

ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S

Tuborg Boulevard 12, 3

2900 Hellerup

CVR No. 64241419

Annual Report 2022

42. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 12 July 2023

Csaba Krisztián Tóth
Chairman

ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S

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Management's Statement

Today, Management has considered and adopted the Annual Report of ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S for the financial year 1 January 2022 - 31 December 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 assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022.

In our opinion, the 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.

Hellerup, 12 July 2023

Executive Board

Csaba Krisztián Tóth
Man. Director

Supervisory Board

Csaba Krisztián Tóth
Member

Timothy John Walter
Member

Yuichi Hakamata
Member

The independent practitioner's report

To the shareholders of ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S

Conclusion

We have performed an extended review of the financial statements of ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S for the financial year 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of the 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 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.

Practitioner's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

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.

The independent practitioner's report

In connection with our extended review 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 extended review, 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 Statements Act. We did not identify any materially misstatement in the Management's review.

København Ø, 12 July 2023

**GRANT THORNTON,STATSAUTORISERET
REVISIONSPARTNERSELSKAB**

CVR-no. 34209936

Kim Kjellberg
State Authorised Public Accountant
mne29452

ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S

Company details

Company	ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S Tuborg Boulevard 12, 3 2900 Hellerup
Telephone	39166200
Website	www.roland.com
CVR No.	64241419
Date of formation	10 February 1981
Financial year	1 January 2022 - 31 December 2022
Supervisory Board	Csaba Krisztián Tóth, Man. Director Timothy John Walter Yuichi Hakamata
Executive Board	Csaba Krisztián Tóth
Auditors	GRANT THORNTON,STATSAUTORISERET REVISIONSPARTNERSELSKAB Stockholmsgade 45 2100 København Ø CVR-no.: 34209936

Management's Review

The Company's principal activities

The company's main activities include being a service provider that assists with sales, after sales, repair, and marketing of Roland products to dealers and end users in Scandinavia, Iceland, Greenland and in the Baltic countries as a part of the global Roland Corporation business. The Japanese Roland has been a world leader in the development of the digital musical instrument sector for over 50 years.

Development in the activities and the financial situation of the Company

The Company's Income Statement of the financial year 1 January 2022 - 31 December 2022 shows a result of DKK 2.081.112 and the Balance Sheet at 31 December 2022 a balance sheet total of DKK 23.115.476 and an equity of DKK 7.708.993.

Branches abroad

Electronic Musical Instruments Roland Scandinavia A/S has branches with the same name in Sweden (Farsta) from where a share of the earnings originates.

Accounting Policies

Reporting Class

The annual report of ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises, as well as provisions applying to reporting class C entities.

The accounting policies applied remain unchanged from last year.

Reporting currency

The annual report is presented in Danish kroner.

General information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income statement

Gross profit/loss

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and other operating income less costs of finished goods and other external expenses.

Accounting Policies

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Finished goods

Costs of finished goods include the finished goods used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible and intangible assets

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on net profit for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Property, plant and equipment

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0%
Leasehold improvements	5 years	0%

Assets with a useful life under one year are expensed in the year of acquisition.

The useful life and residual value of the company's property, plant and equipment is reassessed annually.

Accounting Policies

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Inventories

Inventories are measured at cost on the basis of the FIFO principle. Where the net realizable value is lower than cost, the inventories are written down to this lower value.

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

Receivables

Receivables are measured at amortised cost.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Dividends

Proposed dividend for the year are recognised as a separate item under equity. Proposed dividends are recognised as a liability when approved by the Annual General Meeting.

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Other payables

Other payables are measured at amortized cost, which usually corresponds to the nominal value.

ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S

Income Statement

	Note	2022 kr.	2021 kr.
Gross profit		11.211.150	13.410.552
Employee benefits expense	1	-9.010.246	-11.855.605
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss	2	-203.976	-157.673
Profit from ordinary operating activities		1.996.928	1.397.274
Other finance income	3	810.247	2.806.354
Finance expenses	4	-461.232	-313.930
Profit from ordinary activities before tax		2.345.943	3.889.698
Tax expense on ordinary activities	5	-264.831	4.256.561
Profit		2.081.112	8.146.259
Proposed distribution of results			
Proposed dividend recognised in equity		0	4.101.513
Retained earnings		2.081.112	4.044.746
Distribution of profit		2.081.112	8.146.259

ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S

Balance Sheet as of 31 December

	Note	2022 kr.	2021 kr.
Assets			
Acquired intangible assets		0	115.082
Intangible assets	6	0	115.082
Fixtures, fittings, tools and equipment		0	88.893
Property, plant and equipment	7	0	88.893
Deposits, investments		0	269.088
Investments	8	0	269.088
Fixed assets		0	473.063
Manufactured goods and goods for resale		0	216.169
Inventories		0	216.169
Short-term trade receivables		105.295	270.425
Short-term receivables from group enterprises		15.517.198	10.620.188
Current deferred tax		26.655	9.208
Other short-term receivables		10.198	100.852
Deferred income		122.054	212.658
Receivables		15.781.400	11.213.331
Cash and cash equivalents		7.334.076	6.211.530
Current assets		23.115.476	17.641.030
Assets		23.115.476	18.114.093

Balance Sheet as of 31 December

	Note	2022 kr.	2021 kr.
Liabilities and equity			
Contributed capital		510.000	510.000
Retained earnings		7.198.993	5.117.881
Proposed dividend recognised in equity		0	4.101.513
Equity		7.708.993	9.729.394
Trade payables		158.001	231.776
Payables to group enterprises		14.349.666	5.112.190
Tax payables		182.158	153.557
Other payables		716.658	2.887.176
Short-term liabilities other than provisions		15.406.483	8.384.699
Liabilities other than provisions within the business		15.406.483	8.384.699
Liabilities and equity		23.115.476	18.114.093
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ELECTRONIC MUSICAL INSTRUMENTS ROLAND SCANDINAVIA A/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
Equity 1 January 2022	510.000	5.117.881	4.101.513	9.729.394
Dividend paid	0	0	-4.101.513	-4.101.513
Profit (loss)	0	2.081.112	0	2.081.112
Equity 31 December 2022	510.000	7.198.993	0	7.708.993

The share capital has remained unchanged for the last 5 years.

Notes

1. Personalemkostninger

	2022	2021
Wages and salaries	8.647.931	11.318.946
Post-employment benefit expense	303.414	469.832
Social security contributions	58.901	66.827
	9.010.246	11.855.605
Average number of employees	17	22

2. Af- og nedskrivninger af materielle og immaterielle anlægsaktiver

	2022	2021
Depreciation, intangible assets	115.082	92.271
Depreciation, IT equipment	87.780	58.520
Depreciation, interior	1.114	6.882
	203.976	157.673

3. Other finance income

	2022	2021
Interest received from subsidiaries	12.293	78.632
Other financial income	3.903	2.406.933
Exchange gains	794.051	320.789
	810.247	2.806.354

4. Finance expenses

	2022	2021
Finance expenses arising from group enterprises	8.637	91.885
Other finance expenses	452.595	222.045
	461.232	313.930

5. Tax expense

	2022	2021
Current tax expense	242.088	184.536
Adjustments for deferred tax	-17.447	-8.674
Adjustments for current tax of prior period	40.190	-4.432.423
	264.831	-4.256.561

6. Intangible assets

	Software
Cost at the beginning of the year	461.353
Cost at the end of the year	461.353
Depreciation and amortisation at the beginning of the year	-346.271
Amortisation for the year	-115.082
Impairment losses and amortisation at the end of the year	-461.353
Carrying amount at the end of the year	0

Notes**7. Property, plant and equipment**

	Fixtures, fittings, tools and equipment
Cost at the beginning of the year	194.324
Cost at the end of the year	194.324
Depreciation and amortisation at the beginning of the year	-105.431
Amortisation for the year	-88.893
Impairment losses and amortisation at the end of the year	-194.324
Carrying amount at the end of the year	0

8. Investments

	Deposits
Cost at the beginning of the year	269.088
Disposal during the year	-269.088
Cost at the end of the year	0
Carrying amount at the end of the year	0

9. Special Items

	2022	2021
Reimbursed income tax from the Danish Tax Authority for the years 2013-2017	0	4.432.423
Reimbursed interest from the Danish Tax Authority, formerly settled for the years 2013-2017	0	1.921.982
Received interest from the Danish Tax Authority related to receivable for 2013-2017	0	481.291
Balance at the end of the year	0	6.835.696

10. Contingent liabilities

Term to maturity in 11-31 months with a monthly payment of DKK 5-6 thousand, totalling DKK 201 thousand.

11. Related parties

Roland Europe Group Limited, Reading, United Kingdom, principal shareholder

12. Consolidated financial statements

The company is reflected in the group report as the parent company Roland Europe Group Ltd.