Hoyer Group A/S

c/o Solix ApS, Gothersgade 49, 2., DK-1123
Copenhagen

Annual Report for 1 January - 31 December 2017

CVR No 37 62 98 47

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/4 2018

Henrik Petersen
Chairman

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Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hoyer Group A/S for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 26 April 2018

Executive Board

Henrik Petersen
CEO

Board of Directors

Søren Østergaard Sørensen
Chairman

Denis Jean Jørgen Viet-Jacobsen
Deputy Chairman

Jan Vestergaard Olsen

Michael Pontoppidan Frost

Lars Radoor Sørensen

Independent Auditor's Report

To the Shareholders of Hoyer Group A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Hoyer Group A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Group in accordance with the International Ethics Standards Board for 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 Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance 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 Company's and the Group's internal control.

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

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

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 26 April 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

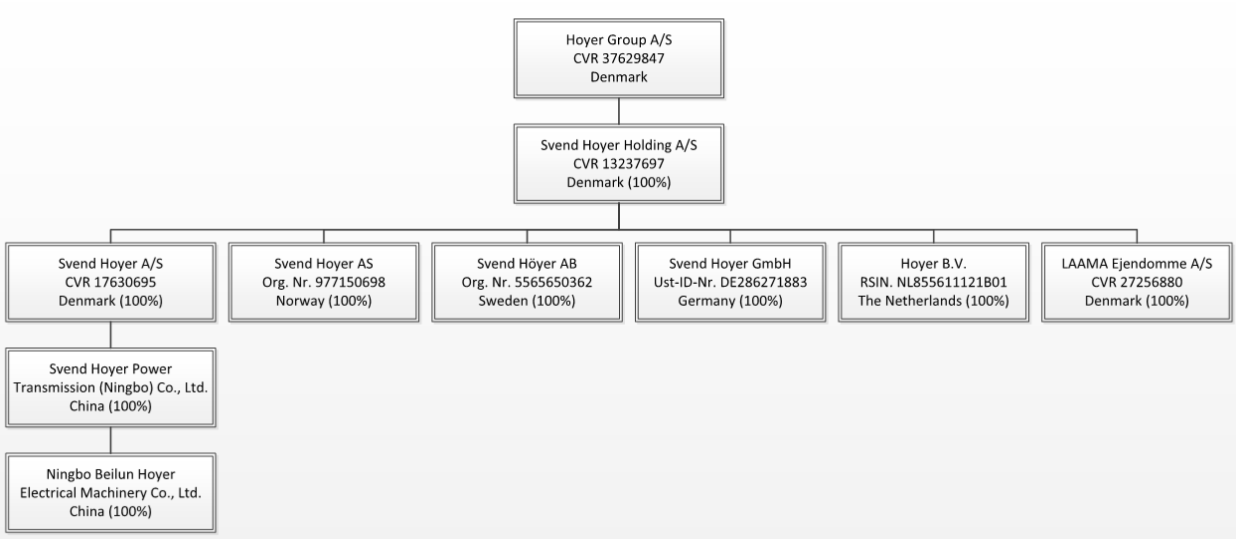
Henrik Kragh
State Authorised Public Accountant
mne26783

Claus Lyngsø Sørensen
State Authorised Public Accountant
mne34539

Company Information

The Company	Hoyer Group A/S c/o Solix ApS Gothersgade 49, 2. DK-1123 Copenhagen CVR No: 37 62 98 47 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Søren Østergaard Sørensen, Chairman Denis Jean Jørgen Viet-Jacobsen Jan Vestergaard Olsen Michael Pontoppidan Frost Lars Radoor Sørensen
Executive Board	Henrik Petersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Group Chart



Hoyer Group A/S
CVR 37629847
Denmark
Svend Hoyer Holding A/S
CVR 13237697
Denmark (100%)
Svend Hoyer A/S
CVR 17630695
Denmark (100%)
Svend Hoyer AS
Org. Nr. 977150698
Norway (100%)
Svend Höyer AB
Org. Nr. 5565650362
Sweden (100%)
Svend Hoyer GmbH
Ust-ID-Nr. DE286271883
Germany (100%)
Hoyer B.V.
RSIN. NL855611121B01
The Netherlands (100%)
LAAMA Ejendomme A/S
CVR 27256880
Denmark (100%)
Svend Hoyer Power
Transmission (Ningbo) Co., Ltd.
China (100%)
Ningbo Beilun Hoyer
Electrical Machinery Co., Ltd.
China (100%)

Financial Highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
	2017	2016
	TDKK	TDKK (8 months)
Key figures		
Profit/loss		
Revenue	436,198	275,474
Operating profit/loss	7,175	-321
Profit/loss before financial income and expenses	7,670	-40
Net financials	-5,139	-6,969
Net profit/loss for the year	173	-6,798
Balance sheet		
Balance sheet total	502,971	515,187
Equity	223,094	218,362
Cash flows		
Cash flows from:		
- operating activities	50,481	41,879
- investing activities	-400	-416,386
including investment in property, plant and equipment	-3,460	-1,341
- financing activities	-1,447	273,330
Change in cash and cash equivalents for the year	48,635	-101,178
Number of employees	169	162
Ratios		
Solvency ratio	44.4%	42.4%
Return on equity	0.1%	-6.2%

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

Management’s Review

Consolidated and Parent Company Financial Statements of Hoyer Group A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Key activities

The Group is a leading supplier of customized low voltage electric motors (Hoyer Motors) and transmission products (Hoyer Transmissions) to the Marine and Industrial sectors, primarily in Europe and Asia. Hoyer sells own-branded as well as customer specific products and offers key value-added services to its customers, such as logistics, technical customization, quality assurance and technical documentation.

Development in the year

The income statement of the Group for the period 1 January – 31 December 2017 shows a profit of DKK 173,198 and at 31 December 2017 the balance sheet of the Company shows equity of DKK 223,094,345.

Operating risks

The Group's main operating risks are related to the ability to be strongly positioned on the markets where the Group's products are sold and the ability to provide quick delivery.

Financial risks

As a result of its operations, investments and financing, the Group is exposed to changes in currency exchange rates and interest rates. The Group applies a finance policy that operates with a low risk profile, so that currency, interest and credit risks only materialize on the basis of commercial circumstances. The Group's use of derivative financial instruments has been regulated through internal procedures approved by the Board of Directors, which among others include maximum amounts and a specification of which derivative financial instruments may be used.

Foreign exchange risks

The Group is affected by changes in currency exchange rates, as goods purchased and the main part of the turnover is invoiced in a foreign currency, while the main part of the costs, including wages and salaries, are mainly paid in Danish Kroner.

Interest rate risks

The Group hedges the interest rate risk on the basis of the interest policy approved by the Board of Directors.

Management's Review

Credit risks

The Group's policy for assuming credit risks means that all customers and other business partners are credit rated on an ongoing basis.

Liquidity risks

The Group has credit facilities available exceeding the expected requirements of the Group.

Targets and expectations for the year ahead

The outlook for 2018 is positive due to expected benefits from the sales and operational improvement initiatives completed during 2017.

Statement of corporate social responsibility

The statement of Corporate and Social Responsibility for the Group covers the accounting period 1 January – 31 December 2017.

In the Hoyer Group, Corporate Social Responsibility (CSR) is an integrated part of the Group's business and is integrated in both strategy and policies.

To ensure that the CSR work focuses on the Company's most significant impacts and the stakeholders' expectations and requirements, Svend Hoyer A/S has developed a CSR strategy, which sets the framework for all work within the Hoyer Group. The strategy is in alignment with the ten principles of FN's Global Compact and comprise matters related to the environment and climate, employees, human rights and anti-corruption.

In 2015, the Group has developed a set of ethical guidelines, "CSR – Code of Conduct", based on the Group's CSR strategy and with a special focus on the above matters, which commits the signer to act in accordance with the Hoyer Group's CSR policy.

The quality departments have the day-to-day responsibility for developing the policies and implementing the strategy's action plans, objectives and reporting.

The Hoyer Group works actively with social responsibility by introducing internal guidelines, objectives and strategies to ensure a better work environment.

Management's Review

Environment and climate

The Group does not run a business with a high impact on the environment, neither in terms of soil pollution or emission of contaminating residues.

Policies

Environmental work is based on the Group's environmental policy, according to which the Company cannot increase its environmental or climate impact.

Implementation

In 2013, Svend Hoyer A/S was certified in accordance with the international environmental management system standard, ISO 14001. In this connection a steering committee has been set up, which is presided over by the Group's COO. An internal audit team was furthermore set up in 2013. The audit team must carry out an internal audit of the environmental management system once every year.

It is the Company's goal that the Company's energy and water consumption must not increase per employee compared to the levels in 2012.

Results

Svend Hoyer A/S has carried out the most recent internal audit in 2017. Action plans have been made for the areas, which the internal audit team has identified as problematic.

2016:
Electricity – kWh: 5,443
Natural gas – mm3: 756
Water consumption m3: 4.4

2015:
Electricity – kWh: 5,177
Natural gas – mm3: 833
Water consumption m3: 2.7

2014:
Electricity – kWh: 5,714
Natural gas – mm3: 495
Water consumption m3: 3.0

2013:
Electricity – kWh: 6,922
Natural gas – mm3: 655
Water consumption m3: 2.5

Management’s Review

2012:
Electricity – kWh: 6,901
Natural gas – mm3: 516
Water consumption m3: 3.0

Emission is stated per employee.

The increase in the water consumption from 2015 to 2016 was caused by a ruptured water pipeline.

The increase in the consumption of natural gas from 2014 to 2015 was caused by the installation of natural gas at an additional location, adding an additional 8,000 m2 to the area heated by natural gas.

Expectations of future environmental performance

In the opinion of the Management, customers will in future demand that the Group's products have a lower energy consumption when in use and that the products may be disposed of in an environmentally and financially sound manner.

Employees

Our employees are one of the Hoyer Group's most important stakeholder groups and the Company is aware that attraction and retention of qualified employees is decisive for the Group's future competitiveness. Thus, employee welfare and employee safety are important areas for the Group.

Policies

The Hoyer Group has a safety policy instructing all employees to carry prescribed safety equipment and follow the safety measures prescribed by the Group.

The Group furthermore has a staff policy comprising employee performance reviews, health insurance and a health policy prescribing healthy food in the Company's canteens.

Workplace assessments are conducted pursuant to statutory requirement, as a minimum every three years, and were most recently conducted in autumn 2016.

Implementation

Since 2011 the Group has had a safety training program, which all newly employed warehouse workers and technicians must follow.

In order to constantly ensure that the Hoyer Group remains a safe place to work, statistics are kept regarding the number of employees absent due to accidents (measured in days).

Management’s Review

Employee performance reviews are carried out once every year between October and December. Any problems must be documented and acted upon at the latest two months after the interview.

Results

The total number of accidents resulting in absence from work fell to 0 from 2 compared to the same period the year before.

Absence due to illness remained unchanged at 2% compared to the same period the year before, which Management considers satisfactory. In the coming year it is aimed to maintain this level of absence due to illness. The management considers an absence due to illness of 2% very low and an indicator of job satisfaction in general. Absence due to illness is evaluated and analysed by the safety group.

In 2017, 100% of the employee performance reviews were made in due time.

Human rights

The Hoyer Group is aware that the Company's activities may affect matters relating to basic human rights. This applies both at group level and in the supplier chain, and the Group wants to accommodate to the interests of customers, employees and major stakeholders in the handling of such problems.

Policies

In the staff policy it is emphasized that employment and career path is dependent upon qualifications. The issue of non-discrimination is thereby dealt with. Gender, religion, nationality, ethnicity or sexual orientation is not considered relevant in relation to recruitment and career paths.

Implementation

The non-discrimination policy has been implemented at group level by integration into internal processes of employment, career advancement and competence development.

Result

By the end of 2017, the Hoyer Group had 173 employees, aged between 20 and 59 years, and representing more than 18 different nationalities and even more ethnic backgrounds.

By the end of 2017, the gender composition among all employees was 28% women and 72% men.

Management's Review

Anti-corruption

The Hoyer Group seeks to achieve high ethical standards in the way we run our business. We have no knowledge of any cases of corruption.

Policies

Anti-corruption is an integrated part of the Group's CSR policy and the Code of Conduct, which form the basis of the Company's operations.

The Group's employees are encouraged to report – in full confidentiality – more or less serious wrongdoings, of which the employees may become aware, including e.g. misuse of funds, fraud, corruption and other actions contrary to the Company's ethical guidelines.

Implementation

Managers must ensure that the employees are made familiar with the arrangement and must furthermore obtain their signatures to the ethical guidelines "CSR – Code of Conduct". Employees must always keep up with the Group's policy updates, which are communicated through internal communication channels.

Results

The Code of Conduct has been signed by 100% of the Group's employees.

Supplier management

The Hoyer Group uses a range of sub-suppliers in the Far East, where the main part of the Group's electric motors are manufactured. The Group is aware that manufacturing in Asia may pose a significant risk in terms of civic responsibility and supplier management and that major stakeholders expect the Group to take an active approach to its sub-suppliers.

Policies

It is the Hoyer Group's policy that all of the Group's products must be manufactured in accordance with the Group's CSR strategy and the ethical guidelines "CSR – Code of Conduct".

Implementation

The Group's quality functions are directly liable for ensuring that sub-suppliers have been made familiar with the Group's CSR strategy and the ethical guidelines "CSR – Code of Conduct".

The Group's suppliers have been divided into three categories: strategic, primary and secondary, depending on the purchase volume of the relevant supplier. Strategic suppliers are audited annually, while primary and secondary suppliers are audited as required.

The quality functions make thorough annual audits of strategic suppliers. Visual inspections as to whether codes and rules are complied with are made in connection with every supplier visit, regardless of the supplier category.

Results

The annual audits and the continuous visual inspections have not identified any non-compliance with the Group's codes and rules.

Statement on gender composition

The Hoyer Group believes that employee diversity, including a gender balance, contributes positively to the work environment and strengthens the Group's performance and competitiveness.

Policies

The Hoyer Group is continuously working on composing a management team where each member's qualifications complement the Group's strategic development in the best possible way.

It is the Group's policy not to discriminate and always appoint or recruit persons on the basis of their qualifications and match to the requested profile.

The Group is working on creating uniform conditions for leader aspirants, regardless of gender. It is aimed to achieve equal career opportunities for men and women through our employment and recruitment procedures and by the Group's investment in development and education. There has been no change in the gender composition of the leader group in 2017 compared to last year.

The Board of Directors is the superior management body of Hoyer Group A/S. The Board of Directors currently consists of five members elected by the general meeting, who are all men. Despite changes in the Board of Directors in 2017 it has not been possible to find a suitable female candidate, which is why the objective of a female board member has not been met in 2017.

The aim is that both genders should be equally represented both on the Board of Directors and on other levels of the management team before the end of 2021.

Income Statement 1 January - 31 December

	Note	Group 2017	Group 21.04.2016-31.12.2016	Parent 2017	Parent 21.04.2016-31.12.2016
		DKK	DKK	DKK	DKK
Revenue		**436,197,613**	**275,474,371**	**2,988,727**	**1,127,157**
Other operating income		778,633	301,517	0	0
Expenses for raw materials and consumables		-305,162,483	-198,223,042	0	0
Other external expenses		-34,667,053	-23,212,474	-1,202,101	-572,184
Gross profit/loss		**97,146,710**	**54,340,372**	**1,786,626**	**554,973**
Staff expenses	1	-75,125,933	-44,501,060	-4,779,701	-1,296,343
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-14,066,942	-9,859,230	0	0
Other operating expenses		-283,756	-19,993	0	0
Profit/loss before financial income and expenses		**7,670,079**	**-39,911**	**-2,993,075**	**-741,370**
Income from investments in subsidiaries		0	0	4,088,143	-4,083,148
Financial income	3	1,094,489	1,022,446	0	414,811
Financial expenses	4	-6,233,735	-7,991,794	-2,026,100	-3,154,273
Profit/loss before tax		**2,530,833**	**-7,009,259**	**-931,032**	**-7,563,980**
Tax on profit/loss for the year	5	-2,357,635	211,077	1,104,230	765,798
Net profit/loss for the year		**173,198**	**-6,798,182**	**173,198**	**-6,798,182**

Balance Sheet 31 December

Assets

		Group		Parent	
	Note	2017	2016	2017	2016
		DKK	DKK	DKK	DKK
Goodwill		150,259,889	160,044,422	0	0
Intangible assets	6	**150,259,889**	**160,044,422**	**0**	**0**
Land and buildings		90,131,560	92,346,848	0	0
Other fixtures and fittings, tools and equipment		8,156,466	10,828,253	0	0
Property, plant and equipment	7	**98,288,026**	**103,175,101**	**0**	**0**
Investments in subsidiaries	8	0	0	273,953,105	293,811,824
Other investments	9	0	4,498	0	0
Deposits	9	869,678	872,428	0	0
Fixed asset investments		**869,678**	**876,926**	**273,953,105**	**293,811,824**
Fixed assets		**249,417,593**	**264,096,449**	**273,953,105**	**293,811,824**
Inventories		**164,726,451**	**172,234,278**	**0**	**0**
Trade receivables		78,258,022	65,279,253	0	0
Other receivables		1,654,003	2,642,751	0	0
Deferred tax asset	12	0	0	101,640	154,000
Corporation tax		690,602	4,078,827	1,768,388	611,798
Prepayments	10	729,689	1,167,745	0	0
Receivables		**81,332,316**	**73,168,576**	**1,870,028**	**765,798**
Cash at bank and in hand		**7,494,287**	**5,687,826**	**1,720**	**367,666**
Currents assets		**253,553,054**	**251,090,680**	**1,871,748**	**1,133,464**
Assets		**502,970,647**	**515,187,129**	**275,824,853**	**294,945,288**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2017 DKK	Group 2016 DKK	Parent 2017 DKK	Parent 2016 DKK
Share capital		23,259,043	22,500,000	23,259,043	22,500,000
Retained earnings		199,835,302	195,861,604	199,835,302	195,861,604
Equity		**223,094,345**	**218,361,604**	**223,094,345**	**218,361,604**
Provision for deferred tax	12	11,589,601	12,234,460	0	0
Other provisions	13	3,455,000	3,125,000	0	0
Provisions		**15,044,601**	**15,359,460**	**0**	**0**
Mortgage loans		38,755,246	30,511,964	0	0
Credit institutions		96,084,812	158,589,352	33,000,000	50,000,000
Deposits		740,603	732,813	0	0
Long-term debt	14	**135,580,661**	**189,834,129**	**33,000,000**	**50,000,000**
Mortgage loans	14	2,082,904	1,388,234	0	0
Credit institutions	14	1,323,048	1,836,165	0	0
Prepayments received from customers		0	754,586	0	0
Trade payables		82,293,164	41,811,212	0	0
Payables to group enterprises		0	0	155,806	878,139
Corporation tax		3,181,882	772,131	0	0
Other payables	15	40,370,042	45,069,608	19,574,702	25,705,545
Short-term debt		**129,251,040**	**91,631,936**	**19,730,508**	**26,583,684**
Debt		**264,831,701**	**281,466,065**	**52,730,508**	**76,583,684**
Liabilities and equity		**502,970,647**	**515,187,129**	**275,824,853**	**294,945,288**

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Statement of Changes in Equity

Group

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	22,500,000	0	195,861,604	218,361,604
Cash capital increase	759,043	6,240,993	0	7,000,036
Exchange adjustments	0	0	-2,037,814	-2,037,814
Other equity movements	0	0	-402,679	-402,679
Net profit/loss for the year	0	0	173,198	173,198
Transfer from share premium account	0	-6,240,993	6,240,993	0
Equity at 31 December	**23,259,043**	**0**	**199,835,302**	**223,094,345**

Parent

	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January	22,500,000	0	195,861,604	218,361,604
Cash capital increase	759,043	6,240,993	0	7,000,036
Exchange adjustments	0	0	-2,037,814	-2,037,814
Other equity movements	0	0	-402,679	-402,679
Net profit/loss for the year	0	0	173,198	173,198
Transfer from share premium account	0	-6,240,993	6,240,993	0
Equity at 31 December	**23,259,043**	**0**	**199,835,302**	**223,094,345**

Cash Flow Statement 1 January - 31 December

	Note	Group 2017	Group 21.04.2016-31.12.2016
		DKK	DKK
Net profit/loss for the year		173,198	-6,798,182
Adjustments	16	19,031,131	17,340,971
Change in working capital	17	32,019,581	52,746,041
Cash flows from operating activities before financial income and expenses		**51,223,910**	**63,288,830**
Financial income		1,443,517	889,783
Financial expenses		-5,379,833	-7,991,794
Cash flows from ordinary activities		**47,287,594**	**56,186,819**
Corporation tax paid		3,193,253	-14,308,069
Cash flows from operating activities		**50,480,847**	**41,878,750**
Purchase of property, plant and equipment		-3,459,625	-1,341,446
Sale of fixed asset investments		7,248	-232,738
Sale of property, plant and equipment		3,052,794	347,985
Acquisitions of enterprises		0	-357,735,186
Cash and cash equivalents at acquisitions of enterprises		0	-57,424,700
Cash flows from investing activities		**-399,583**	**-416,386,085**
Repayment of mortgage loans		8,937,952	-3,935,274
Repayment of loans from credit institutions		-17,392,412	-65,000,000
Repayment of other long-term debt		7,790	0
Raising of loans from credit institutions		0	117,721,495
Cash capital increase		7,000,036	224,500,000
Other adjustments		0	43,500
Cash flows from financing activities		**-1,446,634**	**273,329,721**
Change in cash and cash equivalents		**48,634,630**	**-101,177,614**
Cash and cash equivalents at 1 January		-102,617,658	500,000
Effects of exchange rate changes on cash and cash equivalents		-601,462	-1,338,582
Cash and cash equivalents at 31 December		**-54,584,490**	**-102,016,196**

Cash Flow Statement 1 January - 31 December

		Group	
	Note	2017	21.04.2016-31.12.2016
		DKK	DKK
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		7,494,287	5,687,826
Overdraft facilities		-62,078,777	-107,704,022
Cash and cash equivalents at 31 December		**-54,584,490**	**-102,016,196**

Notes to the Financial Statements

		Group		Parent	
		2017	21.04.2016-31.12.2016	2017	21.04.2016-31.12.2016
		DKK	DKK	DKK	DKK
1	**Staff expenses**				
	Wages and salaries	71,028,662	41,988,206	4,464,076	1,296,343
	Pensions	3,278,551	1,954,456	305,280	0
	Other social security expenses	818,720	558,398	10,345	0
		75,125,933	**44,501,060**	**4,779,701**	**1,296,343**
	Including remuneration to the Executive Board and Board of Directors of:				
	Executive Board	2,973,468	1,064,856	2,973,468	66,554
	Board of Directors	851,250	56,250	851,250	56,250
		3,824,718	**1,121,106**	**3,824,718**	**122,804**
	Average number of employees	**169**	**162**	**2**	**1**
2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	8,278,164	5,518,773	0	0
	Depreciation of property, plant and equipment	5,788,778	4,340,457	0	0
		14,066,942	**9,859,230**	**0**	**0**

Notes to the Financial Statements

		Group		Parent	
		2017	21.04.2016-31.12.2016	2017	21.04.2016-31.12.2016
		DKK	DKK	DKK	DKK
3	**Financial income**				
	Interest received from group enterprises	0	0	0	414,811
	Other financial income	842,045	889,783	0	0
	Exchange adjustments	252,444	132,663	0	0
		1,094,489	**1,022,446**	**0**	**414,811**
4	**Financial expenses**				
	Interest paid to group enterprises	0	0	962,118	0
	Other financial expenses	5,379,833	7,991,794	1,063,982	3,154,273
	Exchange loss	853,902	0	0	0
		6,233,735	**7,991,794**	**2,026,100**	**3,154,273**
5	**Tax on profit/loss for the year**				
	Current tax for the year	3,002,494	905,154	-1,156,590	-611,798
	Deferred tax for the year	-644,859	-1,199,248	52,360	-154,000
	Adjustment of tax concerning previous years	0	83,017	0	0
		2,357,635	**-211,077**	**-1,104,230**	**-765,798**

Notes to the Financial Statements

6 Intangible assets

Group

	Goodwill
	DKK
Cost at 1 January	165,563,195
Cost at 31 December	165,563,195
Transfers for the year	0
Revaluations at 31 December	0
Impairment losses and amortisation at 1 January	5,518,773
Adjustment regarding revaluation of purchase price	1,506,369
Amortisation for the year	8,278,164
Impairment losses and amortisation at 31 December	15,303,306
Carrying amount at 31 December	**150,259,889**

7 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	113,602,459	27,777,751
Additions for the year	0	3,459,619
Disposals for the year	0	-4,939,048
Cost at 31 December	113,602,459	26,298,322
Impairment losses and depreciation at 1 January	21,255,611	16,949,498
Depreciation for the year	2,215,288	3,573,490
Reversal of impairment and depreciation of sold assets	0	-2,381,132
Impairment losses and depreciation at 31 December	23,470,899	18,141,856
Carrying amount at 31 December	**90,131,560**	**8,156,466**

Notes to the Financial Statements

	Parent	
	2017	2016
	DKK	DKK
8 Investments in subsidiaries		
Cost at 1 January	382,735,186	0
Net effect from merger and acquisition	0	382,735,186
Disposals for the year	0	0
Cost at 31 December	382,735,186	382,735,186
Value adjustments at 1 January	-88,923,362	0
Exchange adjustment	-2,037,814	-34,173
Net profit/loss for the year	13,474,497	8,173,006
Dividend to the Parent Company	-20,000,000	-85,000,000
Adjustment regarding revaluation of purchase price	-1,506,369	0
Other equity movements, net	-402,679	193,959
Other adjustments	-9,386,354	-12,256,154
Reversals for the year of revaluations in previous years	0	0
Value adjustments at 31 December	-108,782,081	-88,923,362
Carrying amount at 31 December	**273,953,105**	**293,811,824**
Positive differences arising on initial measurement of subsidiaries at net asset value	185,061,177	195,953,916

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Svend Hoyer Holding A/S	Favrskov, Denmark	100%
Svend Hoyer A/S	Favrskov, Denmark	100%
Svend Hoyer Power Transmission (Ningbo) Co., Ltd.	Ningbo, China	100%
Ningbo Beilun Hoyer Electrical Machinery Co., Ltd.	Ningbo, China	100%
LAAMA Ejendomme A/S	Favrskov, Denmark	100%
Svend Hoyer AS	Larvik, Norway	100%
Svend Hoyer AB	Värnamo, Sweden	100%
Svend Hoyer GmbH	Munich, Germany	100%
Hoyer B.V.	Rotterdam, Holland	100%

Notes to the Financial Statements

9 Other fixed asset investments

	Group	
	Other investments	Deposits
	DKK	DKK
Cost at 1 January	20,635	872,428
Additions for the year	0	1,388
Disposals for the year	-20,635	-4,138
Cost at 31 December	0	869,678
Impairment losses at 1 January	16,137	0
Reversal of impairment losses on sold assets	-16,137	0
Impairment losses at 31 December	0	0
Carrying amount at 31 December	**0**	**869,678**

10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

11 Distribution of profit

	Group		Parent	
	2017	21.04.2016-31.12.2016	2017	21.04.2016-31.12.2016
	DKK	DKK	DKK	DKK
Retained earnings	173,198	-6,798,182	173,198	-6,798,182
	173,198	**-6,798,182**	**173,198**	**-6,798,182**

Notes to the Financial Statements

12 Provision for deferred tax

	Group 2017	Group 2016	Parent 2017	Parent 2016
	DKK	DKK	DKK	DKK
Provision for deferred tax at 1 January	12,234,460	0	-154,000	0
Amounts recognised in the income statement for the year	-644,859	-1,199,248	52,360	-154,000
Provision /Amounts recognised as part of acquisition	0	13,433,708	0	0
Provision for deferred tax at 31 December	**11,589,601**	**12,234,460**	**-101,640**	**-154,000**
Property, plant and equipment	12,030,041	12,727,260	0	0
Amortised loan cost	-440,440	-492,800	-101,640	-154,000
Transferred to deferred tax asset	0	0	101,640	154,000
	11,589,601	**12,234,460**	**0**	**0**
Deferred tax asset				
Calculated tax asset	0	0	101,640	154,000
Carrying amount	**0**	**0**	**101,640**	**154,000**

13 Other provisions

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory in the warranty period. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims.

	Group 2017	Group 2016	Parent 2017	Parent 2016
Other provisions	3,455,000	3,125,000	0	0
	3,455,000	**3,125,000**	**0**	**0**

Notes to the Financial Statements

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK
Mortgage loans				
After 5 years	28,433,788	24,804,447	0	0
Between 1 and 5 years	10,321,458	5,707,517	0	0
Long-term part	38,755,246	30,511,964	0	0
Within 1 year	2,082,904	1,388,234	0	0
	40,838,150	**31,900,198**	**0**	**0**
Credit institutions				
After 5 years	384,946	754,215	0	0
Between 1 and 5 years	95,699,866	157,835,137	33,000,000	50,000,000
Long-term part	96,084,812	158,589,352	33,000,000	50,000,000
Within 1 year	391,675	393,456	0	0
Other short-term debt to credit institutions	931,373	1,442,709	0	0
Short-term part	1,323,048	1,836,165	0	0
	97,407,860	**160,425,517**	**33,000,000**	**50,000,000**
Deposits				
After 5 years	740,603	732,813	0	0
Long-term part	740,603	732,813	0	0
Within 1 year	0	0	0	0
	740,603	**732,813**	**0**	**0**

Notes to the Financial Statements

15 Derivative financial instruments

Derivative financial instruments contracts in the form of interest caps have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent	
Liabilities	772,097	1,013,914	0	0

Interest cap contracts have been concluded to hedge future interest payments on floating rate loans. The contracts have a term of 2.5 years. Under the contracts, floating interest rates cannot exceed a fixed rate of interest of 3.25 % on loans with a principal amount of DKK 66 million. The interest cap contracts have been concluded for the entire remaining maturity period. At the balance sheet date, the fair value of the interest cap contracts amounts to DKK -320,217.

Interest rate swap contracts have been concluded to hedge future interest payments on floating rate loans. The contracts have a term of 7 years. Under the contracts, an interest rate of 0.0275 % is exchanged for a fixed interest rate of 4.98 % on loans with a principal amount of DKK 2,7 million. The interest rate swap contracts have been concluded for the entire remaining maturity period of the loan of 6 years. At the balance sheet date, the fair value of the interest rate swap contracts amounts to DKK -451,880.

Notes to the Financial Statements

		Group	
		2017	21.04.2016-31.12.2016
		DKK	DKK
16	**Cash flow statement - adjustments**		
	Financial income	-1,094,489	-1,022,446
	Financial expenses	6,233,735	7,991,794
	Depreciation, amortisation and impairment losses, including losses and gains on sales	13,572,064	9,577,700
	Tax on profit/loss for the year	2,357,635	-211,077
	Other adjustments	-2,037,814	1,005,000
		19,031,131	**17,340,971**

17	**Cash flow statement - change in working capital**		
	Change in inventories	7,507,827	32,893,336
	Change in receivables	-11,551,965	22,277,432
	Change in other provisions	330,000	0
	Change in trade payables, etc	35,733,719	-2,424,727
		32,019,581	**52,746,041**

	Group		Parent	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

	Group 2017 DKK	Group 2016 DKK	Parent 2017 DKK	Parent 2016 DKK
Land and buildings with a book value of	90,131,560	92,346,848	0	0

Rental and lease obligations

	Group 2017 DKK	Group 2016 DKK	Parent 2017 DKK	Parent 2016 DKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	4,386,621	4,048,755	0	0
Between 1 and 5 years	12,622,297	9,917,073	0	0
After 5 years	149,608	219,716	0	0
	17,158,526	**14,185,544**	**0**	**0**

Other contingent liabilities

The Company has provided guarantee for Sydbank's credit facilities with Svend Hoyer A/S and Svend Hoyer GmbH. The credit facilities is maximized to DKK 117.5 million of which DKK 61.1 million is drawn at 31 December 2017.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

19 Related parties

	Basis
Controlling interest	
Xilos Co-Investment No. 1 Separate Limited Partnership Jersey United Kingdom	Ultimate parent company

Transactions

Referring to section 98 C, litra 7 of the Danish Financial Statements Act, no information describing transactions with related parties is provided.

20 Fee to auditors appointed at the general meeting

	Group	
	2017	21.04.2016- 31.12.2016
	DKK	DKK
Audit fee to PricewaterhouseCoopers	261,100	266,700
Tax advisory services	55,950	57,150
Other services	282,400	192,850
	599,450	**516,700**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Hoyer Group A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2017 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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 it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Hoyer Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

21 Accounting Policies (continued)

Business combinations

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

In accordance with section 96(1) of the Danish Financial Statements Acts, disclosures on revenue broken down by business segments are not provided as the Company's Executive Board and Board of Directors assess that such disclosures would be very derimental to the Company.

Notes to the Financial Statements

21 Accounting Policies (continued)

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue recognised.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

21 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

The estimated useful life has been determined by taking into consideration the business platform acquired, including a strong brand and reputation as well as very loyal customers.

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 and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	30	years
Other fixtures and fittings	3-10	years

Depreciation period and residual value are reassessed annually.

The residual value is assessed to DKK 16,000,000.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of

Notes to the Financial Statements

21 Accounting Policies (continued)

the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

21 Accounting Policies (continued)

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at 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 as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the

Notes to the Financial Statements

21 Accounting Policies (continued)

loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

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