



GLOBAL SCANNING

INTERIM REPORT
JANUARY – MARCH

2019



BRAND3D



Group

	Full Year 2018	Full Year 2017	Q1 2019	Q1 2018
Revenue, KUSD	42 984	39 543	9 515	9 937
Gross Profit, KUSD	18 020	19 909	3 763	4 173
EBITDA, KUSD	5 131	8 072	423	880
EBIT, kUSD	65	3 360	- 992	- 252
Net result, kUSD	771	- 1 611	- 1 080	- 711
Gross Margin, %	42%	50%	40%	42%
EBITDA Margin, %	12%	20%	4%	9%
EBIT Margin, %	0%	8%	-10%	-3%
Cash flow from operating activities, KUSD	2 246	6 403	- 670	446
2D				
Revenue, KUSD	42 772	39 528	9 421	9 933
Gross Profit, KUSD	17 745	19 894	3 742	4 112
EBITDA, KUSD	7 808	9 989	1 517	1 676
Gross Margin, %	41%	50%	40%	41%
EBITDA Margin, %	18%	25%	16%	17%
3D				
Revenue, KUSD	212	14	95	4
Gross Profit, KUSD	144	14	21	4
EBITDA, KUSD	- 2 677	- 1 918	- 1 093	- 795
Gross Margin, %	68%	100%	22%	100%
EBITDA Margin, %	-1264%	-13283%	-1155%	-19614%
Equity ratio, %	46%	44%	44%	44%
Net debt/EBITDA, times	4	3	5	3
Interest coverage ratio, %	264%	401%	920%	1390%

First quarter 2019 (January 1 to March 31 2019)

- Net sales for the group for the quarter amounted to 9 515 KUSD, lower than Q1 last year due to destocking at major customers
- EBITDA for the group amounted to 423 KUSD, a decrease of 457 KUSD over Q1 2018; mainly due to an increase in 3D OPEX

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, and to establish itself as a player in the emerging 3D digital imaging marketplace.

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 (2D) 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. These 2D 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 model-sharing platform and has been investing in the development of further 3D technology and new innovative products in this 3D space. These projects are now in (or about to enter) a market development phase and are expected to generate increased revenues during 2019, with a target of achieving a positive cash flow in 2020. The first revenues have been generated during 2018.

Following the decision to commercialize on three 3D projects, three new business units have been formed in addition to the core 2D business unit. Each unit is being accounted for separately, thereby providing management with the necessary financial data to monitor the progress of each unit, and also enabling the presentation of segmented financial results. Each unit is mostly independent but, where resource is shared (for example top management and facilities), appropriate cross-charging is applied. These new units comprise Brand3D, Scan Dimension, and Shapewatch.

Brand3D offers a 3D model creation service, 3D model storage and sharing and 3D product placement in web shops and games.

Scan Dimension is addressing 3D object scanning. The first product Sol is a commodity product aimed at the Hobbyist / MakerSpace market enabling the scanning of small objects in 3D.

Shapewatch comprises a 3D body visualization tool allowing users to scan their body, monitor key biometrics, and view their body transformation in 3D. The product will be launched at international trade shows in March and April 2019 with a target market of fitness centres and (non-medical) healthcare.

Comments on the first quarter 2019

- The 2D business declined during the first quarter 2019 due to destocking at major customers. Due to some now-evident overstocking by major customers in 2018, there was a decline in their purchasing level during the first quarter of 2019 as they made necessary adjustments to their stock levels
- 3D business increased in revenue in Q1 2019 compared to Q1 2018. This was due to Brand3D starting to scale its operations.

Significant events after the first quarter of 2019

No post balance sheet events have occurred which could materially affect the assessment of the Group's financial position after the first quarter of 2019. The Sol product was launched in the USA on 10th April and the first sale was achieved during the first day on the market.

Outlook

Global Scanning does not usually give any detailed outlook.

Market conditions for the 2D business look unchanged for the future, with major customers stock level expected to return to normal during Q2. 3D revenues are expected to increase during 2019 and the negative result as a consequence of the 3D business is expected to improve.

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 2019

Global Scanning A/S

(CVR no. 34 61 31 41)

Graham Tinn

CEO

Gunnel Duveblad

Chairman

Tomas Therén

Board Member

Anne Rasmussen

Board Member

Søren Jensen

Employee elected

Nis Engholm

Employee elected

Reporting Dates

Interim report January – June 2019	August 29 th , 2019
Interim report January – September 2019	November 29 th , 2019
Interim report January – December 2019	February 28 th , 2020

Contact Information

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Tel: 0045 48141122	

Interim Statement of profit and loss

	Group				Parent			
	Full Year	Full Year	Q1	Q1	Full Year	Full Year	Q1	Q1
	2018	2017	2019	2018	2018	2017	2019	2018
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	42 984	39 543	9 515	9 937	-	-	-	-
Costs of sales	- 24 964	- 19 634	- 5 752	- 5 764	-	-	-	-
Gross Profit	18 020	19 909	3 763	4 173	-	-	-	-
Research and Development	- 2 781	- 3 892	- 791	- 707	-	-	-	-
Sales and Marketing	- 5 609	- 4 101	- 1 583	- 1 357	-	-	-	-
Support	- 787	- 727	- 175	- 190	-	-	-	-
Administration	- 3 711	- 3 117	- 791	- 1 039	- 27	- 56	8	- 19
EBITDA	5 131	8 072	423	880	- 27	- 56	8	- 19
Depreciation and Amortization	- 5 067	- 4 712	- 1 415	- 1 132	-	-	-	-
EBIT	65	3 360	- 992	- 252	- 27	- 56	8	- 19
Net Finance charges	- 1 944	- 2 013	- 508	- 465	1 141	2 174	- 474	1 976
Net other financial items	2 261	- 3 164	517	158	2 010	- 1 883	773	611
EBT	382	- 1 817	- 982	- 559	3 124	235	307	2 568
Income taxes	390	206	- 98	- 152	- 2	345	-	-
Net result for the year	771	- 1 611	- 1 080	- 711	3 122	580	307	2 568

Interim Statement of comprehensive Income

	Group				Parent			
	Full Year	Full Year	Q1	Q1	Full Year	Full Year	Q1	Q1
	2018	2017	2019	2018	2018	2017	2019	2018
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Net profit for the year	771	- 1 611	- 1 080	- 711	3 122	580	307	2 568
Other comprehensive income								
Other comprehensive income to be reclassified to profit and loss in subsequent periods								
Exchange differences on translation of foreign operation -	506	405	259	226	-	-	-	-
Total comprehensive income for the year, net of tax	265	- 1 206	- 821	- 485	3 122	580	307	2 568

Interim Balance sheet

	Group				Parent			
	Year End	Year End	End Q1	End Q1	Year End	Year End	End Q1	End Q1
	2018	2017	2019	2018	2018	2017	2019	2018
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Goodwill	28 602	28 602	28 602	28 602	-	-	-	-
Other intangible assets	11 251	11 371	12 840	11 520	-	-	-	-
Tangible fixed assets	2 596	3 186	2 601	3 074	-	-	-	-
Other long term assets	104	98	103	102	-	-	-	-
Investments in subsidiaries	-	-	-	-	58 366	58 366	58 366	58 366
Receivables from group enterprises	-	-	-	-	6 844	7 191	-	-
Deferred tax assets	-	-	-	-	434	761	426	783
Total non-current assets	42 553	43 257	44 145	43 298	65 644	66 318	58 792	59 149
Inventory	7 205	6 862	8 133	7 236	-	-	-	-
Trade receivables	6 880	5 466	6 133	4 926	-	-	-	-
Receivables from group enterprises	-	-	-	-	2 338	454	8 817	9 840
Other receivables	817	981	1 410	1 798	3	2	8	7
Cash and cash equivalents	2 481	3 053	936	3 489	0	0	0	0
Total current assets	17 384	16 361	16 613	17 449	2 340	457	8 825	9 847
Total assets	59 937	59 619	60 758	60 747	67 984	66 775	67 617	68 997
Total shareholders' equity	27 716	27 452	26 895	26 967	45 711	42 590	46 018	45 158
Deferred tax liabilities	26	497	34	477	-	-	-	-
Lease liability	-	-	1 901	-	-	-	-	-
Bonds	-	24 054	-	23 746	-	24 054	-	23 746
Long-term liabilities other than provision	26	24 551	1 935	24 223	-	24 054	-	23 746
Current portion of long-term liabilities other than provision	22 146	-	21 453	-	22 146	-	21 453	-
Bank debt	1 544	-	1 776	1 163	-	-	-	-
Trade payables	6 308	4 956	6 204	5 567	-	-	-	-
Income taxes payable	258	156	171	202	-	-	-	-
Other liabilities	1 939	2 503	2 325	2 626	127	131	146	93
Short-term liabilities	32 194	7 616	31 928	9 557	22 273	131	21 599	93
Total liabilities other than provision	32 221	32 166	33 863	33 780	22 273	24 185	21 599	23 839
Total equity and liabilities	59 937	59 619	60 758	60 747	67 984	66 775	67 617	68 997

Interim changes in equity

USD '000	Group					
	Share capital	Share premium	Retained earnings	Foreign currency translation	Proposed dividend	Total
Balance 1/1 2018	171	41 671	- 14 795	405	-	27 452
Comprehensive income:						
Net profit for the year	-	-	771	-	-	771
Other comprehensive income:						
Exchange differences on translation of foreign operation	-	-	-	506	-	506
Other comprehensive income	-	-	-	506	-	506
Comprehensive income	-	-	771	506	-	265
Balance 1/1 2019	171	41 671	- 14 024	101	-	27 716
Comprehensive income:						
Net profit for the year	-	-	1 080	-	-	1 080
Other comprehensive income:						
Exchange differences on translation of foreign operation	-	-	-	259	-	259
Other comprehensive income	-	-	-	259	-	259
Comprehensive income	-	-	1 080	259	-	821
Shareholders' equity at 31/3 2019	171	41 671	- 15 104	158	-	26 895
USD '000	Parent					
	Share capital	Share premium	Retained earnings	Reserve for Foreign currency translation	Proposed dividend	Total
Balance 1/1 2018	171	41 671	748	-	-	42 590
Comprehensive income:						
Net profit for the year	-	-	3 121	-	-	3 121
Comprehensive income	-	-	3 121	-	-	3 121
Balance 1/1 2019	171	41 671	3 870	-	-	45 711
Comprehensive income:						
Net profit for the year	-	-	307	-	-	307
Comprehensive income	-	-	307	-	-	307
Shareholders' equity at 31/3 2019	171	41 671	4 176	-	-	46 018

Interim Cash flow	Group				Parent			
	Full Year	Full Year	Q1	Q1	Full Year	Full Year	Q1	Q1
	2018	2017	2019	2018	2018	2017	2019	2018
EBITDA	5 131	8 072	423	880	- 27	- 56	8	- 19
Change in working capital	- 232	1 058	- 185	251	- 3 102	714	98	235
Change in financial items	- 1 712	- 2 540	- 738	- 602	1 165	- 1 372	- 470	1 979
Income taxes paid	- 942	- 187	- 170	- 84	-	-	-	-
Cash flow from operating activities	2 246	6 403	- 670	446	- 1 964	- 714	- 364	2 195
Additions of intangible assets	- 4 147	- 3 025	- 2 721	- 1 057	-	-	-	-
Additions of property, plant and equipment	- 215	- 715	- 287	- 116	-	-	-	-
Cash flow from investing activities	- 4 362	- 3 739	- 3 008	- 1 173	-	-	-	-
Change in debt	-	-	1 901	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-
Dividend received	-	-	-	-	2 500	3 500	-	2 500
Change in receivables from group enterprises	-	-	-	-	- 536	- 2 786	364	- 4 695
Cash flow from financing activities	-	-	1 901	-	1 964	714	364	- 2 195
Net cash flow	- 2 115	2 663	- 1 777	- 727	0	0	- 0	0
Cash and cash equivalents at the beginning of period	3 053	389	937	3 053	-	-	-	-
Cash and cash equivalents at the end of period	937	3 053	- 840	2 326	0	0	- 0	0
Cash and cash equivalents								
Cash	2 481	3 053	936	3 489	0	0	0	0
Bank debt	- 1 544	-	- 1 776	- 1 163	-	-	-	-
	937	3 053	- 840	2 326	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.

Significant accounting Policies

The Interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU and additional Danish disclosure requirements for listed companies.

The accounting policies are, except for the following, consistent with those applied to the consolidated financial statements for 2018.

The consolidated financial statements for 2018 contain a full description of accounting policies.

New and amended standards and interpretations that have become operative:

In its Interim Reports for 2019, 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 2019.

The following standards, amendments to existing standards and interpretations have been implemented:

IFRS 16 Leases

None of the above mentioned standards, amendments to existing standards and interpretations have had any effect on recognition and measurement in Global Scanning A/S' annual report:

IFRS 16 is effective for financial years commencing on or after 1 January 2019. The Group has not adopted the standard before the effective date.

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 2018, The Group has non-cancellable operating lease commitments of USD 372 KUSD

The Group has adopted the new standard of 1 January 2019 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 2019 and that comparative figures will not be restated.

Global Scanning A/S has completed a detailed analysis of the potential impact of the new standard on the Group, using a discount rate of 4 % p.a. equal to the group's external average interest rate on bank loans. Based on the analysis the Group expects to recognize Right Of Use Assets and corresponding lease liability of USD 1,987 thousand, equal to 3.4 % of the balance sheet. As per 1 January 2019 the impact on Equity is 0 USD and the impact on profit/loss for the year will not be material compared to the expected profit/loss for 2019.

The total lease payment (interest and installments) in 2019, USD 452 thousand, will according to IFRS16 be presented as finance activity.

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 2019:

IFRS 3 Business combinations – amendments to IFRS 3

IFRIC 23 Uncertainty over income tax treatments

Annual Improvements to IFRSs 2015-2017 Cycle

New and amended standards are expected to be implemented by their effective dates. Of the above mentioned standards, amendments to existing standards and interpretations none are expected to affect Global Scanning A/S' future annual reports.

The interim consolidated financial statements

The interim 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' interim financial statements are prepared in accordance with the accounting policies applied by the parent. The interim consolidated financial statements are prepared on the basis of the interim 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

The preparation of the interim consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities.

The accounting judgements, estimates and assumptions that the management make are the same for these interim consolidated financial statements as for the consolidated financial statements for 2018.

Segment information

The Group has been making significant investment in developing 3D technology and products. The following tables present revenue and profit information for the Group's operating segments for 2019 and 2018, respectively.

Brand3D. 3D model creation, storage and sharing; 3D product placement in web shops and games. Key reference accounts established in 2018, driving scale in 2019. [BRAND3D](#) [P3D - the Premier Platform for 3D](#)

Shapewatch. 3D body visualization tool allowing users to scan their body, monitor key biometrics, and view their body transformation in 3D. Trials completed. International launch at trade shows in March 2019 with a target market of fitness centers and (non-medical) healthcare. www.shapewatch.com

Scan Dimension: 3D object scanning; first product Sol is a commodity product aimed at the Hobbyist/MakerSpace market enabling the scanning of small objects in 3D, Early Customer Acceptance Testing in progress. <https://scandimension.com/>

