Business Center Nord-og Midtsjælland A/S

Lautrupvang 2 B
2750 Ballerup

CVR no. 26 99 64 65

Annual report for the period 1 May 2016 – 31 March 2017

The annual report was presented and approved at the Company's annual general meeting on

14 June 2017

chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Business Center Nord-og Midtsjælland A/S for the financial period 1 May 2016 – 31 March 2017.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2017 and of the results of the Company's operations for the financial period 1 May 2016 – 31 March 2017 in accordance with the Danish Financial Statements Act.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Ballerup, 14 June 2017
Executive Board:

Lars Wørzner
CEO

Board of Directors:

Yuji Nakata Chairman	Søren Stendahl	Jørgen Mohr Henriksen

Lars Wørzner

KPMG

Independent auditor's report

To the shareholders of Business Center Nord-og Midtsjælland A/S

Opinion

We have audited the financial statements of Business Center Nord-og Midtsjælland A/S for the financial period 1 May 2016 – 31 March 2017 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2017 and of the results of the Company's operations for the financial period 1 May 2016 – 31 March 2017 in accordance with the Danish Financial Statements Act.

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 Company 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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 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 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 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

Independent auditor's report

including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 14 June 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik O. Larsen
State Authorised
Public Accountant

Management's review

Company details

Business Center Nord-og Midtsjælland A/S
Lautrupvang 2 B
2750 Ballerup

Telephone:	70229010
CVR no.:	26 99 64 65
Established:	1 January 2004
Registered office:	Ballerup
Financial period:	1 May – 31 March

Board of Directors

Yuji Nakata, Chairman
Søren Stendahl
Jørgen Mohr Henriksen
Lars Wørzner

Executive Board

Lars Wørzner, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Management's review

Operating review

About Business Center Nord- og Midtsjælland A/S

In the beginning of the financial year, Konica Minolta Business Solutions Denmark A/S acquired an entity in the form of Canon Business Center Nord (CBCN), which then changed its name to Konica Minolta Business Center/Business Center Nord og Midtsjælland A/S. In connection with the acquisition, KMBC's customers now have access to all the other document and IT-related solutions from Konica Minolta.

Our core business area in Denmark is printing, copying, IT and document management solutions, and with a market share within office print of almost 40% in 2016, we are the largest supplier on the Danish market. In addition to our document management solutions, we offer production print solutions for both graphic printing houses and businesses' in-house print jobs. Our product range also includes industrial printers such as label printers.

We have a strong nationwide service organization with our own highly skilled technical service staff servicing approx. 36,000 installations in Denmark, both on-site and remote. As part of our Multi Vendor strategy, we also offer to service other brands than Konica Minolta's own.

Moreover, we offer a number of IT infrastructure solutions helping both public and private entities handling the large and heavily increasing volume of data and also offer a wide variety of IT services.

Customer satisfaction is key to succeeding in our line of business. We focus on providing user-friendly and cost-efficient products and systems with great functionality and flexibility. Moreover, we focus on providing a high service level and customized solutions fulfilling our customers' unique needs and challenges.

We want to be one of Denmark's best workplaces retaining and attracting the best employees of the industry. Our employees are the key to our strong corporate culture where we continuously work to develop new innovative services for the benefit of existing and potential customers.

In Denmark, Konica Minolta's headquarters are located in Ballerup with offices in Aalborg and Aarhus, and we are represented by partners and distributors across Denmark.

Business Center Nord- og Midtsjælland A/S is a subsidiary of Konica Minolta Business Solutions Danmark A/S, which is part of Konica Minolta Business Solutions Europe GmbH, which is part of the global Konica Minolta, Inc. headquartered in Tokyo and with more than 40,000 employees worldwide.

Our vision is to be a globally strong company that is vital to society and constantly developing.

Management's review

Operating review

Development in activities and financial position

The first financial year 2016/17 (11 months) under new ownership of Konica Minolta Business Solutions Denmark A/S was satisfactory. The Company fulfilled its ambitions and executed the transformation of the core business areas while at the same time strengthening new strategical business areas.

Post merger integration of the subsidiary in combination of conducting normal business execution went well and according to plans.

The profit for the year 2016/17 11-month amounted to 1930 Kkr and the Equity as of March 31, 2017 amounted to 7166 Kkr, a solid increase over last year. Management considers the results satisfactory.

Expectations and outlook FY 2017/18

A strong foundation for the further development of Konica Minolta overall in Denmark has now been established, and this development will be intensified in 2017/18. Growth will primarily be realized in our existing business areas, but Management continuously assesses new business areas that are in demand among our customers. In the second half of the financial year, we expect to introduce new innovative solutions, particularly within the IT services area. The solution will make it even easier for our customers to work efficiently and successfully with IT.

Management therefore expects the positive development to continue and plans for positive results for the financial year 2017/18.

Events after the balance sheet date

No other events have occurred after the balance sheet date that significantly affect the Company's financial position at 31 March 2017.

Customers and employees

The Board of Directors and Executive Board wish to thank the employees for a constructive and goal-oriented effort and a positive attitude through this financial year. We also wish to thank our loyal customers as well as our new customers for good and positive co-operation.

Management's review

Operating review

Ownership

Business Center Nord- og Midtsjælland A/S is owned by Konica Minolta Business Solutions Denmark A/S, which is owned by Konica Minolta Business Solutions Europe GmbH., Germany, which is owned by Konica Minolta, Inc., Tokyo, Japan.

Additional information can be obtained by contacting:

Konica Minolta Business Solutions Europe GmbH.
Europaallee 17
30855 Langenhagen/Hannover
Germany

Tel.: +49 511 7404-0
Fax: +49 511 741050
www.konicaminoltaeurope.eu

Financial statements 1 May – 31 March

Income statement

DKK	Note	1 May 2016 - 31 March 2017	1 May 2015 . 30 April 2016
Gross profit		13,212,246	13,573,481
Staff costs	2	-10,451,288	-11,611,718
Depreciation, amortisation and impairment		-300,558	-141,599
Operating profit		2,460,400	1,820,164
Financial income		34,581	173,573
Financial expenses		-6,010	-160,389
Profit before tax		2,488,971	1,833,348
Tax on profit/loss for the year	3	-558,625	-477,355
Profit for the year		1,930,346	1,355,993

Proposed profit appropriation

Retained earnings	1,930,435	1,355,993
	1,930,435	1,355,993

Financial statements 1 May – 31 March

Balance sheet

DKK	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets	4		
Goodwill		683,333	866,667
		683,333	866,667
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		158,572	140,515
		158,572	140,515
Financial assets			
Deposits		78,750	78,750
		78,750	78,750
Total fixed assets		920,655	1,085,932
Current assets			
Inventories			
Finished goods and goods for resale		145,105	1,864,816
		145,105	1,864,816
Receivables			
Trade receivables		5,224,937	10,880,221
Receivables from group entities		4,919,241	0
Other receivables		768,849	161,467
Deferred tax asset		327,163	745,714
Corporation tax		0	20,000
Prepayments		30,345	183,126
		11,270,535	11,990,528
Cash at bank and in hand		2,552,603	5,217,143
Total current assets		13,968,243	19,072,487
TOTAL ASSETS		14,888,898	20,158,419

Financial statements 1 May – 31 March

Balance sheet

DKK	Note	2017	2016
EQUITY AND LIABILITIES			
Equity	6		
Share capital		504,004	504,004
Retained earnings		6,661,847	4,731,501
Total equity		7,165,851	5,235,505
Liabilities other than provisions			
Current liabilities other than provisions			
Deferred income		2,781,895	5,797,457
Trade payables		1,208,942	5,638,875
Corporation tax		570,727	493,653
Other payables		3,161,483	2,992,929
		7,723,047	14,922,914
Total liabilities other than provisions		7,723,047	14,922,914
TOTAL EQUITY AND LIABILITIES		14,888,898	20,158,419
Contractual obligations, contingencies, etc.	7		
Mortgages and collateral			
Related party disclosures	8		

Financial statements 1 May – 31 March

Notes

1 **Accounting policies**

The annual report of Business Center Nord-og Midtsjælland A/S for 2016/17 has been prepared in accordance with the provisions applying to reporting class B under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to Section 32 of the Financial Statements Act, the Company has decided only to disclose gross profit.

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Financial statements 1 May – 31 March

Notes

1 Accounting policies (continued)

Revenue from the sale of goods where installation is a condition for significant risks being considered to have been transferred to the buyer is recognised as revenue when installation has been completed.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Revenue from the sale of service is recognised on a straight-line basis in the income statement as the services are provided.

Services based on time spent are recognised in revenue as the work is performed.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Business Center Nord- og Midtsjælland is included in the joint taxation from the 1 May 2016 when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Financial statements 1 May – 31 March

Notes

1 Accounting policies (continued)

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Financial statements 1 May – 31 March

Notes

1 Accounting policies (continued)

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 May – 31 March

Notes

1 Accounting policies (continued)

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 May – 31 March

Notes

1 **Accounting policies (continued)**

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Intangible assets

Goodwill is amortised on a straight-line basis over the estimated useful life of 5 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

2 **Staff costs**

DKK	1 May 2016 - 31 March 2017	1 May 2015 . 30 April 2016
Wages and salaries	9,522,112	9,043,307
Pensions	732,545	907,117
Other social security costs	100,761	203,154
Other staff costs	95,870	1,458,140
	10,451,288	11,611,718
Average number of full-time employees	17	18

3 **Tax on profit/loss for the year**

DKK	1 May 2016 - 31 March 2017	1 May 2015 . 30 April 2016
Adjustment of deferred tax for the year	558,625	477,355

Financial statements 1 May – 31 March

Notes

4 Intangible assets

DKK	Goodwill
Cost at 1 May 2016	1,000,000
Cost at 31 March 2017	1,000,000
Amortisation and impairment losses at 1 May 2016	-133,333
Amortisation	-183,334
Amortisation and impairment losses at 31 March 2017	-316,667
Carrying amount at 31 March 2017	683,333

5 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment
Cost at 1 May 2016	1,062,307
Additions	135,281
Cost at 31 March 2017	1,197,588
Depreciation and impairment losses at 1 May 2016	-921,792
Depreciation	-117,227
Depreciation and impairment losses at 31 March 2017	-1,039,019
Carrying amount at 31 March 2017	158,569

6 Equity

DKK	Share capital	Retained earnings	Total
Equity at 1 May 2016	504,004	4,731,501	5,235,505
Value adjustment of hedging instruments at year end	0	1,930,435	1,930,435
Equity at 31 March 2017	504,004	6,661,936	7,165,940

The changes in the share capital for the past five years can be specified as follows:

	2016/17	2015/16	2014/15	2013/14	2012/13
Balance at 1 May 2016	504,004	504,000	504,000	504,000	500,000
Cash capital increase	0	4	0	0	4,000
	504,004	504,004	504,000	504,000	504,000

Financial statements 1 May – 31 March

Notes

7 Contractual obligations, contingencies, etc.

The Company has entered into operating leases at the following amounts: DKK 5 thousand (2015/16: DKK 359 thousand). Further, on certain leases, the Company is obligated towards the leasing companies to settle/buyout contracts breached by lessees. The maximum obligation is approximately DKK 220 thousand (2015/16 DKK 428 thousand).

8 Related party disclosures

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

Konica Minolta Business Solutions Denmark A/S, Lautrupvang 2 B, 2750 Ballerup