension costs	5.200	6.318
Other social security expenses etc	<u>3.325</u>	<u>3.890</u>
	<u>83.586</u>	<u>98.036</u>
Cost of sales	62.213	66.182
Sales and distribution expenses	12.788	23.152
Administrative expenses	<u>8.585</u>	<u>8.702</u>
	<u>83.586</u>	<u>98.036</u>
<i>Remuneration of the Board of Directors and the Executive Board</i>		
Executive Board members and members of the Board of Directors as well as other senior executives have been remunerated as follows:		
Executive Board	<u>2.776</u>	<u>2.572</u>
Board of Directors	<u>60</u>	<u>60</u>
Other senior executives	<u>4.410</u>	<u>3.093</u>
Average number of employees	<u>190</u>	<u>216</u>

Notes

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
4. Financial income		
Interest income etc	0	67
Interest income, group companies	<u>138</u>	<u>297</u>
	<u>138</u>	<u>364</u>
5. Financial expenses		
Interest expenses etc	346	311
Interest expenses, group companies	<u>0</u>	<u>26</u>
	346	337
Exchange losses and adjustments	<u>1.767</u>	<u>5.807</u>
	<u>2.113</u>	<u>6.144</u>
6. Tax on profit/loss for the year		
Profit/loss before tax	<u>53.305</u>	<u>72.222</u>
	<u>53.305</u>	<u>72.222</u>
Tax on profit/loss for the year is specified as follows:		
Tax on taxable income for the year	12.345	0
Adjustments of deferred tax	-548	-2.349
Adjustments concerning previous years	<u>5</u>	<u>0</u>
	<u>11.802</u>	<u>-2.349</u>
Statement of the effective tax rate	<u>22,1%</u>	<u>-3,3%</u>
Corporation tax rate in Denmark	22,0%	22,0%
Deviation in tax rates in subsidiaries compared to Danish tax rate	3,1%	-0,0%
Effect of changed tax rate	0,0%	0,2%
Non-taxable income and non-deductible expenses	<u>-3,0%</u>	<u>-25,3%</u>
	<u>22,1%</u>	<u>-3,3%</u>
7. Fee to auditors appointed at the Annual General Meeting		
Statutory audit	352	237
Other declaration tasks	31	140
Tax consultancy	47	100
Others	<u>69</u>	<u>260</u>
	<u>499</u>	<u>737</u>

Notes

	<u>Goodwill</u> <u>DKK'000</u>	<u>Licences & software</u> <u>DKK'000</u>	<u>Total</u> <u>DKK'000</u>
8. Intangible assets			
Cost at 1 January 2016	36.646	10.036	46.682
Reclassification	0	5	5
External additions	0	671	671
Cost at 31 December 2016	<u>36.646</u>	<u>10.712</u>	<u>47.358</u>
Amortisation at 1 January 2016	0	8.494	8.494
Amortisation for the year	0	1.306	1.306
Amortisation at 31 December 2016	<u>0</u>	<u>9.800</u>	<u>9.800</u>
Carrying amount at 31 December 2016	<u>36.646</u>	<u>912</u>	<u>37.558</u>
Cost at 1 January 2017	36.646	10.712	47.358
Reclassification	0	0	0
External additions	0	530	530
Cost at 31 December 2017	<u>36.646</u>	<u>11.242</u>	<u>47.888</u>
Amortisation at 1 January 2017	0	9.800	9.800
Amortisation for the year	0	361	361
Amortisation at 31 December 2017	<u>0</u>	<u>10.161</u>	<u>10.161</u>
Carrying amount at 31 December 2017	<u>36.646</u>	<u>1.081</u>	<u>37.727</u>
Amortized over (years)	<u>3</u>		

Notes

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
8. Intangible assets - continued		
Amortization is recognized as follows:		
Cost of sales	35	252
Sales and distribution expenses	0	683
Administrative expenses	<u>326</u>	<u>371</u>
	<u>361</u>	<u>1.306</u>

At 31 December 2017, Management carried through an impairment test of the carrying amount of goodwill. The recoverable amount of the cash generating units is calculated based on calculation of values in use. Goodwill relates to production and sale of industrial refrigerators. The most material uncertainties in this respect relate to the determination of discount factors and growth rates as well as expected changes in selling prices and cost of sales for the forecast period.

For the calculation of values in use the cash flows appearing from the most recently approved budgets and the forecast for the coming 5 years as well as a discount factor before tax of 6,8% (6,8% in 2016) have been used. Discount factor is determined on the basis of market assigned interest added an estimated risk premium. The preparation of the impairment test, use a growth rate beyond the budget period of 2% (2% in 2016).

Management estimates that probable changes in basic conditions will not entail impairment of goodwill.

Notes

	<u>Plant and machinery DKK'000</u>	<u>Leasehold improve- ment DKK'000</u>	<u>Fixtures, fittings etc DKK'000</u>	<u>Ongoing investments DKK'000</u>	<u>Total DKK'000</u>
9. Property, plant and equipment					
Cost at 1 January 2016	67.841	4.046	32.410	773	105.070
Reclassification	4	0	-23	0	-19
External additions	1.453	0	3.204	70	4.727
Disposals	0	0	-262	-773	-1.035
Cost at 31 December 2016	<u>69.298</u>	<u>4.046</u>	<u>35.329</u>	<u>70</u>	<u>108.743</u>
Depreciation and impairment losses at 1 January 2016	58.788	3.041	16.124	0	77.953
Depreciation for the year	2.167	406	5.611	0	8.184
Reversals regarding disposals	0	0	-91	0	-91
Depreciation and impairment losses at 31 December 2016	<u>60.955</u>	<u>3.447</u>	<u>21.644</u>	<u>0</u>	<u>86.046</u>
Carrying amount at 31 December 2016	<u>8.343</u>	<u>599</u>	<u>13.685</u>	<u>70</u>	<u>22.697</u>
Cost at 1 January 2017	69.298	4.046	35.329	70	108.743
Reclassification	0	0	0	0	0
External additions	1.027	99	737	0	1.863
Disposals	0	0	0	-70	-70
Cost at 31 December 2017	<u>70.325</u>	<u>4.145</u>	<u>36.066</u>	<u>0</u>	<u>110.310</u>
Depreciation and impairment losses at 1 January 2017	60.955	3.447	21.644	0	86.046
Depreciation for the year	2.036	327	5.801	0	8.164
Reversals regarding disposals	0	0	0	0	0
Depreciation and impairment losses at 31 December 2017	<u>62.991</u>	<u>3.744</u>	<u>27.445</u>	<u>0</u>	<u>94.210</u>
Carrying amount at 31 December 2017	<u>7.334</u>	<u>371</u>	<u>8.621</u>	<u>0</u>	<u>16.326</u>

Notes

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>	
9. Depreciation is recognized as follows			
Cost of sales	7.402	7.415	
Sales and distribution expenses	124	115	
Administrative expenses	<u>639</u>	<u>654</u>	
	<u>8.164</u>	<u>8.184</u>	
Net gain/losses on sale of fixed assets	<u>0</u>	<u>-105</u>	
10. Investments in group companies			
Cost at 1 January	3.765	8.701	
Disposals	<u>-3.765</u>	<u>-4.936</u>	
Cost at 31 December	<u>0</u>	<u>3.765</u>	
Value adjustment at 1 January	-3.436	-232	
Impairment	<u>3.436</u>	<u>-3.204</u>	
Value adjustment at 31 December	<u>0</u>	<u>-3.436</u>	
Value adjustment at 31 December	<u>0</u>	<u>329</u>	
	<u>Share of</u> <u>ownership</u>	<u>Share capital</u> <u>Amount</u>	<u>Currency</u>
Gram Inoks, Bursa, Turkey*	70%	50.000	TRY

*The company is liquidated in 2017

Notes

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
11. Inventories		
Raw materials and consumables	39.502	41.695
Work in progress	2.347	3.591
Manufactured goods and goods for resale	<u>15.580</u>	<u>28.421</u>
	<u>57.429</u>	<u>73.707</u>
Value of assets written down, measured at cost	12.329	13.337
Value of assets written down, measured at net realisable value	<u>-3.830</u>	<u>-7.538</u>
Total write-downs at 31 December	<u>8.499</u>	<u>5.799</u>
Write-downs of inventories expensed during the year	<u>2.700</u>	<u>520</u>
Consumption of goods	<u>225.309</u>	<u>202.288</u>
12. Trade receivables		
Trade receivables	9.889	48.289
Impairment losses	<u>-381</u>	<u>-113</u>
Trade receivables at 31 December	<u>9.508</u>	<u>48.176</u>
Impairment losses at 1 January	-113	-225
Reversed in the year	113	225
Additions in the year	<u>-381</u>	<u>-113</u>
Impairment losses at 31 December	<u>-381</u>	<u>-113</u>

The fair value of trade receivables is identical to the carrying amounts.

Notes

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
13. Share capital		
The share capital consists of 50.000 shares at DKK 1.000.		
The shares have not been divided into classes and no shares carry any special rights.		
There has been no changes in the share capital in the past five financial years.		
14. Deferred tax liabilities		
Deferred tax at 1 January	8.204	10.553
Deferred tax recognised in profit for the year	<u>-548</u>	<u>-2.349</u>
Deferred tax at 31 December	<u>7.656</u>	<u>8.204</u>
Specification of deferred tax		
Fixed assets	338	921
Goodwill	8.062	8.062
Current assets	-84	1.746
Liabilities	<u>-660</u>	<u>-2.525</u>
	<u>7.656</u>	<u>8.204</u>
Presented in the balance sheet as non-current liability	<u>7.656</u>	<u>8.204</u>

Notes

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
15. Warranty obligations		
Provision at 1 January	12.140	5.540
Used in the year	-10.546	-4.092
Provided in the year	<u>7.546</u>	<u>10.692</u>
Provision for warranty obligations at 31 December	<u>9.140</u>	<u>12.140</u>
<p>A general warranty of usually 1-5 years is granted to all customers, according to which the customer may under certain circumstances demand that the Company repair the product. Expenses for repairs are expected paid degressively over the 1-5 year warranty period.</p> <p>A provision is made for this warranty on the Company's products assessed on the basis of realised revenue and the currently realised warranty expense percentage at market level.</p> <p>The development in the warranty obligations is negatively affected by reservations for a preventive service action on a major product line has by far the largest impact.</p>		
16. Other payables		
Accrued staff expenses	9.666	11.928
Accrued taxes and duties	2.233	4.161
Other short-term liabilities	<u>8.605</u>	<u>10.835</u>
Other short-term liabilities at 31 December	<u>20.504</u>	<u>26.924</u>

Notes

17. Financial risks

The Company's risk management policy

Due to its operations, investments and financing the Company is exposed to changes in exchange rates and interest level. It is the Company's policy not to enter into financial risks for speculative purposes. The Company's financial management is therefore directed solely towards managing the financial risks following directly from the Company's operations and financing.

For a description of the accounting policies and methods applied, including recognition and measurement criteria, we refer to the accounting policies.

Optimization of capital structure

The Company's Management regularly assesses whether the Company's capital structure is consistent with the Company's and shareholders' interest. The overall goal is to ensure a capital structure that supports a long-term economic growth while maximizing returns to the Company's stakeholders by optimizing the relationship between equity and debt no particular ratios etc. have been set. The Company's overall strategy is unchanged from last year.

Foreign exchange risks

The Company's foreign enterprises are not considerably affected by exchange rate fluctuations as both income and expenses are settled in local currencies. Activities carried out by the Danish enterprise are affected by exchange rate changes as revenue is primarily generated in foreign currencies, whereas expenses, including salaries, are paid in DKK.

The Company's foreign exchange risks are primarily hedged by income and expenses being in the same currency and through placing of excess liquidity in local currency to the extent this is considered advantageous.

Interest rate risks

The Company's interest-bearing debt carries variable interest and current interest adjustment is made. No derivative financial instruments are applied to hedge interest rate risks.

The Company is not particularly exposed to interest rate risks as the Company has no non-current liabilities.

Liquidity risks

The Company's financial resources comprise cash as mentioned in the cash flow statement, page 21. At year-end the financial reserves amount to DKK 71,037k (DKK 81,621k in 2016).

It is the Company's objective to have sufficient liquidity resources to be able to carry out expedient transactions in case of unforeseen fluctuations in liquidity.

Notes

17. Financial risks - continued

The Company has no interest-bearing debt or financial assets which fall due beyond 12 months from the balance sheet date and the Company expects no major interest payments. Thus, the values included in the balance sheet express the liquidity risk within 12 months.

Credit risks

The Company is exposed to credit risks in respect of receivables and deposits in banks. The maximum credit risk corresponds to the carrying amount. There is considered to be no credit risk in respect of cash holdings, as the other party is banks with an "A-credit" rating. Trade receivables are materially hedged through debtor insurance. There is much spread in debtors so that the Company is not dependent on a few customers. There is current central follow-up on outstanding receivables in accordance with the Company's debtor policy. In case of uncertainty in respect of the customer's ability or will to pay, and it is estimated that the receivable is subject to risk, a provision is made to cover this risk.

The overdue balance of trade receivables is specified as follows:

Notes

18. Foreign currencies in the balance sheet

The below table shows the Company's assets and liabilities in foreign currencies at the balance sheet date.

DKK '000					31/12 2017
	Receivables	Cash	Long-term financial obligations	Short-term financial obligations	Net exchange risk
GBP	5.397	437	0	297	5.537
EUR	18.723	36.112	0	9.633	45.202
SEK	254	2.312	0	196	2.370
NOK	357	3.644	0	2.435	1.566
USD	0	2.426	0	1.193	1.233
	24.731	44.931	0	13.754	55.908
					31/12 2016
					Net exchange risk
DKK '000	Receivables	Cash	Long-term financial obligations	Short-term financial obligations	
GBP	12.008	8.043	0	2.930	17.121
EUR	21.807	49.706	0	16.369	55.144
SEK	2.733	3.531	0	26	6.238
NOK	2.170	3.393	0	309	5.254
USD	0	1.051	0	2.070	-1.019
	38.718	65.724	0	21.704	82.738

Transaction risk is a possibility of gains/losses on transactions which are not closed at the balance sheet date due to subsequent changes in exchange rates. Gains/losses will be recognised in the income statement.

Notes

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
19. Contractual obligations		
Operating lease commitments		
The Company leases part of its fixtures and fittings according to contracts that are irrevocable for up to 4 years.		
The contracts – minimum payments – are specified as follows:		
Within 1 year	459	1.152
Between 1 and 5 years	<u>622</u>	<u>788</u>
	<u>1.081</u>	<u>1.940</u>
Expenses for leases in 2017 and 2016	<u>409</u>	<u>2.188</u>
The Company has entered into lease agreements for properties which according to the contracts are irrevocable for up to 5 years.		
Within 1 year	5.560	5.314
Between 1 and 5 years	<u>685</u>	<u>570</u>
	<u>6.145</u>	<u>5.884</u>
Expenses for leases in 2017 and 2016	<u>6.110</u>	<u>6.044</u>

Notes

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
20. Recourse guarantee commitments and contingent liabilities		
The Company provided bank guarantees of totally	<u>10</u>	<u>2.605</u>
Work guarantees	<u>0</u>	<u>1.100</u>
The bank guarantees are in favour of a sister company and the work guarantees regards a letter of credit.		
21. Adjustments		
Depreciation and other adjustments of fixed assets	8.525	9.490
Profit/loss in connection with sale	0	105
Exchange adjustments	0	80
Change in warranty obligations	-3.000	6.600
Financial income	-138	-364
Financial expenses	346	337
Corporation tax	<u>11.802</u>	<u>-2.349</u>
	<u>17.535</u>	<u>13.899</u>
22. Working capital changes		
Change in inventories	16.281	-9.377
Change in receivables	2.520	-2.822
Change in trade payables, etc	<u>-13.220</u>	<u>542</u>
	<u>5.581</u>	<u>-11.657</u>

Notes

23. Related parties

Related parties with a controlling interest

The following related parties have a controlling interest in the Company Gram Commercial A/S:

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
Hoshizaki Europe Holding B.V.	The Netherlands	Parent Company
Hoshizaki Corporation	Japan	Ultimate Parent Company

Gram Commercial A/S is wholly owned by Hoshizaki Europe Holding B.V., The Netherlands. Hoshizaki Europe Holding B.V. is subject to the controlling interest of Hoshizaki Corporation., Japan, the ultimate company of the Group.

Other related parties comprise the Company's Board of Directors and Executive Board.

The Company has had the following transactions with related parties:

	<u>Subsidiaries</u> <u>DKK'000</u>	<u>Key personnel</u> <u>Management</u> <u>DKK'000</u>	<u>Fellow-enterprises</u> <u>DKK'000</u>	<u>Total</u> <u>DKK'000</u>
2017				
Sales of machines, parts and SLA fee	0	0	246.227	246.227
Purchase of services, management fee	0	0	6.047	6.047
2016				
Sales of subsidiaries	90.267	0	0	90.267
Purchase of services, management fee	61.636	0	0	61.636
Remuneration etc., cf. note 3	0	5.725	0	5.725

In the financial year there has been no other transactions with members of the Board of Directors and the Executive Board of Gram Commercial A/S than what appears from note 3.

24. Dividend

On 6 January 2017 Gram Commercial A/S an extraordinary dividend of DKK 1,29 per share (total dividend DKK 61.429k) was paid to holder of fully paid ordinary shares.

25. Event after the reporting period

Non-adjusting events are indicative of conditions arising after the reporting period.

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Gram Commercial A/S for the financial year 1 January to 31 December 2017.

The annual report was prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2017 and of their financial performance as well as the cash flow for the financial year 1 January to 31 December 2017.

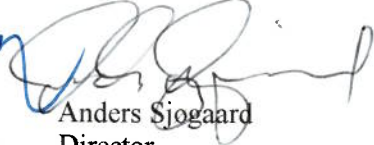
We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Vojens, 31.05.2018

Executive Board


Ole Brandorff-Lund
Chief Executive Officer


Anders Sjøgaard
Director

Board of Directors

Katsuhiro Kurimoto
Chairman


Ole Brandorff-Lund


Anders Sjøgaard


Jacob Nielsen


Thomas Kruse

Tomoo Shimizu

7. Auditor's declaration

Pursuant to Danish law, we declare that we comply with the legal requirements of independence and that we have received all the information requested during our audit.

Kolding, 31 May 2018

Deloitte
Statsautoriseret Revisionspartnerselskab

Suzette Demediuk Steen Nielsen
State Authorised Public Accountant

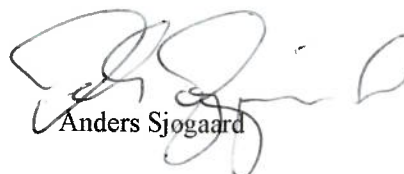
Presented at the Board of Directors' meeting on

Board of Directors

Katsuhiro Kurimoto
Chairman



Ole Brandorff-Lund



Anders Sjogaard



Jacob Philip Nielsen



Thomas Donovan Kruse

Tomoo Shimizu