



Roland DG North Europe A/S

Farum Gydevej 71
3520 Farum
CVR No. 29813175

Annual report 2022

The Annual General Meeting adopted the
annual report on 17.02.2023

Anders Mydtskov

Chairman of the General Meeting

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Entity details

Entity

Roland DG North Europe A/S

Farum Gydevej 71

3520 Farum

Business Registration No.: 29813175

Date of foundation: 27.10.2008

Registered office: Furesø

Financial year: 01.01.2022 - 31.12.2022

Phone number: 88 82 20 00

Board of Directors

Andrew Laurence Oransky, Chairman

Kazuhiro Ogawa

Anders Mydtskov

Executive Board

Anders Mydtskov

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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.

Farum, 17.02.2023

Executive Board

Anders Mydtskov

Board of Directors

Andrew Laurence Oransky
Chairman

Kazuhiro Ogawa

Anders Mydtskov

Independent auditor's report

To the shareholders 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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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:

- 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.

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, 17.02.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jan Larsen

State Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Revenue	133,601	26,081	24,783	32,423	31,999
Gross profit/loss	19,792	19,980	20,021	20,334	20,115
Operating profit/loss	2,935	3,176	2,740	3,190	3,091
Net financials	(111)	201	(200)	(53)	(11)
Profit/loss for the year	2,157	3,377	1,998	2,414	2,468
Total assets	28,884	35,281	31,978	31,898	31,898
Investments in property, plant and equipment	0	226	777	20	60
Equity	13,757	14,640	13,063	24,924	23,744
Ratios					
Gross margin (%)	14.81	76.61	80.79	62.71	62.86
EBIT margin (%)	2.20	12.18	11.06	9.84	9.66
Net margin (%)	1.61	12.95	8.06	7.45	7.71
Return on equity (%)	15.19	24.38	10.52	9.92	10.21
Equity ratio (%)	47.63	41.50	40.85	78.14	74.44

The entity has in 2022 changed from using a Principal-Agent model to a Costplus Arrangement where the revenue now is the amount of consideration to which the company expects to be entitled in exchange for goods and services to a customer. which explains the extraordinary development in revenue.

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

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

EBIT margin (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

Roland DG North Europe A/S markets and sells products in Scandinavia, the Baltic States, Eastern Europe, 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 2,157 thousand and the company's balance on 31 December 2022 shows an equity of DKK 13,757 thousand. Management considers the performance of the financial year satisfactory and expects a positive performance for the coming year.

As of January 1st 2022 Roland DG EMEA Group restructured its business model in EMEA. The 2 main changes were as follows:

Cross-border merger between Roland DG Europe Holdings B.V. – Dutch company - and Roland DG EMEA N.V.- Belgian company. Roland DG EMEA N.V. absorbed all functions, risks, assets and liabilities of Dutch holding, including the shares from Roland DG North Europe A/S. Furthermore, there was introduced a Transfer Pricing model by the transformation of Commissionaire to Limited Risk Distribution (LRD) model for all EMEA commercial entities – DGN included. The main consequence of these changes into 2022 figures of Statutory Annual Account are related to sales revenue recognition: in 2022 DGN sold products and services in its own name and on its own behalf with the full recognition of sales in the P&L Statement. In previous years, under the commissionaire model, DGN were remunerated for the rendered services with a fixed commission. As can be seen from the table above revenue increased from 26M DKK in 2021 to 133,6M in 2022. Other minor changes in DGN statutory annual report versus previous years are as follows: DGN, as limited risk distributor, owns the local stock for demo purpose and for consignment. This local stock was transferred from the holding at the beginning of 2022; consequently, also the obsolescence provision for local stock belongs to DGN and it is reported in its own book. Besides that, the credit risk on account receivables, previously owned by holding, have been returned to DGN, in compliancy with the LRD model.

It is also important to mention that following the conflict between Russia and Ukraine and the subsequent global trade sanctions against Russia, the management of Roland DG North Europe A/S, in agreement with EMEA and Parent Company's Management decided to suspend Roland DG business in Russia as of March 2022.

The decision to discontinue all business in Russia generated lost revenue of approx. 40M DKK. DGN has worked towards partially recovering this gap in the remaining countries served by the entity and concluded 2022 with a general turnover reduction of approx. 16,5% compared to 2021 sales generation.

The decision not to be present on the Russian market will continue throughout FY2023. In order to mitigate the resulting negative effect on revenue, we are exploring new niche markets in the remaining countries also helped by the launch of new machines with innovative technologies both in developed and developing markets. The expectation for 2023 is to achieve a revenue in the range of 145M – 150M DKK, respectively 8,5% and 12,3% higher than 2022 figures.

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 2022

	Notes	2022 DKK	2021 DKK
Revenue		133,600,756	26,080,580
Other operating income		5,570,667	3,235,908
Cost of sales		(102,253,687)	0
Other external expenses		(17,125,805)	(9,336,488)
Gross profit/loss		19,791,931	19,980,000
Staff costs	1	(16,707,199)	(16,681,783)
Depreciation, amortisation and impairment losses	2	(149,530)	(122,706)
Operating profit/loss		2,935,202	3,175,511
Other financial income	3	36,905	377,386
Other financial expenses	4	(147,951)	(176,241)
Profit/loss before tax		2,824,156	3,376,656
Tax on profit/loss for the year	5	(667,579)	558
Profit/loss for the year		2,156,577	3,377,214
Proposed distribution of profit and loss:			
Ordinary dividend for the financial year		1,900,000	3,040,000
Retained earnings		256,577	337,214
Proposed distribution of profit and loss		2,156,577	3,377,214

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Goodwill		0	0
Intangible assets	6	0	0
Other fixtures and fittings, tools and equipment		720,261	869,792
Property, plant and equipment	7	720,261	869,792
Deposits		478,675	478,675
Deferred tax	9	0	4,864
Financial assets	8	478,675	483,539
Fixed assets		1,198,936	1,353,331
Manufactured goods and goods for resale		2,407,580	0
Inventories		2,407,580	0
Trade receivables		7,386,870	8,854,765
Other receivables		741,509	4,108,330
Prepayments		490,976	419,805
Receivables		8,619,355	13,382,900
Cash		16,658,141	20,545,020
Current assets		27,685,076	33,927,920
Assets		28,884,012	35,281,251

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		500,000	500,000
Retained earnings		11,356,644	11,100,067
Proposed dividend		1,900,000	3,040,000
Equity		13,756,644	14,640,067
Deferred tax	9	11,293	0
Provisions		11,293	0
Prepayments received from customers		81,816	601,236
Trade payables		983,413	515,236
Payables to group enterprises		11,066,487	16,056,568
Income tax payable		315,842	170,476
Other payables		2,615,747	3,297,668
Deferred income		52,770	0
Current liabilities other than provisions		15,116,075	20,641,184
Liabilities other than provisions		15,116,075	20,641,184
Equity and liabilities		28,884,012	35,281,251
Unrecognised rental and lease commitments	10		
Group relations	11		

Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	11,100,067	3,040,000	14,640,067
Ordinary dividend paid	0	0	(3,040,000)	(3,040,000)
Profit/loss for the year	0	256,577	1,900,000	2,156,577
Equity end of year	500,000	11,356,644	1,900,000	13,756,644

Notes

1 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	14,716,053	14,997,247
Pension costs	1,214,737	1,248,574
Other social security costs	776,409	435,962
	16,707,199	16,681,783
Average number of full-time employees	20	21

2 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Depreciation of property, plant and equipment	149,530	122,706
	149,530	122,706

3 Other financial income

	2022	2021
	DKK	DKK
Interest regarding tax paid on account	36,905	377,386
	36,905	377,386

4 Other financial expenses

	2022	2021
	DKK	DKK
Other interest expenses	67,307	110,763
Exchange rate adjustments	80,623	65,454
Other financial expenses	21	24
	147,951	176,241

5 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Current tax	643,842	708,476
Change in deferred tax	16,157	38,412
Adjustment concerning previous years	7,580	(747,446)
	667,579	(558)

6 Intangible assets

	Goodwill DKK
Cost beginning of year	47,705,080
Cost end of year	47,705,080
Amortisation and impairment losses beginning of year	(47,705,080)
Amortisation and impairment losses end of year	(47,705,080)
Carrying amount end of year	0

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,011,685
Cost end of year	1,011,685
Depreciation and impairment losses beginning of year	(141,894)
Depreciation for the year	(149,530)
Depreciation and impairment losses end of year	(291,424)
Carrying amount end of year	720,261

8 Financial assets

	Deposits DKK	Deferred tax DKK
Cost beginning of year	478,675	4,864
Disposals	0	(4,864)
Cost end of year	478,675	0
Carrying amount end of year	478,675	0

9 Deferred tax

	2022 DKK	2021 DKK
Property, plant and equipment	(11,293)	4,864
Deferred tax	(11,293)	4,864

10 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	7,016,167	7,694,461

11 Group relations

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

Roland DG EMEA N.V., Bell-Telephonelaan 2 box G, 2440 Geel, Belgium

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 a few provisions for reporting class C.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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.

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 or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme 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 fair value of assets and liabilities arising from acquisitions. 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 lives are reassessed annually.

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.

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:

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

Estimated useful lives and residual values are reassessed annually.

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.

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

Receivables

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

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.

Tax receivable or payable

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.