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**Roland DG North Europe
A/S**

Engholm Parkvej 5
3450 Allerød
Central Business Registration No
29813175

Annual report 2017

The Annual General Meeting adopted the annual report on 01.02.2018

Chairman of the General Meeting

Name: Anders Mydtskov

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Entity details

Entity

Roland DG North Europe A/S
Engholm Parkvej 5
3450 Allerød

Central Business Registration No: 29813175
Registered in: Allerød
Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Takafumi Shigenoya, Chairman
Naoki Nagano
Elie Vic Keersmaekers
Koichi Hashimoto
Anders Mydtskov

Executive Board

Anders Mydtskov, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Roland DG North Europe A/S for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with 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 for the financial year 01.01.2017 - 31.12.2017.

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.

Allerød, 01.02.2018

Executive Board



Anders Mydtskov
Chief Executive Officer

Board of Directors



Takafumi Ohigeroyo
Chairman



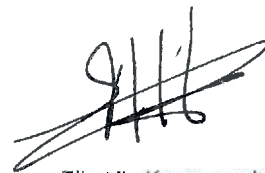
Koichi Hashimoto



Naoki Nagano



Anders Mydtskov



Elie Vic Keersmaekers

Independent auditor's report

To the shareholder of Roland DG North Europe A/S

Opinion

We have audited the financial statements of Roland DG North Europe A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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:

Independent auditor's report

- 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.

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.

Independent auditor's report

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.

Copenhagen, 01.02.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556



Anders Kreiner

State Authorised Public Accountant
Identification number (MNE) 26765



Jan Larsen

State Authorised Public Accountant
Identification number (MNE) 16541

Management commentary

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	34.885	108.439	98.463	113.088	142.691
Gross profit/loss	17.812	17.608	18.627	17.167	20.929
Operating profit/loss	1.861	755	967	2.242	5.576
Net financials	(90)	(282)	(46)	(114)	113
Profit/loss for the year	6.627	(1.325)	4.281	(10.759)	4.224
Total assets	29.837	30.845	30.613	31.937	70.938
Investments in property, plant and equipment	54	378	38	51	159
Equity	24.589	17.963	19.287	15.007	57.766
Ratios					
Gross margin (%)	51,1	16,2	18,9	15,2	14,7
Net margin (%)	19,0	(1,2)	4,3	(9,5)	3,0
Return on equity (%)	31,1	(7,1)	25,0	(29,6)	7,6
Equity ratio (%)	82,4	58,2	63,0	47,0	81,4

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

Roland DG North Europe A/S markets and sells products in Scandinavia, the Baltic States, Poland, Russia and the CIS States on behalf of Roland DG Corporation, Japan – a worldwide leader within the sign business, production of graphics, fine art, photo, engraving and 3D modelling.

Development in activities and finances

Profit for the year after tax amounts to DKK 6,627 thousand, which has been positively influenced by the tax authorities' adjustment concerning previous years' taxes of DKK 5,273 thousand. Management expects a positive performance for the coming year. Current years revenue has decreased since last year due to a change in the Company's setup. Previous year revenue was generated by distribution goods. In 2017 it is by a commissionaire agreement.

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.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Revenue		34.884.939	108.439.445
Cost of sales		(3.165.475)	(69.790.864)
Other external expenses		<u>(13.907.124)</u>	<u>(21.040.123)</u>
Gross profit/loss		17.812.340	17.608.458
Staff costs	1	(15.759.485)	(16.570.617)
Depreciation, amortisation and impairment losses	2	<u>(191.659)</u>	<u>(283.084)</u>
Operating profit/loss		1.861.196	754.757
Other financial income	3	157.483	91.095
Other financial expenses	4	<u>(247.264)</u>	<u>(373.360)</u>
Profit/loss before tax		1.771.415	472.492
Tax on profit/loss for the year	5	<u>4.855.396</u>	<u>(1.797.243)</u>
Profit/loss for the year		<u>6.626.811</u>	<u>(1.324.751)</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		3.313.405	0
Retained earnings		<u>3.313.406</u>	<u>(1.324.751)</u>
		6.626.811	(1.324.751)

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> DKK	<u>2016</u> DKK
Goodwill		0	0
Intangible assets		0	0
Other fixtures and fittings, tools and equipment		510.173	652.124
Property, plant and equipment		510.173	652.124
Other receivables		35.497	19.675
Deferred tax	6	67.091	141.856
Fixed asset investments		102.588	161.531
Fixed assets		612.761	813.655
Manufactured goods and goods for resale		0	3.165.453
Inventories		0	3.165.453
Trade receivables		9.544.587	10.321.848
Other receivables		3.883.320	227.332
Income tax receivable		5.593.017	0
Prepayments		791.785	1.088.308
Receivables		19.812.709	11.637.488
Cash		9.411.737	15.227.961
Current assets		29.224.446	30.030.902
Assets		29.837.207	30.844.557

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		20.775.996	17.462.590
Proposed dividend		3.313.405	0
Equity		<u>24.589.401</u>	<u>17.962.590</u>
Prepayments received from customers		0	156.969
Trade payables		1.147.929	1.754.201
Payables to group enterprises		1.116.615	4.610.208
Income tax payable		0	2.887.495
Other payables		2.983.262	3.473.094
Current liabilities other than provisions		<u>5.247.806</u>	<u>12.881.967</u>
Liabilities other than provisions		<u>5.247.806</u>	<u>12.881.967</u>
Equity and liabilities		<u>29.837.207</u>	<u>30.844.557</u>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Group relations	9		

Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	17.462.590	0	17.962.590
Profit/loss for the year	0	3.313.406	3.313.405	6.626.811
Equity end of year	500.000	20.775.996	3.313.405	24.589.401

Notes

	2017	2016
	DKK	DKK
1. Staff costs		
Wages and salaries	14.089.099	14.672.399
Pension costs	1.174.176	1.385.920
Other social security costs	496.210	512.298
	15.759.485	16.570.617
Average number of employees	20	22
	2017	2016
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	194.057	283.084
Profit/loss from sale of intangible assets and property, plant and equipment	(2.398)	0
	191.659	283.084
	2017	2016
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	14.936	0
Exchange rate adjustments	142.033	90.416
Other financial income	514	679
	157.483	91.095
	2017	2016
	DKK	DKK
4. Other financial expenses		
Exchange rate adjustments	197.833	370.396
Other financial expenses	49.431	2.964
	247.264	373.360

Notes

	<u>2017</u> DKK	<u>2016</u> DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	343.290	182.101
Change in deferred tax for the year	74.760	1.615.142
Adjustment concerning previous years	<u>(5.273.446)</u>	<u>0</u>
	<u>(4.855.396)</u>	<u>1.797.243</u>

	<u>2017</u> DKK	<u>2016</u> DKK
6. Deferred tax		
Property, plant and equipment	141.856	918.104
Other deductible temporary differences	<u>(74.765)</u>	<u>(776.248)</u>
	<u>67.091</u>	<u>141.856</u>

	<u>2017</u> DKK	<u>2016</u> DKK
7. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	<u>3.454.287</u>	<u>4.481.150</u>

	<u>2017</u> DKK	<u>2016</u> DKK
8. Contingent liabilities		
Recourse and non-recourse guarantee commitments	<u>614.901</u>	<u>614.901</u>
Contingent liabilities in total	<u>614.901</u>	<u>614.901</u>

9. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Roland DG Europe Holdings B.V., Professor J.H. Bavincklaan 2, 1183 AT, Amstelveen, the Netherlands

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Accounting policies

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies, a amortisation of financial assets etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies, amortisation of financial liabilities etc.

Tax on profit/loss for the year

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 by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at seven years. Useful lives are reassessed on an annual basis. The amortisation period used is seven years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment 3-10 years

Estimated useful lives and residual values are reassessed annually.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, 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.

Inventories

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Income tax payable or receivable

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Accounting policies

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.