

# GLOBAL SCANNING

INTERIM REPORT  
JANUARY - JUNE 2016

## Group

	Jan-Jun 2016	Jan-Jun 2015	Q2 2016	Q2 2015
Revenue, KUSD	25.468	23.717	12.519	11.843
Gross Profit, KUSD	11.434	11.347	5.769	5.588
EBITDA, KUSD	5.105	4.319	2.700	1.908
EBIT, kUSD	941	223	565	- 192
Net profit, kUSD	- 1.045	- 1.019	705	- 1.158
Gross Margin, %	45%	48%	46%	47%
EBITDA Margin, %	20%	18%	22%	16%
EBIT Margin, %	4%	1%	5%	-2%
Cash flow from operating activities, kUSD	3.808	3.672	2.915	2.907
Equity ratio, %	44%	45%	44%	44%
Net debt/EBITDA, times	2,7	1,8	2,7	1,8
Interest coverage ratio, %	420%	465%	432%	398%

### Second quarter 2016 (April 1 to June 30 2016)

- Net sales for the group for the quarter amounted to 12.519 KUSD
- EBITDA for the group amounted to 2.700 KUSD
- End of June 2016 Global Scanning A/S entered into an agreement to acquire assets from Real Awesomesauce S.A. to explore opportunities within 3D file sharing and other collaboration services. The transaction is valued at USD 3 million, comprising 50% in cash and 50% in new share issues.

The acquisition includes "P3D.in", a proven cloud-based solution for the sharing and editing of 3D files over the internet. Furthermore this acquisition supports our future 2D product strategy, but also extends our opportunities within the emerging 3D market, allowing Global Scanning to accelerate the development and launch of future 3D products.

### First half 2016 (January 1 to June 30 2016)

- Net sales for the group for January to June amounted to 25.468 KUSD
- EBITDA for the group amounted to 5.105 KUSD

## 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.

### Comments on the second quarter 2016

Sales revenue and EBITDA were as expected during the second quarter.

The transfer of production from Denmark to China is in its last phase.

### Significant events after the second quarter of 2016

No post balance sheet events have occurred which could materially affect the assessment of the Group's financial position after the second quarter of 2016.

### Comments on the first half 2016

Sales revenue and EBITDA were above expectation during the first half due to (1) the launch of new products in late 2015 and (2) strong purchasing by all major accounts, although it is now known that their sell-out did not meet the same level.

As the USD has strengthened since year end 2015 the bond debt (nominal SEK) has decreased and the net other financial items is therefore lower due to currency revaluation between SEK and USD.

### Other events

In August 2015 the Group announced the decision to move production from its own factory in Denmark to its own factory in China. As a result of this, the majority of all employees at the factory in Denmark were given notice of dismissal in March 2016.

At the end of June 2016 Global Scanning A/S entered into an agreement to acquire assets from Real Awesomesauce S.A. to explore opportunities within 3D file sharing and other collaboration services. The transaction is valued at USD 3 million, comprising 50% in cash and 50% in new share issues.

The acquisition includes "P3D.in", a proven cloud-based solution for the sharing and editing of 3D files over the internet. Furthermore this acquisition supports our future 2D product strategy, but also extends our opportunities within the emerging 3D market, allowing Global Scanning to accelerate the development and launch of future 3D products.

### Outlook

Global Scanning does not give any outlook.

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**

A handwritten signature in black ink, consisting of a stylized 'G' and 'T' followed by a long horizontal stroke.

**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 has not been subject to audit or review by our auditors.

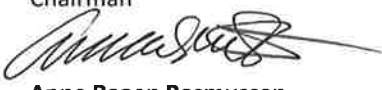
Allerød, August 26<sup>th</sup> 2016


Global Scanning A/S

(CVR no. 34 61 31 41)

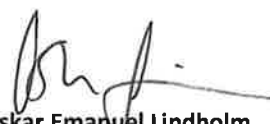
  
**Graham James Ohn Tinn**  
CEO

  
**Gunnel Ellinor Duveblad**  
Chairman

  
**Anne Raen Rasmussen**  
Board Member

  
**Tomas Håkan Therén**  
Board Member

  
**Søren Thun Jensen**  
Employee elected

  
**Oskar Emanuel Lindholm**  
Board Member

  
**Brian Steen Jensen**  
Employee elected

## Reporting Dates

Interim report January - September 2016    November 4<sup>th</sup>, 2016

Interim report January - December 2016    February 28<sup>th</sup>, 2017

Annual Report 2016    April 27<sup>th</sup>, 2017

## Contact Information

Global Scanning A/S

Svanevang 2, 3450 Allerød

Tel: 0045 48141122

Graham Tinn, CEO

Tel: 0045 48141122, Mail: g.tinn@globalscanning.com

Anja Folkvardsen, CFO

Tel: 0045 48141122, Mail: a.folkvardsen@globalscanning.com

Interim Statement of income

	Group				Parent			
	Jan-Jun	Jan-Jun	Q2	Q2	Jan-Jun	Jan-Jun	Q2	Q2
	2016	2015	2016	2015	2016	2015	2016	2015
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	25.468	23.717	12.519	11.843	-	-	-	-
Costs of sales	- 14.034	- 12.370	- 6.750	- 6.256	-	-	-	-
Gross Profit	11.434	11.347	5.769	5.588	-	-	-	-
Research and Development	- 1.955	- 1.674	- 882	- 917	-	-	-	-
Sales and Marketing	- 2.424	- 2.922	- 1.286	- 1.509	-	-	-	-
Support	- 490	- 447	- 231	- 208	-	-	-	-
Administration:	- 1.461	- 1.985	- 671	- 1.046	- 70	14	- 66	7
EBITDA	5.105	4.319	2.700	1.908	- 70	14	- 66	7
Depreciation and Amortization	- 4.164	- 4.096	- 2.135	- 2.100	-	-	-	-
EBIT	941	223	565	192	70	14	66	7
Net Finance charges	- 1.215	- 929	- 625	- 480	- 1.124	- 601	- 575	- 323
Net other financial items	181	216	1.190	232	400	189	1.043	6
EBT	- 93	- 491	1.130	904	- 794	- 399	402	310
Income taxes	- 952	- 528	- 425	- 254	-	-	-	-
Net profit for the year	- 1.045	- 1.019	705	1.158	- 794	- 399	402	310

Interim Statement of comprehensive Income

	Group				Parent			
	Jan-Jun	Jan-Jun	Q2	Q2	Jan-Jun	Jan-Jun	Q2	Q2
	2016	2015	2016	2015	2016	2015	2016	2015
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Net profit for the year	- 1.045	- 1.019	705	1.158	- 794	- 399	402	310
Other comprehensive income								
Exchange differences on translation of foreign operation	-	-	-	-	-	-	-	-
Other comprehensive income to be reclassified to profit and loss in subsequent periods								
Valuation adjustment for the year	1	- 1.316	123	113	-	- 143	-	- 241
Valuation adjustment reclassified to costs	677	603	254	377	-	-	-	-
Valuation adjustment reclassified to financial items	-	58	-	58	-	149	-	149
Income tax effect	- 149	154	83	129	-	34	-	57
Total comprehensive income for the year, net of tax	- 516	- 1.520	999	738	- 794	- 359	402	345

Interim Balance sheet

	Group				Parent			
	Year End	Year End	End Q2	End Q2	Year End	Year End	End Q2	End Q2
	2015	2014	2016	2015	2015	2014	2016	2015
	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	13.576	17.840	14.296	15.679	-	-	-	-
Tangible fixed assets	5.169	5.094	5.030	5.112	-	-	-	-
Other long term assets	87	77	128	77	-	-	-	-
Investments in subsidiaries	-	-	-	-	53.366	53.366	53.366	53.366
Deferred tax assets	-	-	-	-	1.177	744	1.204	731
<b>Total non-current assets</b>	<b>47.435</b>	<b>51.614</b>	<b>48.056</b>	<b>49.470</b>	<b>54.543</b>	<b>54.110</b>	<b>54.570</b>	<b>54.097</b>
Inventory	7.003	6.680	7.527	7.334	-	-	-	-
Trade receivables	5.439	6.239	5.958	5.732	-	-	-	-
Receivables from group enterprises	-	-	-	-	6.744	3.967	7.428	-
Income tax receivable	521	412	30	17	609	-	-	-
Other receivables	1.189	1.090	1.539	1.374	6	-	4	-
Cash and cash equivalents	5.218	4.734	5.140	4.050	-	-	0	-
<b>Total current assets</b>	<b>19.370</b>	<b>19.155</b>	<b>20.194</b>	<b>18.506</b>	<b>7.359</b>	<b>3.967</b>	<b>7.432</b>	<b>-</b>
<b>Total assets</b>	<b>66.805</b>	<b>70.769</b>	<b>68.250</b>	<b>67.977</b>	<b>61.902</b>	<b>58.077</b>	<b>62.003</b>	<b>54.097</b>
<b>Total shareholders' equity</b>	<b>29.253</b>	<b>31.545</b>	<b>30.240</b>	<b>30.176</b>	<b>37.921</b>	<b>38.939</b>	<b>38.625</b>	<b>38.580</b>
Deferred tax	1.650	2.727	1.829	2.668	-	-	-	-
Bank loans	-	26.301	-	22.275	-	18.019	-	14.185
Bonds	23.025	-	22.902	-	23.025	-	22.902	-
<b>Long-term liabilities other than provision</b>	<b>24.675</b>	<b>29.028</b>	<b>24.732</b>	<b>24.943</b>	<b>23.025</b>	<b>18.019</b>	<b>22.902</b>	<b>14.185</b>
Bank debt	3.780	387	3.178	2.158	-	-	-	-
Trade payables	4.777	4.389	5.100	4.818	415	415	-	415
Income taxes payable	-	-	712	277	-	-	-	-
Debt to group enterprises	-	-	-	-	-	217	-	576
Other liabilities	4.320	5.419	4.287	5.605	541	487	475	341
<b>Short-term liabilities</b>	<b>12.877</b>	<b>10.196</b>	<b>13.278</b>	<b>12.858</b>	<b>956</b>	<b>1.119</b>	<b>475</b>	<b>1.332</b>
<b>Total liabilities other than provision</b>	<b>37.552</b>	<b>39.224</b>	<b>38.010</b>	<b>37.801</b>	<b>23.981</b>	<b>19.138</b>	<b>23.378</b>	<b>15.517</b>
<b>Total equity and liabilities</b>	<b>66.805</b>	<b>70.769</b>	<b>68.250</b>	<b>67.977</b>	<b>61.902</b>	<b>58.077</b>	<b>62.003</b>	<b>54.097</b>

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 2015	164	40.172	- 8.791	-	-	31.545
Net profit for the year			- 2.749	-	-	2.749
Valuation adjustment for the year			- 5.637			5.637
Valuation adjustment reclassified to costs			1.747			1.747
Valuation adjustment reclassified to financial items			4.495			4.495
Income tax effect			- 148	-	-	148
<b>Balance 1/1 2016</b>	<b>164</b>	<b>40.172</b>	<b>- 11.080</b>	<b>-</b>	<b>-</b>	<b>29.256</b>
Addition from capital increases	7	1.493	-	-	-	1.500
Net profit for the year			- 1.045			1.045
Valuation adjustment for the year			1			1
Valuation adjustment reclassified to costs			677			677
Valuation adjustment reclassified to financial items			-			-
Income tax effect			- 149	-	-	149
<b>Shareholders' equity at 31/3 2016</b>	<b>171</b>	<b>41.664</b>	<b>- 11.596</b>	<b>-</b>	<b>-</b>	<b>30.240</b>

USD'000	Parent					
	Share capital	Share premium	Retained earnings	Foreign currency translation	Proposed dividend	Total
Balance 1/1 2015	164	40.172	- 1.397	-	-	38.939
Addition from capital increases	-	-	-	-	-	-
Net profit for the year			- 1.246	-	-	1.246
Valuation adjustment for the year			- 3.901			3.901
Valuation adjustment reclassified to costs			-			-
Valuation adjustment reclassified to financial items			4.204			4.204
Income tax effect			- 74	-	-	74
<b>Balance 1/1 2016</b>	<b>164</b>	<b>40.172</b>	<b>- 2.416</b>	<b>-</b>	<b>-</b>	<b>37.920</b>
Addition from capital increases	7	1.493	-	-	-	1.500
Net profit for the year			- 794	-	-	794
Valuation adjustment for the year			-			-
Valuation adjustment reclassified to costs			-			-
Valuation adjustment reclassified to financial items			-			-
Income tax effect			-	-	-	-
<b>Shareholders' equity at 30/6 2016</b>	<b>171</b>	<b>41.664</b>	<b>- 3.211</b>	<b>-</b>	<b>-</b>	<b>38.625</b>



Interim Cash flow	Group				Parent			
	Jan-Jun	Jan-Jun	Q2	Q2	Jan-Jun	Jan-Jun	Q2	Q2
	2016	2015	2016	2015	2016	2015	2016	2015
<b>EBITDA</b>	<b>5.105</b>	<b>4.319</b>	<b>2.700</b>	<b>1.908</b>	<b>70</b>	<b>14</b>	<b>66</b>	<b>7</b>
Change in working capital	- 366	- 50	1.193	1.488	406	96	22	46
Change in financial items	- 1.214	- 755	- 613	- 367	- 1.152	- 502	- 497	- 273
Income taxes paid	283	158	- 365	- 121	-	-	-	-
<b>Cash flow from operating activities</b>	<b>3.808</b>	<b>3.672</b>	<b>2.915</b>	<b>2.907</b>	<b>816</b>	<b>392</b>	<b>584</b>	<b>312</b>
Additions of intangible assets	- 2.815	- 1.232	- 2.309	- 558	-	-	-	-
Additions of property, plant and equipment	- 468	- 721	- 283	- 278	-	-	-	-
<b>Cash flow from investing activities</b>	<b>- 3.284</b>	<b>- 1.953</b>	<b>- 2.592</b>	<b>- 836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in debt	-	- 4.173	-	- 1.377	-	- 3.934	-	- 1.292
Capital contribution	-	-	-	-	-	-	-	-
Dividend received	-	-	-	-	-	-	-	-
Change in receivables from group enterprises	-	-	-	-	816	4.326	584	1.604
<b>Cash flow from financing activities</b>	<b>-</b>	<b>- 4.173</b>	<b>-</b>	<b>- 1.377</b>	<b>816</b>	<b>392</b>	<b>584</b>	<b>312</b>
<b>Net cash flow</b>	<b>524</b>	<b>- 2.455</b>	<b>323</b>	<b>694</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>1.438</b>	<b>4.347</b>	<b>1.639</b>	<b>1.198</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of year</b>	<b>1.962</b>	<b>1.892</b>	<b>1.962</b>	<b>1.892</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents</b>								
Cash	5.140	4.050	5.140	4.050	-	-	0	-
Bank debt	- 3.178	- 2.158	- 3.178	- 2.158	-	-	-	-
	<b>1.962</b>	<b>1.892</b>	<b>1.962</b>	<b>1.892</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>

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

The accounting policies are consistent with those applied to the consolidated financial statements for 2015.

The consolidated financial statements for 2015 contain a full description of accounting policies.

### Changes in accounting policies

Effective 1 January 2016, Global Scanning A/S has implemented the following new or amended standards and interpretations:

- Amendments to IAS 16 and IAS 38 concerning methods of accounting for depreciation and amortization.
- Amendments to IFRS 11 concerning accounting for business acquisitions in joint operations.
- Amendments to IAS 1 for clarifications as a result of disclosure initiative.
- Amendments to IAS 27 about the equity method in separate financial statements.
- Annual Improvements to IFRSs 2012-14.

Annual improvements to IFRSs 2012-2014 Cycle result in changes to IFRS 5, IFRS 7, IAS 19 and IAS 34. Except for the amendments to IAS 34 the changes must be characterized as very specific changes with a narrow scope.

None of the new amendments and improvements has affected the recognition and measurement in the interim report.

As none of the new standards and interpretations impacted recognition and measurement in 2016, they did not impact the profit/loss for the year or diluted earnings per share either.

### 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 2015 was USD 28,602 thousand (USD 28,602 thousand at 31 December 2014).

### 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.

## Business combinations

End of June 2016 Global Scanning A/S entered into an agreement to acquire assets from Real Awesomesauce S.A. to explore opportunities within 3D file sharing and other collaboration services. The transaction is valued at USD 3 million, comprising 50% in cash and 50% in new share issues.

The acquisition includes "P3D.in", a proven cloud-based solution for the sharing and editing of 3D files over the internet. Furthermore this acquisition supports our future 2D product strategy, but also extends our opportunities within the emerging 3D market, allowing Global Scanning to accelerate the development and launch of future 3D products.

The acquisition is booked as intangible assets.