GLOBAL SCANNING

INTERIM REPORT
JANUARY – MARCH

2018

Colortrac
Our Business is Your Image

contex
WHEN IMAGING MATTERS

Group

	Full Year 2017	Full Year 2016	Q1 2018	Q1 2017
Revenue, KUSD	39 543	41 623	9 937	10 247
Gross Profit, KUSD	19 909	17 965	4 173	5 676
EBITDA, KUSD	8 072	5 717	880	2 490
EBIT, kUSD	3 360	- 2 337	- 252	1 207
Net result, kUSD	- 1 611	- 2 261	- 711	- 14
Gross Margin, %	50%	43%	42%	55%
EBITDA Margin, %	20%	14%	9%	24%
EBIT Margin, %	8%	-6%	-3%	12%
Cash flow from operating activities, kUSD	6 403	2 170	446	2 343
Equity ratio, %	46%	48%	44%	48%
Net debt/EBITDA, times	3	4	3	4
Interest coverage ratio, %	401%	268%	189%	494%

First quarter 2018 (January 1 to March 31 2018)

- Net sales for the group for the quarter amounted to 9 937 KUSD
- EBITDA for the group amounted to 880 KUSD

Global Scanning A/S, Svanevang 2, 3450 Allerød, Denmark, CVR no. 34 61 31 41
www.globalscanning.com

Comments from CEO

Group overview

The group´s objective is to maintain its position as the market leader in innovative and reliable 2D digital imaging solutions.

Global Scanning A/S is the holding company for Global Scanning Denmark A/S and Global Scanning UK Ltd.

The Group develops, manufactures and markets large-format scanning solutions for the computer-aided design (CAD), geographic information systems (GIS), reprographic products, copy services and document archiving segments under the brand names of Contex and Colortrac respectively. The scanners digitally capture documents, drawings and other 2D input in order to view, edit, archive, convert or print output data.

The group's products are sold across the world through a value-add distribution network and via OEM agreements with major multinational enterprises within the Large Format Printing industry.

The group operates a 3D online sharing platform and plan to combine potential 3D hardware with this platform to create new innovative products in this space.

Comments on the first quarter 2018

Sales revenue for the first quarter was higher compared to fourth quarter last year as a result of increased revenue from the major accounts; but at a lower margin resulting in a lower EBITDA than fourth quarter last year.

Significant events after the first quarter of 2018

No post balance sheet events have occurred which could materially affect the assessment of the Group´s financial position after the first quarter of 2018.

Outlook

Global Scanning does not usually give any detailed outlook
Market conditions look unchanged for the future.

Risks and uncertainties

The main risks for the year relate to foreign exchange rates (especially continued significant appreciation of the USD) and any further deterioration in the global political and economic situation.

Graham Tinn

CEO, Global Scanning A/S

Board Assurance

The Board of Directors and the executive Board give their assurance that this interim report provides a fair review of the company´s and the group´s operations, financial position and earnings, and describes material risks and uncertainties facing the company and the companies in the group.

The interim report, which has not been subject to audit or review by the Group´s independent auditors, was prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Allerød, April 26th 2018

Global Scanning A/S

(CVR no. 34 61 31 41)

Graham Tinn
CEO

Gunnel Duveblad Chairman	**Tomas Therén** Board Member	**Oskar Lindholm** Board Member
Anne Rasmussen Board Member	**Søren Jensen** Employee elected	**Nis Engholm** Employee elected

Reporting Dates

Interim report January – June 2018	August 24th, 2018
Interim report January – September 2018	November 16th, 2018
Interim report January – December 2018	February 28th, 2019

Contact Information

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Interim Statement of profit and loss

	Group				Parent			
	Full Year 2017 USD'000	Full Year 2016 USD'000	Q1 2018 USD'000	Q1 2017 USD'000	Full Year 2017 USD'000	Full Year 2016 USD'000	Q1 2018 USD'000	Q1 2017 USD'000
Revenue	**39 543**	**41 623**	**9 937**	**10 247**	**-**	**-**	**-**	**-**
Costs of sales	- 19 634	- 23 658	- 5 764	- 4 571	-	-	-	-
Gross Profit	**19 909**	**17 965**	**4 173**	**5 676**	**-**	**-**	**-**	**-**
Research and Development	- 3 892	- 4 139	- 707	- 1 265	-	-		
Sales and Marketing	- 4 101	- 4 218	- 1 357	- 990	-	-		
Support	- 727	- 1 059	- 190	- 174	-	-		
Administration	- 3 117	- 2 833	- 1 039	- 756	- 56	- 136	- 19	3
EBITDA	**8 072**	**5 717**	**880**	**2 490**	**- 56**	**- 136**	**- 19**	**3**
Depreciation and Amortization	- 4 712	- 8 053	- 1 132	- 1 283	-	-	-	-
EBIT	**3 360**	**- 2 337**	**- 252**	**1 207**	**- 56**	**- 136**	**- 19**	**3**
Net Finance charges	- 2 013	- 2 129	- 465	- 504	2 174	1 157	1 976	- 481
Net other financial items	- 3 164	1 677	158	- 431	- 1 883	1 396	611	- 270
EBT	**- 1 817**	**- 2 789**	**- 559**	**273**	**235**	**2 417**	**2 568**	**- 748**
Income taxes	206	528	- 152	- 287	345	167	-	-
Net result for the year	**- 1 611**	**- 2 261**	**- 711**	**- 14**	**580**	**2 584**	**2 568**	**- 748**

Interim Statement of comprehensive Income

	Group				Parent			
	Full Year 2017 USD'000	Full Year 2016 USD'000	Q1 2018 USD'000	Q1 2017 USD'000	Full Year 2017 USD'000	Full Year 2016 USD'000	Q1 2018 USD'000	Q1 2017 USD'000
Net profit for the year	- 1 611	- 2 261	- 711	- 14	580	2 584	2 568	- 748
Other comprehensive income								
Other comprehensive income to be reclassified to profit and loss in subsequent periods								
Exchange differences on translation of foreign operatior	405	-	226	106	-	-	-	-
Valuation adjustment for the year, cash flow hedges	-	- 359	-	-	-	-	-	-
Valuation adjustment reclassified to costs	-	677	-	-	-	-	-	-
Income tax effect	-	- 159	-	-	-	-	-	-
Total comprehensive income for the year, net of tax	**- 1 206**	**- 2 102**	**- 485**	**92**	**580**	**2 584**	**2 568**	**- 748**

Interim Balance sheet

	Group				Parent			
	Year End 2017 USD'000	Year End 2016 USD'000	End Q1 2018 USD'000	End Q1 2017 USD'000	Year End 2017 USD'000	Year End 2016 USD'000	End Q1 2018 USD'000	End Q1 2017 USD'000
Goodwill	28 602	28 602	28 602	28 602	-	-	-	-
Other intangible assets	11 371	12 199	11 520	11 740	-	-	-	-
Tangible fixed assets	3 186	3 313	3 074	3 231	-	-	-	-
Other long term assets	98	116	102	109	-	-	-	-
Investments in subsidiaries	-	-	-	-	58 366	53 366	58 366	53 366
Receivables from group enterprises	-	-	-	-	7 191	6 930	-	7 005
Deferred tax assets	-	-	-	-	761	479	783	485
Total non-current assets	**43 257**	**44 230**	**43 298**	**43 682**	**66 318**	**60 775**	**59 149**	**60 856**
Inventory	6 862	6 739	7 236	6 083	-	-	-	-
Trade receivables	5 466	4 584	4 926	5 934	-	-	-	-
Receivables from group enterprises	-	-	-	0	454	2 929	9 840	2 412
Other receivables	981	2 014	1 798	1 257	2	6	7	5
Cash and cash equivalents	3 053	2 585	3 489	2 967	0	0	0	0
Total current assets	**16 361**	**15 922**	**17 449**	**16 242**	**457**	**2 936**	**9 847**	**2 417**
Total assets	**59 619**	**60 153**	**60 747**	**59 925**	**66 775**	**63 711**	**68 997**	**63 272**
Total shareholders´ equity	**27 452**	**28 658**	**26 967**	**28 750**	**42 590**	**42 010**	**45 158**	**41 262**
Deferred tax liabilities	497	915	477	909	-	-	-	-
Bonds	24 054	21 602	23 746	21 921	24 054	21 602	23 746	21 921
Long-term liabilities other than provision	**24 551**	**22 517**	**24 223**	**22 830**	**24 054**	**21 602**	**23 746**	**21 921**
Bank debt	-	3 108	1 163	1 883	-	-	-	-
Trade payables	4 956	2 693	5 567	3 400	-	-	-	-
Income taxes payable	156	58	202	157	-	-	-	-
Other liabilities	2 503	3 120	2 626	2 904	131	99	93	89
Short-term liabilities	**7 616**	**8 979**	**9 557**	**8 344**	**131**	**99**	**93**	**89**
Total liabilities other than provision	**32 166**	**31 496**	**33 780**	**31 174**	**24 185**	**21 701**	**23 839**	**22 010**
Total equity and liabilities	**59 619**	**60 153**	**60 747**	**59 925**	**66 775**	**63 711**	**68 997**	**63 272**

Interim changes in equity

USD´000	Share capital	Share premium	Retained earnings	Foreign currency translation	Proposed dividend	Total
			Group			
Balance 1/1 2017	**171**	**41 671**	**- 13 184**	**-**	**-**	**28 658**
Comprehensive income:						
Net profit for the year	-	-	- 1 612	-	-	- 1 612
Other comprehensive income:						
Exchange differences on translation of foreign operatior	-	-	-	405	-	405
Other comprehensive income	**-**	**-**	**-**	**405**	**-**	**405**
Comprehensive income	**-**	**-**	**- 1 612**	**405**	**-**	**- 1 207**
Balance 1/1 2018	**171**	**41 671**	**- 14 795**	**405**	**-**	**27 452**
Comprehensive income:						
Net profit for the year	-	-	- 711	-	-	- 711
Other comprehensive income:						
Exchange differences on translation of foreign operatior	-	-	-	226	-	226
Other comprehensive income	**-**	**-**	**-**	**226**	**-**	**226**
Comprehensive income	-	-	- 711	226	-	- 485
Shareholders´equity at 31/3 2018	**171**	**41 671**	**- 15 506**	**631**	**-**	**26 967**

USD´000	Share capital	Share premium	Retained earnings	Reserve for Foreign currency translation	Proposed dividend	Total
			Parent			
Balance 1/1 2017	171	41 671	169	-	-	42 011
Comprehensive income:						
Net profit for the year			580	-	-	580
Comprehensive income	**-**	**-**	**580**	**-**	**-**	**580**
Balance 1/1 2018	**171**	**41 671**	**748**	**-**	**-**	**42 590**
Addition from capital increases						-
Options						-
Transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**
Comprehensive income:						
Net profit for the year			2 568	-	-	2 568
Comprehensive income	**-**	**-**	**2 568**	**-**	**-**	**2 568**
Shareholders´equity at 31/3 2018	**171**	**41 671**	**3 316**	**-**	**-**	**45 158**

Interim Cash flow

	Group				Parent			
	Full Year 2017	Full Year 2016	Q1 2018	Q1 2017	Full Year 2017	Full Year 2016	Q1 2018	Q1 2017
EBITDA	**8 072**	**5 717**	**880**	**2 490**	**-56**	**-136**	**-19**	**3**
Change in working capital	1 058	-1 839	251	626	714	-772	235	41
Change in financial items	-2 540	-1 921	-602	-586	-1 372	-1 136	1 979	-487
Income taxes paid	-187	213	-84	-187	-	1 474	-	-
Cash flow from operating activities	**6 403**	**2 170**	**446**	**2 343**	**-714**	**-570**	**2 195**	**-442**
Additions of intangible assets	-3 025	-4 069	-1 057	-599	-	-	-	-
Additions of property, plant and equipment	-715	-61	-116	-135	-	-	-	-
Cash flow from investing activities	**-3 739**	**-4 130**	**-1 173**	**-735**	**-**	**-**	**-**	**-**
Change in debt	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-
Dividend received	-	-	-	-	3 500	2 600	2 500	-
Change in receivables from group enterprises	-	-	-	-	-2 786	-2 030	-4 695	442
Cash flow from financing activities	**-**	**-**	**-**	**-**	**714**	**570**	**-2 195**	**442**
Net cash flow	**2 664**	**-1 960**	**-727**	**1 608**	**-**	**0**	**-0**	**0**
Cash and cash equivalents at the beginning of period	**389**	**1 438**	**3 053**	**-523**	**-**	**-**	**-**	**-**
Cash and cash equivalents at the end of period	**3 053**	**-523**	**2 326**	**1 084**	**-**	**0**	**-0**	**0**
Cash and cash equivalents								
Cash	3 053	2 585	3 489	2 967	0	0	0	0
Bank debt	-	-3 108	-1 163	-1 883	-	-	-	-
	3 053	**-523**	**2 326**	**1 084**	**0**	**0**	**0**	**0**

Wordlist

Gross Margin

Gross Profit in relation to total revenue.

EBITDA Margin

Operating income before depreciation (EBITDA) in relation to total revenue.

EBIT Margin

Operating Profit (EBIT) in relation to total revenue.

Equity ratio

Equity in relation to total assets.

Interest coverage ratio

Operating income before depreciation (EBITDA) in relation to net finance charges.

IAS

International Accounting Standards. The international accounting standards issued by the independent body, the International Accounting Standards Board (IASB) and processed and adopted by the EU. The rules must be complied by listed companies in the EU.

IFRS

International Financial Reporting Standards. International accounting standards to be applied for the consolidated financial statements of listed companies in the EU from 2005.

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Accounting Policies

The Interim financial statements has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU with effect as of 1 January 2017 and additional disclosure requirements in the Danish Financial Statement Act for annual reports of class D enterprises.

The financial statements of the Group are presented in US dollars, which is the company’ functional and presentation currency.

New and amended standards and interpretations that have become operative:
In its Interim Reports for 2018, the Group has implemented all new IFRS standards, amendments to existing standards and IFRIC interpretations that have been adopted by the EU and are operative for financial statements covering periods beginning on or after 1 January 2017.

No standards and amendments to existing standards which are relevant to the Group have affected the financial statements for 2017.

The following standards, amendments to existing standards and interpretations have been implemented but have no effect on the Group’s Annual Report:

- Amendments to IAS 7 Disclosure Initiative
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized losses
- Annual Improvements to IFRSs 2014-16 Cycle

Accounting policies are unchanged compared to last year.

New and amended standards and interpretations that have not yet become operative:
The IASB has issued a number of new standards, amendments to existing standards which will become operative for financial statements covering periods beginning on or after 1 January 2017. New and amended standards are expected to be implemented by their effective dates. The Following standards, amendments to existing standards and interpretations are expected to affect Global Scanning A/S’ future annual reports:

- IFRS 9 Financial instruments and amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

IFRS 15 “Revenue from Contracts with Customers”, which replaces the existing revenue standards (IAS 11 and IAS 18) and interpretations, creates a new model for revenue recognition and measurement of revenue from contracts with customers. The standard becomes effective for annual periods beginning on or after 1 January 2018.

The new model is based on a five-step process which must be applied to all contracts with customers in order to identify when and how revenue is to be recognized in the income statement.

Compared to the current practice, the most significant changes in IFRS 15 are:

- Sales transactions must be recognized as revenue in the income statement when control (either at a single point in time or over time) of the goods or services is transferred to the customer (the current concept of “risk and rewards” is replaced by a concept of control).
- New and more detailed guidance on how to identify the components of a transaction in a contract and how to recognize and measure the individual components.
- New and more detailed guidance on the recognition of revenue over time.

Global Scanning A/S has completed the analysis of the potential impact of the new standard on the Group. Based on analyses of the Group’s current product mix and types of contracts, it is Global Scanning A/S’ assessment that the new standard will not affect the recognition and measurement of the Group's sales types which primarily consist of goods for resale and finished goods and there are no complex discount agreements, variable considerations or other elements that could result in significant reversals of revenue already recognized.

Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Group plans to adopt the new standard of 1 January 2018 using the modified retrospective method, which means that the cumulative impact, if any, of the adoption will be recognized in retained earnings as of 1 January 2018 and that comparative figures will not be restated.

Overall, based on the analyses performed; it is assessed that the implementation of IFRS 15 will have no significant effect on the Group´s financial statements, as revenue recognition under IFRS 15 is already in line with the Group´s current revenue recognition policies.

IFRS 9 Financial instruments was issued in July 2014 and is effective for annual periods beginning 1 January 2018. Global Scanning has performed an assessment of IFRS 9, based on which Global Scanning expects no significant impact on recognition and measurement for the Group and the Parent Company. The Group has no derivative financial instruments, but only traditional financial assets and liabilities which mainly relate to trade receivables on which only a few and immaterial losses have incurred in the past and trade payables and bond loans. The Parent Company has not historically realized any significant losses on intra group receivables and the Group companies are in all material aspects able to settle the receivable as they fall due. The new standard also introduces expanded disclosure requirements and changes in presentation, which will be shown in the year of adoption. The Group will apply the new rules retrospectively form 1 January 2018.

IFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The standard will affect primarily the accounting for the Group´s operating leases. As of 31 December 2017, The Group has non-cancellable operating lease commitments of USD 689 KUSD (see note 20).

The analysis of the expected effect of the implementation of the above standard has not yet been completed. The Group has minimal number of lease contracts, but these include leasing of premises and the Group therefore expects IFRS 16 to have some impact on its financial statements.

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. The Group does not intend to adopt the standard before the effective date.

In addition, the IASB has issued a number of new standards, amendments to existing standards and interpretations which are not relevant to the Group and which are therefore not expected to affect its future annual reports.

Consolidation
The consolidated financial statements comprise the parent, Global Scanning A/S and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated.

Development projects
Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated, and where the intention is to produce, market or use the product or the process, are recognized as intangible assets provided that it is sufficiently certain that the future earnings are adequate to cover the production, sales

and administrative expenses and the aggregate development costs. Other development costs are expensed in the income statement as incurred.

Significant accounting judgments

In the process of applying the Company´s accounting policies, management has made the following judgments and estimates, which have a significant effect on the amounts recognized in the financial statements:

Impairment of goodwill
The Group determines whether goodwill is impaired at least once a year. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires that the Group makes an estimate of the expected future cash flows from the cash-generating unit and chooses a suitable discount rate in order to calculate the net present value of such cash flows. The carrying amount of goodwill at 31 December 2017 was USD 28,602 thousand (USD 28,602 thousand at 31 December 2016).

Recognition of deferred taxes
Deferred tax assets in the parent company are recognized for tax losses carried forward to the extent that the losses expected to be utilized in the foreseeable future jointly with profitable group companies.

The carrying amount of the parent company's deferred tax assets were at 31 December 2017 USD 761 thousand (USD 479 thousand at 31 December 2016).

Capitalized Development Costs
Development costs are capitalized based on ongoing assessments when they meet the criteria as described in accounting policies.

Capitalized Development Costs are annually reviewed for impairment indicators. If there is evidence of impairment, an impairment test is carried out for the project concerned. The impairment test is prepared on the basis of factors such as the future use of the project, the present value of expected future income, interest and risk.