



GLOBAL SCANNING

INTERIM REPORT
JANUARY – SEPTEMBER

2018

Group

	Jan-Sep 2018	Jan-Sep 2017	Q3 2018	Q3 2017
Revenue, KUSD	31 625	29 676	10 687	9 525
Gross Profit, KUSD	13 034	15 640	4 611	4 661
EBITDA, KUSD	3 383	6 920	1 620	1 738
EBIT, kUSD	- 43	3 356	463	638
Net result, kUSD	- 17	- 1 928	- 279	- 1 136
Gross Margin, %	41%	53%	43%	49%
EBITDA Margin, %	11%	23%	15%	18%
EBIT Margin, %	0%	11%	4%	7%
Cash flow from operating activities, kUSD	673	5 452	58	1 938
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Equity ratio, %	46%	44%	45%	44%
Net debt/EBITDA, times	5	4	5	4
Interest coverage ratio, %	237%	453%	333%	331%

Third quarter 2018 (July 1 to September 30 2018)

- Net sales for the group for the quarter amounted to 10 687 KUSD
- EBITDA for the group amounted to 1 620 KUSD

1 – 3 quarter 2018 (January 1 to September 30 2018)

- Net sales for the group for the first 3 quarters amounted to 31 625 KUSD
- Gross Profit is reduced by 2 606 KUSD compared to first 3 quarters 2017 where 1 609 KUSD related to product mix and non-recurring logistical costs amounted to 997 KUSD.
- EBITDA for the group amounted to 3 383 KUSD
- Change in FX compared to USD had a negative effect on EBITDA of 826 KUSD compared to first 3 quarters last year.
- Costs related to 3D in the first 3 quarters is 3 816 KUSD of which 1 898 KUSD is capitalized compared to first 3 quarters last year 1 143 KUSD of which 375 KUSD is capitalized.

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. This has led to various projects due to which the group has increased its investments within 3D.

Comments on the third quarter 2018

Sales revenue for the third quarter 2018 was slightly lower compared to second quarter 2018 as a result of reduced revenue from the major accounts; but at a similar margin due to product mix.

Change in FX compared to USD had a negative effect on EBITDA of 132 KUSD compared to third quarter last year.

Significant events after the third quarter of 2018

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

Comments on the first 3 quarters 2018

Sales revenue for the first 3 quarters 2018 were improved compared to the first 3 quarters 2017 as a result of an increased demand from the major accounts.

Change in FX compared to USD had a negative effect on EBITDA of 826 KUSD compared to first 3 quarters last year.

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, November 15th 2018

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 – December 2018 February 28th, 2019

Annual report 2018 April 26th, 2019

Interim report January – March 2019 April 26th, 2019

Contact Information

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Interim Statement of profit and loss

	Group				Parent			
	Jan-Sep	Jan-Sep	Q3	Q3	Jan-Sep	Jan-Sep	Q3	Q3
	2018	2017	2018	2017	2018	2017	2018	2017
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	31 625	29 676	10 687	9 525	-	-	-	-
Costs of sales	- 18 591	- 14 035	- 6 076	- 4 863	-	-	-	-
Gross Profit	13 034	15 640	4 611	4 661	-	-	-	-
Research and Development	- 2 046	- 2 970	- 589	- 860	-	-	-	-
Sales and Marketing	- 4 142	- 2 952	- 1 410	- 1 130	-	-	-	-
Support	- 562	- 535	- 173	- 179	-	-	-	-
Administration	- 2 901	- 2 263	- 818	- 754	- 27	6	1	7
EBITDA	3 383	6 920	1 620	1 738	27	6	1	7
Depreciation and Amortization	- 3 426	- 3 564	- 1 158	- 1 100	-	-	-	-
EBIT	43	3 356	463	638	27	6	1	7
Net Finance charges	- 1 427	- 1 529	- 486	- 525	988	2 006	- 483	2 974
Net other financial items	2 069	- 2 994	85	- 964	1 978	- 1 991	- 269	- 613
EBT	599	- 1 167	61	- 852	2 939	21	- 752	2 354
Income taxes	- 616	- 761	- 340	- 284	-	-	-	-
Net result for the year	- 17	- 1 928	- 279	- 1 136	2 939	21	- 752	2 354

Interim Statement of comprehensive Income

	Group				Parent			
	Jan-Sep	Jan-Sep	Q3	Q3	Jan-Sep	Jan-Sep	Q3	Q3
	2018	2017	2018	2017	2018	2017	2018	2017
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Net profit for the year	- 17	- 1 928	- 279	- 1 136	2 939	21	- 752	2 354
Other comprehensive income								
Other comprehensive income to be reclassified to profit and loss in subsequent periods								
Exchange differences on translation of foreign operations	383	-	- 487	191	-	-	-	-
Valuation adjustment for the year, cash flow hedges	-	-	-	-	-	-	-	-
Valuation adjustment reclassified to costs	-	-	-	-	-	-	-	-
Income tax effect	-	-	-	-	-	-	-	-
Total comprehensive income for the year, net of tax	- 400	- 1 928	- 766	- 945	2 939	21	- 752	2 354

Interim Balance sheet

	Group				Parent			
	Year End 2017	Year End 2016	End Q3 2018	End Q3 2017	Year End 2017	Year End 2016	End Q3 2018	End Q3 2017
	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	11 371	12 199	11 707	11 529	-	-	-	-
Tangible fixed assets	3 186	3 313	2 707	3 184	-	-	-	-
Other long term assets	98	116	102	100	-	-	-	-
Investments in subsidiaries	-	-	-	-	58 366	53 366	58 366	53 366
Receivables from group enterprises	-	-	-	-	7 191	6 930	-	7 672
Deferred tax assets	-	-	-	-	761	479	734	535
Total non-current assets	43 257	44 230	43 117	43 415	66 318	60 775	59 100	61 573
Inventory	6 862	6 739	6 999	6 572	-	-	-	-
Trade receivables	5 466	4 584	6 110	4 998	-	-	-	-
Receivables from group enterprises	-	-	-	0	454	2 929	8 630	4 461
Other receivables	981	2 014	1 752	1 521	2	6	2	2
Cash and cash equivalents	3 053	2 585	2 635	4 037	0	0	0	0
Total current assets	16 361	15 922	17 496	17 129	457	2 936	8 633	4 464
Total assets	59 619	60 153	60 613	60 544	66 775	63 711	67 733	66 037
Total shareholders' equity	27 452	28 658	27 051	26 921	42 590	42 010	45 528	42 031
Deferred tax liabilities	497	915	526	858	-	-	-	-
Bonds	24 054	21 602	22 244	24 044	24 054	21 602	22 244	24 044
Long-term liabilities other than provision	24 551	22 517	22 769	24 902	24 054	21 602	22 244	24 044
Bank debt	-	3 108	2 195	944	-	-	-	-
Trade payables	4 956	2 693	5 555	4 500	-	-	-	-
Income taxes payable	156	58	319	231	-	-	-	-
Other liabilities	2 503	3 120	2 725	3 045	131	99	- 39	- 38
Short-term liabilities	7 616	8 979	10 793	8 720	131	99	- 39	- 38
Total liabilities other than provision	32 166	31 496	33 563	33 622	24 185	21 701	22 204	24 006
Total equity and liabilities	59 619	60 153	60 613	60 544	66 775	63 711	67 733	66 037

Interim changes in equity

USD´000	Group					
	Share capital	Share premium	Retained earnings	Foreign currency translation	Proposed dividend	Total
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 operations	-	-	-	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	-	-	- 17	-	-	- 17
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	- 383	-	- 383
Other comprehensive income	-	-	-	- 383	-	- 383
Comprehensive income	-	-	- 17	- 383	-	- 400
Shareholders´ equity at 30/9 2018	171	41 671	- 14 812	22	-	27 051
USD´000	Parent					
	Share capital	Share premium	Retained earnings	Reserve for Foreign currency translation	Proposed dividend	Total
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	-	-	2 938	-	-	2 938
Comprehensive income	-	-	2 938	-	-	2 938
Shareholders´ equity at 30/9 2018	171	41 671	3 687	-	-	45 528

Interim Cash flow	Group				Parent			
	Jan-Sep	Jan-Sep	Q3	Q3	Jan-Sep	Jan-Sep	Q3	Q3
	2018	2017	2018	2017	2018	2017	2018	2017
EBITDA	3 383	6 920	1 620	1 738	- 27	6	1	- 7
Change in working capital	- 820	1 015	- 1 042	1 216	- 3 498	308	- 3 584	118
Change in financial items	- 1 254	- 1 895	- 238	- 695	1 010	1 960	- 485	2 961
Income taxes paid	- 635	- 587	- 283	- 321	-	-	-	-
Cash flow from operating activities	673	5 452	58	1 938	- 2 515	2 274	- 4 068	3 073
Additions of intangible assets	- 3 134	- 2 248	- 1 133	- 754	-	-	-	-
Additions of property, plant and equipment	- 152	- 500	- 7	- 204	-	-	-	-
Cash flow from investing activities	- 3 286	- 2 748	- 1 140	- 958	-	-	-	-
Change in debt	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-
Dividend received	-	-	-	-	2 500	-	-	-
Change in receivables from group enterprises	-	-	-	-	15	- 2 275	4 068	- 3 073
Cash flow from financing activities	-	-	-	-	2 515	- 2 275	4 068	- 3 073
Net cash flow	- 2 613	2 704	- 1 082	979	- 0	- 0	0	0
Cash and cash equivalents at the beginning of period	3 053	389	1 523	2 114	-	-	-	-
Cash and cash equivalents at the end of period	440	3 093	441	3 093	- 0	- 0	0	0
Cash and cash equivalents								
Cash	2 635	4 037	2 635	4 037	0	0	0	0
Bank debt	- 2 195	- 944	- 2 195	- 944	-	-	-	-
	440	3 093	440	3 093	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 2017.

The consolidated financial statements for 2017 contain a full description of accounting policies.

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 2018.

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

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

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 new model is based on a five-step process which has been 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 previous 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.

The Group has adopted IFRS 15 using the cumulative effect method, but as the implementation of IFRS 15 has not had significant effect on the Group’s interim consolidated financial statements, as revenue recognition under IFRS 15 is already in line with the Group’s current revenue recognition policies, no effect has been recognized in equity 1 January 2018. The Group’s sales types 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.

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.

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 16 Leases

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.

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 2017.