GLOBAL SCANNING

INTERIM REPORT
JANUARY – SEPTEMBER

2017

Colortrac
Our Business is Your Image

contex
WHEN IMAGING MATTERS

Group

	Jan-Sep 2017	Jan-Sep 2016	Q3 2017	Q3 2016
Revenue, KUSD	29 676	33 571	9 525	8 103
Gross Profit, KUSD	15 640	14 590	4 661	3 156
EBITDA, KUSD	6 920	5 022	1 738	- 83
EBIT, kUSD	3 356	- 1 190	638	- 2 131
Net profit, kUSD	- 1 928	- 3 673	- 1 136	- 2 628
Gross Margin, %	53%	43%	49%	39%
EBITDA Margin, %	23%	15%	18%	-1%
EBIT Margin, %	11%	-4%	7%	-26%
Cash flow from operating activities, kUSD	5 452	2 136	1 938	- 1 672
Equity ratio, %	44%	43%	44%	43%
Net debt/EBITDA, times	3	4	3	4
Interest coverage ratio, %	453%	274%	331%	-13%

Third quarter 2017 (July 1 to September 30 2017)

- Net sales for the group for the quarter amounted to 9 525 KUSD
- EBITDA for the group amounted to 1 738 KUSD

1-3 quarter 2017 (January 1 to September 30 2017)

- Net sales for the group for the quarter amounted to 29 676 KUSD
- EBITDA for the group amounted to 6 920 KUSD

The result for the first 3 quarters 2017 includes a non-recurring cost of 521 KUSD primarily regarding severance agreements.

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 third quarter 2017

Sales revenue for the third quarter was lower compared to second quarter as a result of decreased revenue from the major accounts; as a result, EBITDA was also lower than second quarter

The result for third quarter 2017 includes a non-recurring cost of 11 KUSD.

The bank arrangement with Nordea was changed in September from a corporate relationship to a branch relationship. The credit facility end of third quarter 2017 is 10 MDKK.

Significant events after the third quarter of 2017

No post balance sheet events have occurred which could materially affect the assessment of the Group´s financial position after the third quarter of 2017.

Comments on the first 3 quarters 2017

Sales revenue and EBITDA for the first 3 quarters were improved significantly compared to last 3 quarters 2016 as a result of efficiency in the manufacturing setup and an overall increase in demand from the major accounts.

The result for first 3 quarters 2017 includes a non-recurring cost of 521 KUSD primarily regarding severance agreements regarding further closing costs related to the factory close.

The bank arrangement with Nordea has been changed from a corporate relationship to a branch relationship. The credit facility end of third quarter 2017 is 10 MDKK.

Outlook

Global Scanning does not usually give any detailed outlook but, in the light of the initiatives taken in 2016 to make an efficient manufacturing setup, the company is cautiously optimistic for the future.

Market conditions look unchanged for the future.

Risks and uncertainties

The main risks for the next 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 2017

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 – December 2017	February 28th, 2018
Annual report 2017	April 26th, 2018
Interim report January – March 2018	April 26th, 2018

Contact Information

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Interim Statement of profit and loss

	Group				Parent			
	Jan-Sep 2017 USD'000	Jan-Sep 2016 USD'000	Q3 2017 USD'000	Q3 2016 USD'000	Jan-Sep 2017 USD'000	Jan-Sep 2016 USD'000	Q3 2017 USD'000	Q3 2016 USD'000
Revenue	**29 676**	**33 571**	**9 525**	**8 103**	**-**	**-**	**-**	**-**
Costs of sales	- 14 035	- 18 981	- 4 863	- 4 947	-	-	-	-
Gross Profit	**15 640**	**14 590**	**4 661**	**3 156**	**-**	**-**	**-**	**-**
Research and Development	- 2 970	- 3 073	- 860	- 1 118	-	-		
Sales and Marketing	- 2 952	- 3 526	- 1 130	- 1 102	-	-		
Support	- 535	- 733	- 179	- 243	-	-		
Administration	- 2 263	- 2 236	- 754	- 775	6	- 114	- 7	- 45
EBITDA	**6 920**	**5 022**	**1 738**	**- 83**	**6**	**- 114**	**- 7**	**- 45**
Depreciation and Amortization	- 3 564	- 6 213	- 1 100	- 2 049	-	-	-	-
EBIT	**3 356**	**- 1 190**	**638**	**- 2 131**	**6**	**- 114**	**- 7**	**- 45**
Net Finance charges	- 1 529	- 1 834	- 525	- 619	2 006	- 1 678	2 974	- 554
Net other financial items	- 2 994	463	- 964	282	- 1 991	719	- 613	319
EBT	**- 1 167**	**- 2 562**	**- 852**	**- 2 469**	**21**	**- 1 074**	**2 354**	**- 279**
Income taxes	- 761	- 1 111	- 284	- 159	-	-	-	-
Net profit for the year	**- 1 928**	**- 3 673**	**- 1 136**	**- 2 628**	**21**	**- 1 074**	**2 354**	**- 279**

Interim Statement of comprehensive Income

	Group				Parent			
	Jan-Sep 2017 USD'000	Jan-Sep 2016 USD'000	Q3 2017 USD'000	Q3 2016 USD'000	Jan-Sep 2017 USD'000	Jan-Sep 2016 USD'000	Q3 2017 USD'000	Q3 2016 USD'000
Net profit for the year	- 1 928	- 3 673	- 1 136	- 2 628	21	- 1 074	2 354	- 279
Other comprehensive income								
Exchange differences on translation of foreign operatior	191	-	191	-	-	-	-	-
Other comprehensive income to be reclassified to profit and loss in subsequent periods								
Valuation adjustment for the year, cash flow hedges	-	- 32	-	- 36	-	-	-	-
Valuation adjustment reclassified to costs	-	677	-	-	-	-	-	-
Valuation adjustment reclassed to financial items	-	-	-	-	-	-	-	-
Income tax effect	-	- 142	-	8	-	-	-	-
Total comprehensive income for the year, net of tax	**- 1 737**	**- 3 170**	**- 945**	**- 2 656**	**21**	**- 1 074**	**2 354**	**- 279**

Interim Balance sheet	Group				Parent			
	Year End 2016 USD'000	Year End 2015 USD'000	End Q3 2017 USD'000	End Q3 2016 USD'000	Year End 2016 USD'000	Year End 2015 USD'000	End Q3 2017 USD'000	End Q3 2016 USD'000
Goodwill	28 602	28 602	28 602	28 602	-	-	-	-
Other intangible assets	12 199	13 576	11 529	13 175	-	-	-	-
Tangible fixed assets	3 313	5 169	3 184	4 974	-	-	-	-
Other long term assets	116	87	100	133	-	-	-	-
Investments in subsidiaries	-	-	-	-	53 366	53 366	53 366	53 366
Receivables from group enterprises	-	-	-	-	6 930	-	7 672	-
Deferred tax assets	-	-	-	-	479	1 177	535	1 215
Total non-current assets	**44 230**	**47 435**	**43 415**	**46 884**	**60 775**	**54 543**	**61 573**	**54 581**
Inventory	6 739	7 003	6 572	8 181	-	-	-	-
Trade receivables	4 584	5 439	4 998	4 858	-	-	-	-
Receivables from group enterprises	-	-	0	-	2 929	6 744	4 461	6 936
Income tax receivable	-	521	-	30	-	609	-	-
Other receivables	2 014	1 189	1 521	1 599	6	6	2	2
Cash and cash equivalents	2 585	5 218	4 037	2 761	0	-	0	0
Total current assets	**15 922**	**19 370**	**17 129**	**17 429**	**2 936**	**7 359**	**4 464**	**6 938**
Total assets	**60 153**	**66 805**	**60 544**	**64 314**	**63 711**	**61 902**	**66 037**	**61 519**
Total shareholders´ equity	**28 658**	**29 253**	**26 921**	**27 584**	**42 010**	**37 921**	**42 031**	**38 346**
Deferred tax	915	1 650	858	1 820	-	-	-	-
Bonds	21 602	23 025	24 044	22 707	21 602	23 025	24 044	22 707
Long-term liabilities other than provision	**22 517**	**24 675**	**24 902**	**24 527**	**21 602**	**23 025**	**24 044**	**22 707**
Bank debt	3 108	3 780	944	3 348	-	-	-	-
Trade payables	2 693	4 777	4 500	3 570	-	415	-	-
Income taxes payable	58	-	231	295	-	-	-	-
Other liabilities	3 120	4 320	3 045	4 989	99	541	- 38	466
Short-term liabilities	**8 979**	**12 877**	**8 720**	**12 202**	**99**	**956**	**- 38**	**466**
Total liabilities other than provision	**31 496**	**37 552**	**33 622**	**36 730**	**21 701**	**23 981**	**24 006**	**23 173**
Total equity and liabilities	**60 153**	**66 805**	**60 544**	**64 314**	**63 711**	**61 902**	**66 037**	**61 519**

Interim Statement of changes in shareholders´equity

USD´000	Group					
	Share capital	Share premium	Retained earnings	Foreign currency translation	Proposed dividend	Total
Balance 1/1 2016	**164**	**40 172**	**- 11 083**			**29 253**
Addition from capital increases	7	1 493				1 500
Options		6				6
Transactions with shareholders	**7**	**1 499**	**-**	**-**	**-**	**1 506**
Net profit for the year			- 2 262			- 2 262
Valuation adjustment for the year, cash flow hedges			- 359			- 359
Valuation adjustment reclassified to costs			677			677
Valuation adjustment reclassed to financial items			-			-
Income tax effect			- 159	-	-	- 159
Comprehensive income	**-**	**-**	**- 2 102**	**-**	**-**	**- 2 102**
Balance 1/1 2017	**171**	**41 671**	**- 13 184**	**-**	**-**	**28 658**
Addition from capital increases						-
Options						-
Transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**
Net profit for the year			- 1 928		-	- 1 928
Exchange differences on translation of foreign operations			191			191
Valuation adjustment for the year, cash flow hedges			-			-
Valuation adjustment reclassified to costs			-			-
Valuation adjustment reclassed to financial items			-			-
Income tax effect			-	-	-	-
Comprehensive income	-	-	- 1 737	-	-	- 1 737
Shareholders´equity at 30/9 2017	**171**	**41 671**	**- 14 921**	**-**	**-**	**26 921**

USD´000	Parent					
	Share capital	Share premium	Retained earnings	Reserve for Foreign currency translation	Proposed dividend	Total
Balance 1/1 2016	164	40 172	- 2 415	-	-	37 921
Addition from capital increases	7	1 493				1 500
Options		6				6
Transactions with shareholders	7	1 499	-	-	-	1 506
Net profit for the year			2 583	-	-	2 583
Valuation adjustment for the year			-			-
Valuation adjustment reclassified to costs			-			-
Valuation adjustment reclassed to financial items			-			-
Income tax effect			-	-	-	-
Comprehensive income	-	-	2 583	-	-	2 583
Balance 1/1 2017	**171**	**41 671**	**168**	**-**	**-**	**42 010**
Addition from capital increases						-
Options						-
Transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**
Net profit for the year			21	-	-	21
Valuation adjustment for the year			-			-
Valuation adjustment reclassified to costs			-			-
Valuation adjustment reclassed to financial items			-			-
Income tax effect			-	-	-	-
Comprehensive income	-	-	21	-	-	21
Shareholders´equity at 30/9 2017	**171**	**41 671**	**189**	**-**	**-**	**42 031**

Interim Cash flow

	Group				Parent			
	Jan-Sep 2017	**Jan-Sep 2016**	**Q3 2017**	**Q3 2016**	**Jan-Sep 2017**	**Jan-Sep 2016**	**Q3 2017**	**Q3 2016**
EBITDA	**6 920**	**5 022**	**1 738**	**- 83**	**6**	**- 114**	**- 7**	**- 45**
Change in working capital	1 015	- 898	1 216	- 532	308	462	118	56
Change in financial items	- 1 895	- 1 697	- 695	- 483	1 960	- 1 655	2 961	- 503
Income taxes paid	- 587	- 292	- 321	- 575	-	-	-	-
Cash flow from operating activities	**5 452**	**2 136**	**1 938**	**- 1 672**	**2 274**	**- 1 308**	**3 073**	**- 492**
Additions of intangible assets	- 2 248	- 4 953	- 754	- 637	-	-	-	-
Additions of property, plant and equipment	- 500	- 708	- 204	- 240	-	-	-	-
Cash flow from investing activities	**- 2 748**	**- 5 661**	**- 958**	**- 877**	**-**	**-**	**-**	**-**
Change in debt	-	-	-	-	-	-	-	-
Capital contribution	-	1 500	-	-	-	-	-	-
Dividend received	-	-	-	-	-	-	-	-
Change in receivables from group enterprises	-	-	-	-	- 2 275	1 308	- 3 073	492
Cash flow from financing activities	**-**	**1 500**	**-**	**-**	**- 2 275**	**1 308**	**- 3 073**	**492**
Net cash flow	**2 704**	**- 2 025**	**979**	**- 2 549**	**- 0**	**0**	**0**	**- 0**
Cash and cash equivalents at the beginning of period	**389**	**1 438**	**2 114**	**1 962**	**-**	**-**	**-**	**-**
Cash and cash equivalents at the end of period	**3 093**	**- 587**	**3 093**	**- 587**	**- 0**	**0**	**0**	**- 0**
Cash and cash equivalents								
Cash	4 037	2 761	4 037	2 761	0	-	0	0
Bank debt	- 944	- 3 348	- 944	- 3 348	-	-	-	-
	3 093	**- 587**	**3 093**	**- 587**	**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.

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 2016 and additional disclosure requirements 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 2017, 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 2016.

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 Interim report:

- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization – Amendments to IAS 16 and IAS 38
- IAS 1 Disclosure Initiative – Amendments to IAS 1
- Annual Improvements to IFRSs 2012-14 Cycle

Accounting policies are unchanged compared to last year with the following exceptions:

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 interim 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

The analysis of the expected effect of the implementation of the above standards has not yet been completed.

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.

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Global Scanning A/S has performed an 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.

Overall, based on the analyses performed, it is assessed that the effect on recognition and measurement is immaterial based on the current product mix and types of contract.

IFRS 9 Financial instruments: 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 implementation of the standard which becomes effective for annual periods starting on or after 1 January 2018 is therefore expected to have only limited effect.

IFRS 16 Leases: The Group has operating leases with minimum lease payments of approx. EUR 481 thousand, corresponding to 0.8% of the Group's assets based on which, it is assessed that the effect on recognition and measurement is immaterial. The standard becomes effective for annual periods starting on or after 1 January 2019.

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 interim reports.

Consolidation
The interim consolidated financial statements comprise the parent company, 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 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.

Recently acquired or sold subsidiaries are recognized in the interim consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The purchase method of accounting is applied to the acquisition of subsidiaries. The cost is made up at the net present value of the consideration agreed plus directly attributable expenses. Conditional payments are recognized at the amount expected to be paid.

Identifiable assets and liabilities in the acquired entities are recognized at the fair value at the time of acquisition. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognized as goodwill or negative goodwill.

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 interim 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 2016 was USD 28,602 thousand (USD 28,602 thousand at 31 December 2015).

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 2016 USD 479 thousand (USD 1,177 thousand at 31 December 2015).

Capitalized Development Costs
Development costs are capitalized based on ongoing assessments.

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.