Global Scanning Denmark A/S

Svanevang 2, 3450 Allerød

CVR nr. 12 75 92 82

Annual Report

for the year ended 31 December 2018
32nd financial year

Adopted at the Annual General Meeting of shareholders
on 23 April 2019

Gunnel Duveblad

....
Chairman

Contents

Company details	3
Statement by the board of Directors and the Executive Board	4
Independent Auditors' Report	5
Group chart	7
Financial highlights	8
Management's Review	9
Statement of profit and loss	11
Statement of other comprehensive income	11
Balance sheet	12
Statement of changes in equity	14
Cash flow statement	15
Notes	16

Company details

Main office
Global Scanning Denmark A/S
Svanevang 2
3450 Allerød

Phone	+45 48 14 11 22
Fax	+45 48 14 01 22

Country of incorporation
Denmark

Board of Directors
Tomas Håkan Therén (Chairman)
Gunnel Ellinor Duveblad
Graham James Ohn Tinn

Executive Board
Graham James Ohn Tinn (CEO)
Anja Møller Folkvardsen (CFO)

Shareholders holding 5% or more of the share capital or the voting rights	Percentage
Global Scanning A/S, Denmark, reg. no. 34 61 31 41	100%

Parent
Global Scanning A/S, Allerød

Ultimative parent
Procuritas Capital Investors V LP

Auditors
Ernst & Young Godkendt Revisionspartnerselskab

Bankers
Nordea Bank Danmark A/S

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Global Scanning Denmark A/S for the financial year 1 January - 31 December 2018.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements in The Danish Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's Review includes a true and fair review of the development in the Group's and the Parent Company's operations and financial conditions, of the results for the year and of the financial position of the Group and the Parent Company, as well as a description of the more significant risks and uncertainty facing the Group and the Parent Company.

We recommend that the annual report be approved at the annual general meeting.

Allerød, 23 April 2019

Executive board:

....	....
Graham James Ohn Tinn (CEO)	Anja Møller Folkvardsen (CFO)

Board of Directors:

....	....	....
Tomas Håkan Therén	Gunnel Ellinor Duveblad	Graham James Ohn Tinn

Independent auditor's report

To the shareholders of Global Scanning Denmark A/S

Opinion

We have audited the financial statements of Global Scanning Denmark A/S for the financial year 1 January – 31 December 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

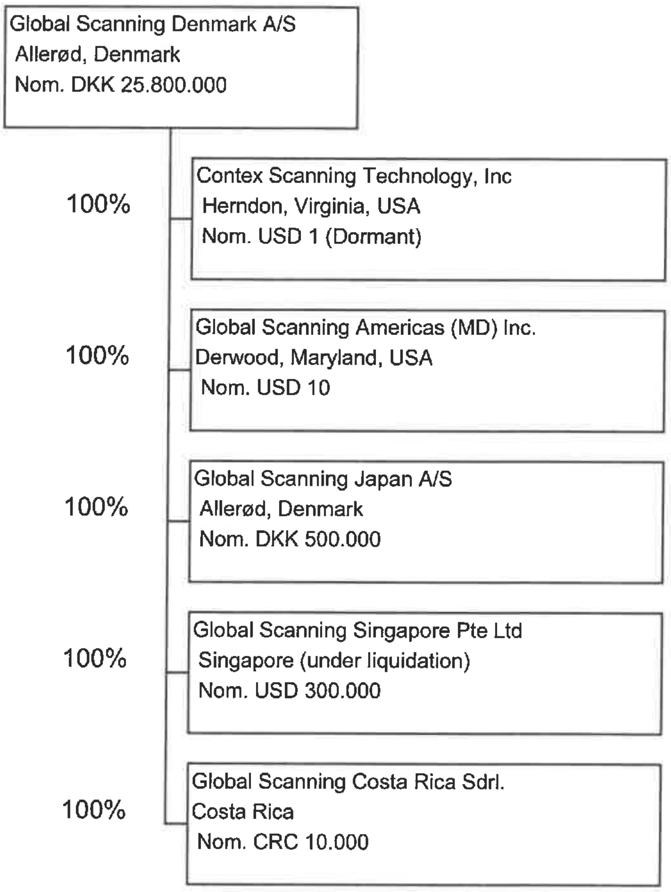
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 23 April 2019
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mogens Andreasen State Authorised Public Accountant mne28603	Alex Nissov State Authorised Public Accountant mne33237

Group chart


Global Scanning Denmark A/S
Allerød, Denmark
Nom. DKK 25.800.000
100%
Contex Scanning Technology, Inc
Herndon, Virginia, USA
Nom. USD 1 (Dormant)
100%
Global Scanning Americas (MD) Inc.
Derwood, Maryland, USA
Nom. USD 10
100%
Global Scanning Japan A/S
Allerød, Denmark
Nom. DKK 500.000
100%
Global Scanning Singapore Pte Ltd
Singapore (under liquidation)
Nom. USD 300.000
100%
Global Scanning Costa Rica Sdrl.
Costa Rica
Nom. CRC 10.000

Financial highlights

In USD thousands, except ratios, USD rate and number of employees.

Key figures	**2018**	**2017**	**2016**	**2015**	**2014**
Profit & Loss					
Revenue	14.588	17.618	20.456	22.475	28.254
Operating result	(4.520)	(1.005)	(2.568)	(911)	(485)
Net financials	(809)	(1.847)	(876)	347	(573)
Net result for the year	(4.165)	(2.153)	(2.711)	(315)	(881)
Cash Flows					
Cash flows from operating activities	(2.157)	3.009	1.163	3.941	4.621
Cash flow to net investments	(3.552)	(2.611)	(4.648)	(2.243)	(2.923)
Hereoff investments in tangible assets	(60)	(343)	(317)	(394)	(501)
Net cash flow for the year	(431)	3.390	(1.092)	1.665	1.584
Cash and cash equivalents at year-end	155	586	(2.804)	1.712	(47)
Balance sheet					
Total equity	(1.306)	2.859	13	2.158	2.067
Total assets	17.559	17.154	20.004	21.724	21.863
Exchange rate per balance sheet date DKK/USD	6,52	6,21	7,05	6,86	6,11
Average number of employees	41	42	79	93	116

Key figures and ratio explanations and definitions

The financial highlights and ratios are defined and calculated in accordance with the online guidance from the Danish Finance Society regarding the calculation of financial highlights and ratios: "Recommendations & Financial Ratios".

IFRS 15 and IFRS 9 was implemented in FY2018. Comparisons are not restated.

Management´s Review

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 name of Contex. 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.

Net profit for the year

The net result was lower than expected. The Company´s revenue was expected to be slightly lower than 2017, but only totaled USD 14.588 thousand, down from USD 17.618 thousand in 2017. The operating profit is negative by USD 4.520 thousand influenced by high investments in 3D products and the deficit for the year before tax is USD 5.330 thousand against a deficit of USD 2.853 thousand in 2017.

The balance sheet total at 31 December 2018 was USD 17.559 thousand compared to USD 17.154 thousand in 2017. Cash at 31 December 2018 had decreased by USD 1.975 thousand in net value, and the unused credit facilities totaled USD 145 thousand. Total investments in the year were USD 3.551 thousand.

The company has lost its equity during 2018, but the management expects the equity to be recapitalized over the next 2-3 years, by future earnings.

Capital structure

Equity and gearing

The Company's capital structure is as follows:

	2018 USD'000	**2017 USD'000**
Debt		
Interest-bearing loans and other borrowings	1.544	0
Cash	(155)	(586)
Net debt	958	(586)
Total equity	(1.306)	2.859
Total capital employed	(348)	2.273

Debt profile

The Company's financial debt profile is as follows:

	2018 USD'000	**2017 USD'000**
Short-term liabilities:		
Bank debt	1.544	0
	1.544	0

The company is dependent upon continued financing from the Parent Company Global Scanning A/S. The Parent company have issued a letter of support stating that it will make funds available to the company, enabling it to meet its liabilities, as they fall due and a letter of subordination that all intercompany balances toward the Parent Company (loans, operational funding etc.) shall be subordinate to all the company's other creditors until 1 January 2020.

Management´s Review, continued

Research and development

Research and development expenses in 2018 amounted to USD 5.220 thousand (2017: USD 4.696 thousand) equal to 36.1% of the revenue (2017: 26.7%). The Company has, during the year, developed new product platforms for both scanners within 2D and 3D. Of the costs incurred USD 3.375 thousand was capitalized (2017: USD 2.162 thousand).

In 2018 R&D has focused on developing and introducing 1 new platform within 2D, covering the high segment productivity market. At the same time, more and more resources have been used to explore the world of 3D scanning where the investments have been made in 3 different 3D projects. Brand3D based on a 3D online sharing platform; Scan Dimension an easy-to-use, customer-operated, affordable system for 3D scanning of small objects; Shapewatch a low-cost, easy-to-use, customer-operated, smartphone and cloud-based system for tracking body shape.

The development will continue with a further strengthening of the product program.

It is the Company's opinion that it has gained a competitive edge with its product portfolio.

Risk Management

At Global Scanning Denmark A/S risk management is an integrated part of the operational activities with a view to reducing the uncertainty of the Company´s strategic objectives being met.

The key risks are summarized by the following main areas:

- Industry and market risks
- Financial risks (currency, interest rates, liquidity)
- Credit risks (financial institutions and commercial receivables)
- Environmental risks

A detailed description of the Company´s risks is provided in note 22. Financial risk – management objectives and policies.

Industry and market risks

Global Scanning Denmark A/S minimizes industry and market risks through (1) using numerous routes to market under a number of different brands which include two own brands in parallel with OEM contracts with major global suppliers; (2) continuing to invest in research and development to ensure the company's technology base and products are state-of-the-art; and (3) manufacturing in a low cost environment to ensure products carry a low cost and can be competitively priced.

Environmental risks

Global Scanning Denmark A/S manages risks concerning the environment by (1) ensuring the company's manufacturing operations are fully compliant with relevant international standards and (2) ensuring that all of the company's products meet relevant international standards.

Outlook

Global Scanning Denmark A/S has a strong global market position, including opportunities for further profitable growth. A continued focus on R&D investments will enhance the competitive advantages. The outlook for 2019 is cautiously optimistic, and the company expects the revenue for 2019 to be in line with 2018.

The company expects a negative result around USD 0.6 million in 2019 due to increased costs in 3D scanning.

Movements in the DKK/USD rate during 2019 can have an impact on the Group's operating profit.

Subsequently events

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

Statement of profit and loss
for the year ended 31 December

	Notes	2018 USD´000	2017 USD´000
Revenue		14.588	17.618
Production costs	5	(12.961)	(14.487)
Gross profit		**1.627**	**3.131**
Distribution costs	5	(3.561)	(2.094)
Administrative costs	5	(2.597)	(2.059)
Other operating income	6	11	16
Operating result		**(4.520)**	**(1.005)**
Financial income	7	26	0
Financial expenses	8	(836)	(1.847)
Result before tax		**(5.330)**	**(2.853)**
Income taxes	9	1.164	699
Net result for the year		**(4.165)**	**(2.153)**

Statement of other comprehensive Income

	Notes	2018 USD´000	2017 USD´000
Net profit for the year		(4.165)	(2.153)
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Valuation adjustment for the year on cash flow hedges		0	0
Valuation adjustment reclassified to production, distribution and administrative costs		0	0
Income tax effect		0	0
Total comprehensive income for the year, net of tax		**(4.165)**	**(2.153)**

Balance sheet
at 31 December

	Notes	2018 USD´000	2017 USD´000
Assets			
Non-current assets			
Development costs		6.700	6.009
Customer relations		174	590
License rights and patents		911	880
Total intangible assets	10	7.784	7.479
Property, plant and equipment			
Land and buildings		1.546	1.670
Leasehold improvements		15	30
Plant and machinery		5	0
Other plant, operating equipment etc.		208	372
Total property, plant and equipment	11	1.774	2.072
Financial assets			
Other long term assets		98	92
Total financial assets		98	92
Total non-current assets		9.656	9.643
Current assets			
Inventories			
Raw materials and consumables		149	166
Finished goods		1.618	1.567
Total inventories	13	1.767	1.733
Receivables			
Trade receivables	14	2.157	1.734
Receivable from group enterprises		3.523	3.192
Prepayments		300	266
Total receivables		5.981	5.192
Cash and cash equivalents		155	586
Total current assets		7.903	7.511
Total assets		17.559	17.154

Balance sheet

at 31 December

	Notes	2018 USD´000	2017 USD´000
Equity and liabilities			
Shareholders´ equity			
Share capital		3.401	3.401
Reserve for development costs		3.663	2.452
Retained earnings		(8.370)	(2.994)
Total shareholders´equity		(1.306)	2.859
Liabilities other than provisions			
Deferred tax liabilities	15	41	750
Payables to group enterprises		6.844	7.191
Long-term liabilities other than provisions		6.885	7.941
Bank debt	16	1.544	0
Trade payables		660	570
Income taxes payable	17	0	1
Payables to group enterprises		8.954	4.541
Other liabilities		822	1.242
Short-term liabilities		11.980	6.354
Total liabilities other than provisions		18.865	14.294
Total equity and liabilities		17.559	17.154

Contingent assets and liabilities and other financial obligations	18
Foreign currency in the balance sheet	19
Financial assets and liabilities	20
Share capital and reserves	21
Financial risk - management objectives	22
Related party transactions	23

Changes in equity

USD´000	Share capital	Retained earnings	Reserve for development costs	Total
Balance 1/1 2017	3.401	(4.742)	1.354	13
Transactions with shareholders:				
Dividend	0	0	0	0
Group Contribution	0	5.000	0	5.000
Transactions with shareholders	0	5.000	0	5.000
Comprehensive income:				
Net profit for the year	0	(2.153)	0	(2.153)
Other comprehensive income:				
Addition to reserve for development costs	0	(1.098)	1.098	0
Valuation adjustment for the year, cash flow hedges	0	0	0	0
Valuation adjustment reclassified to production, distribution and administrative costs	0	0	0	0
Valuation adjustment reclassified to financial items	0	0	0	0
Income tax effect	0	0	0	0
Other comprehensive income	0	(1.098)	1.098	0
Comprehensive income	0	(3.252)	1.098	(2.153)
Balance 1/1 2018	3.401	(2.994)	2.452	2.859
Transactions with shareholders:				
Dividend	0	0	0	0
Group Contribution	0	0	0	0
Transactions with shareholders	0	0	0	0
Comprehensive income:				
Net profit for the year	0	(4.165)	0	(4.165)
Other comprehensive income:				
Addition to reserve for development costs	0	(1.211)	1.211	0
Valuation adjustment for the year, cash flow hedges	0	0	0	0
Valuation adjustment reclassified to production, distribution and administrative costs	0	0	0	0
Valuation adjustment reclassified to financial items	0	0	0	0
Income tax effect	0	0	0	0
Other comprehensive income	0	(1.211)	1.211	0
Comprehensive income	0	(5.376)	1.211	(4.165)
Shareholders´equity at 31/12 2018	3.401	(8.370)	3.663	(1.306)

Cash flow statement

	2018 USD´000	2017 USD´000
Operating profit/loss	(4.520)	(1.005)
Amortisation/Depreciation	3.546	3.070
EBITDA	(975)	2.064
Change in inventory and receivables	(491)	1.758
Change in trade payables	90	144
Change in other current liabilities	(723)	(881)
Interest received	0	0
Interest paid	(58)	(51)
Income taxes paid	1	(25)
Cash flow from operating activities	(2.157)	3.009
Additions of intangible assets	(3.499)	(2.322)
Additions of property, plant and equipment	(60)	(343)
Disposals of property, plant and equipment	7	54
Acquisition of activities, net cash outflow	0	0
Cash flow from investing activities	(3.552)	(2.611)
Proceeds from borrowings	0	0
Repayment of borrowings	0	0
Group Contribution	0	5.000
Change in operating credits	1.544	0
Change in receivables from group enterprises	(331)	898
Change in payables to group enterprises	4.065	(2.907)
Change in non-current liabilities	0	0
Cash flow from financing activities	5.278	2.991
Net cash flow for the year	(431)	3.390
Cash and cash equivalents at 1/1 2018	586	(2.804)
Net cash flow for the year	(431)	3.390
Cash and cash equivalents at 31/12 2018	155	586
Cash and cash equivalents at 31/12 2018		
Cash	155	586
	155	586
Unutilised portion of credit facilities including cash and cash equivalents	145	1.611

Notes

Note 1 Accounting Policies

The Annual Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU with effect as of 1 January 2018 and additional disclosure requirements in the Danish Financial Statement Act for annual reports of medium sized reporting class C enterprises.

The financial statements of the Company 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 Annual Report for 2018, the Company 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 in the Company's Annual Report for 2018:

- IFRS 9 Financial instruments and amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Annual Improvements to IFRSs 2014-16 Cycle

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

IFRS 9 Financial instruments was issued in July 2014 and is effective for annual periods beginning 1 January 2018.

IFRS 9 requires the Company to record expected credit losses on all its trade receivables, either on a 12-month or lifetime basis. The Company applied the simplified method upon adoption of IFRS 9 on 1 January 2018 and record lifetime expected losses on all trade receivables. Based on the portfolio of financial assets and liabilities and the historical low realized loss on trade receivables, the adoption of the new standard did not have a material impact on the Company's financial statements and therefore no effect on retained earnings at 1 January 2018. The new standard has introduced expanded disclosure requirements and changes in presentation, which are adopted in the annual report 2018

The Company 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 loans. The 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.

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 must be applied to all contracts with customers in order to identify when and how revenue is to be recognized in the income statement.

The standard is effective for annual periods beginning 1 January 2018, and has been implemented using the modified retrospective method, which means that the cumulative impact, if any, is recognized in retained earnings as of 1 January 2018 and that comparative figures are not restated.

The new standard have not any effect on the recognition and measurement of the Company's sales-types, which primarily consist of goods for resale and finished goods with no complex discount agreements, variable considerations or other elements that could result in significant reversals of revenue already recognized.

Notes

Note 1 Accounting policies, continued

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 16 Leases
- 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, only IFRS 16 are expected to affect Global Scanning Denmark A/S' future annual reports.

IFRS 16 is effective for financial years commencing on or after 1 January 2019. The Company 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 Company´s operating leases. As of 31 December 2018, The Company has non-cancellable operating lease commitments of USD 184 KUSD (see note 18).

The Company plans to adopt 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 Denmark A/S has completed a detailed analysis of the potential impact of the new standard on the Company, using a discount rate of 4 % p.a. equal to the Company´s external average interest rate on bank loans. Based on the analysis the Company expects to recognize Right Of Use Assets and corresponding lease liability of USD 655 thousand, equal to 3.7 % of the balance sheet. The expected impact on the equity as at 1 January 2019 is 0 USD and the expected impact on profit/loss for the year will not be material compared to the expected profit/loss for 2019.

The expected total lease payment (interest and installments) in 2019, USD 158 thousand, will according to IFRS16 be presented as finance activity.

Consolidation
During 2008 a company has been acquired in the USA, which is not consolidated in the accounts because the group consolidation is done in the ultimate parent company Global Scanning A/S.

Only one consolidated financial report including all the other group enterprises is prepared, as the 'subsidiaries' are considered solely as representation offices or branches.

Currency translation
Transactions in foreign currency are translated into USD at the exchange rate at the date of the transaction.

Monetary items denominated in foreign currency are translated into USD at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

Derivative financial instruments
The Company enters into forward exchange contracts to hedge the future value of its cash flows. Upon initiation of contracts, the Company classifies each contract that qualifies for hedge accounting as a hedge for a specific hedged financial transaction or firm commitment.

Notes

Note 1 Accounting Policies, continued

On initial recognition, all forward exchange contracts are measured at cost and subsequently re-measured at their fair value at the balance sheet date. The value adjustments on forward contracts designated as hedges are taken directly to equity, given hedge effectiveness. The value adjustments on those forward contracts that do not meet the requirements of IAS 39 for hedge accounting are recognized directly in the income statement under financial income/expenses.

Revenue

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

Sales of goods

Revenue from the sale of goods is recognized at the point when control of the asset is transferred to the customer, generally on delivery of the goods.

Rendering of services

Revenue from service contracts is allocated over the service period.

Production costs

Production costs comprise the direct production costs and production overheads relation to revenue and direct costs and costs of labor for product development, which have not been capitalized according to IAS 38.

Distribution costs

Distribution costs comprise the expenses relation to distribution and sale of products, salaries to the sales staff, advertising and exhibition expenses etc.

Administrative expenses

Administrative expenses comprise expenses for the administrative staff and management including office expenses, salaries etc.

Other operating income

Other operating income comprises income of secondary nature in relation to the activities of the Company, including rental income, sale of scrap and gain on sale of fixed assets.

Amortization/depreciation and write-downs

Depreciation and write-downs include depreciation and write-downs of intangible assets and property, plant and equipment.

Property, plant and equipment include land and building, plant and machinery, other fixture and fittings, tools and equipment and leasehold improvement.
Land is recorded at cost and is not depreciated.

Intangible assets include development costs, customer relations and patents.

Intangible assets and property, plant and equipment are amortized/depreciated on a straight-line basis on the basis of the cost, measured by reference to the following assessment of the useful life of the assets:

Notes

Note 1 Accounting Policies, continued

	Years
Development costs	3
Customer relations	3
License rights and patents	5-10
Buildings	30
Leasehold improvements	3
Plant and machinery	4-8
Other plant, operating equipment etc.	2-6

Net financials
Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realized and unrealized capital and exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment -of-tax scheme, etc.

Tax
Tax for the year includes current tax on the year´s expected taxable income and the year´s deferred tax adjustments less the share of the tax for the year that concerns changes in equity.

The parent company and all Danish group enterprises are jointly taxed. The Danish corporation tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation).

Intangible assets

Development projects
Development project that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future marked 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 expended in the income statement as incurred.

Development costs are measured at direct costs.

An impairment test is made for acquired intangible assets if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Impairment test is made at yearend for intangible assets that are not ready for use.

Customer relations and patents
Customer relations and patents are measured at cost less accumulated amortization and write-downs.

An impairment test is made for acquired intangible assets if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Impairment test is made at yearend for intangible assets that are not ready for use.

Notes

Note 1 Accounting Policies, continued

Property, plant and equipment

Property, plant and equipment comprise land and buildings, production equipment, machinery and other fixtures, fittings, tools and equipment and leasehold improvements. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

An impairment test is made for property, plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Investments

The value of investments in subsidiaries is stated in the parent company´s financial statement according to the cost method.
Investments are tested for impairment if there is any indication of decreases in value.

Inventories

Inventories are measured at the lower cost (FIFO basis) and net realizable value.
Raw materials and consumables are measured at cost.

Work in progress and finished goods are measured at manufacturing cost, which includes the cost of materials and direct payroll costs plus production overheads.

Receivables

Trade receivables are measured at the lower of amortized cost, which essentially corresponds to the nominal account receivable, and net realizable value.
Write-downs on trade receivables are based on the simplified expected credit loss model.

Credit loss allowances on individual receivables are provided for when objective indications of credit losses occurs such as customer bankruptcy and uncertainty about the customers´ ability and/or willingness to pay etc. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach.

Prepayments

Prepayments recognized under assets comprise prepaid expenses.

Shareholders´ equity

Dividends proposed for the reporting period are presented as a separate item under Shareholders´ equity. Purchase and sales amounts for treasury shares are recognized directly on equity.

Reserve for development costs comprises recognized development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognized development costs are no longer part of the Company´s operations.

Income taxes

Current tax charges are recognized in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years´ taxable income and tax paid in advance.

Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations for the taxable income.
Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Notes

Note 1 Accounting Policies, continued

Liabilities

Financial liabilities are recognized at the inception of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method at the time of the inception.

Other non-financial liabilities are measured at net realizable value.

Cash flow

The cash flow statement shows the enterprise´s net cash flows, the year´s changes in cash and cash equivalents and the enterprise´s cash and cash equivalents at the beginning and at the end of the year.

Cash flow from operation activities are presented using the indirect method and are made up as the net profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid financial and extraordinary expenses and paid income taxes.

Cash flow from investing activities comprises payments related to additions and disposals of fixed assets, securities related to investing activities.

Cash flow from financing activities comprises dividends paid to shareholders, capital increases and reductions and the raising of loans and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and near money securities in respect of which the rest of changes in value are insignificant.

Note 2 Significant accounting judgments, estimates and assumptions

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.

Capitalized Development Costs

Development costs are capitalized based on ongoing assessments when they meet the criteria as described in note 1.

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.

Recognition of intangible and property, plant and equipment

The Company determines whether non-current assets are impaired at least once a year.

Note 3 Subsequent Events

No post balance sheet events have occurred in 2019 which could materially affect the assessment of the Company´s financial position.

Notes

Note 4. Business combinations

In 2017 and 2018 the company has not made any acquistions.

Note 5. Expenses

5.1 Amortisation/depreciation and writedowns	**2018**	**2017**
Analysis of amortisation/depreciation and writedowns for the year:	**USD´000**	**USD´000**
Land and buildings	126	123
Leasehold improvements	15	14
Plant and machinery	1	5
Other plant, operating equipment etc.	210	273
Development costs	2.685	2.148
Customer relations	417	417
License rights and patents	92	90
	3.546	3.070

5.2 Staff costs

Analysis of total payroll costs, etc.:

Fee to the Board of Directors	0	0
Remuneration and salaries to the Executive Management	553	384
Defined contribution plans to the Executive Management	18	7
Remuneration and salaries to other key management personnel	479	452
Defined contribution plans to other key management personnel	17	17
Wages and salaries	4.353	3.867
Bonuses	222	83
Defined contribution plans	169	222
Other social security costs	82	108
	5.892	5.140

The average number of staff during the year was 41 employees (2017: 42 employees).

5.3 Audit fee

Fee for statutory audit	86	82
Fee for tax advice	12	10
Fee for non-audit services	5	3
	103	95

5.4 Research and development

Research and development expenses in 2018 amounted to USD 5.220 thousand (2017: USD 4.696 thousand) of which USD 3.375 thousand was capitalised. Net development expenses amount to USD 5.039 thousand (2017: USD 5.188 thousand).

Note 6. Other operating income

Sale of scrap	0	0
Profit from sale of property, plant and equipment	11	16
Rental income	0	0
	11	16

Note 7. Financial income

Foreign currency exchange gain	26	0
	26	0

Notes

Note 8. Financial expenses	2018 USD´000	2017 USD´000
Foreign currency exchange loss	0	873
Interest expenses	58	51
Interest expenses to group enterprises	748	887
Other	29	36
	836	1.847

Note 9. Income taxes

Tax in the Statement of income		
Estimated tax on the taxable income for the year	0	0
Income tax, carry back refund	(456)	(737)
Adjustments prior years	0	0
Foreign tax	(0)	25
FX adjustment of opening amount	0	(1)
Change in deferred tax	(709)	13
	(1.164)	(699)

Reconciliation of tax rate		
Danish tax rate	22%	22%
Adjustment relating to previous years	0%	0%
Permanent differences	0%	0%
Carry back refunded at 25% tax rate	0%	0%
Foreign currency exchange differences	0%	2%
Effective tax rate	22%	25%

No tax has been paid during the tax year exclusive of interest surcharges.

Provision for current tax on the profit for the year has been made at USD 0 thousand.

Note 10. Intangible assets

USD´000	*Development costs*	Customer relations	*License rights and patents*	Total
Cost at 1/1 2017	18.799	1.250	925	20.974
Disposal at cost	(3)	0	0	(3)
Additions	2.222	0	100	2.322
Cost at 31/12 2017	21.018	1.250	1.025	23.293
Amortisation at 1/1 2017	12.863	243	56	13.162
Disposals	0	0	0	0
Amortisation	2.146	417	90	2.652
Amortisation at 31/12 2017	15.009	660	146	15.814
Carrying amount at 31/12 2017	6.009	590	880	7.479
Cost at 1/1 2018	21.018	1.250	1.025	23.293
Disposal at cost	0	0	0	0
Additions	3.375	0	124	3.499
Cost at 31/12 2018	24.393	1.250	1.149	26.792
Amortisation at 1/1 2018	15.009	660	146	15.814
Disposals	0	0	0	0
Impairment	474	0	0	474
Amortisation	2.211	417	92	2.720
Amortisation at 31/12 2018	17.693	1.076	238	19.008
Carrying amount at 31/12 2018	6.700	174	911	7.784

Notes

Note 10. Intangible assets, continued

At December 31 2018 the balance of USD 6.700 thousand regarding development costs contains 4 significant projects with a total value of USD 5.053 thousand of which 1 project has not been released yet.

In 2017 the Company bought an intangible asset related to development costs. The purchase price for the asset consisted of a cash payment of USD 59 thousand (EUR 50 thousand) and an earn-out, based on unit-sales related to the development asset until year 2022, wiht a maximum value of USD 1.200 thousand (EUR 1.000 thousand). The addition has been recognized with a value corresponding to the cash payment of USD 59 thousand.

Amortisation and writedowns of intangible assets are included in production costs.
In 2018 there has been a need to make a impairment of one development costs project of 474 KUSD (2017: no need to make any impairment).

Note 11. Property, plant and equipment

USD´000	Land and Buildings	Leasehold Improvements	Plant and Equipment	Other plant, operating equipment etc.	Total
Cost at 1/1 2017	3.848	49	36	3.089	7.022
Disposal at cost	0	0	0	(69)	(69)
Additions	75	0	0	268	343
Cost at 31/12 2017	3.923	49	36	3.288	7.296
Depreciation and writedowns at 1/1 2017	2.130	5	31	2.658	4.823
Disposals	0	0	0	(15)	(15)
Depreciation	123	14	5	273	416
Depreciation and writedowns at 31/12 2017	2.253	19	36	2.916	5.224
Carrying amount at 31/12 2017	1.670	30	0	372	2.072
Cost at 1/1 2018	3.923	49	36	3.288	7.296
Disposal at cost	0	0	0	(500)	(500)
Additions	1	0	6	52	60
Cost at 31/12 2018	3.925	49	42	2.840	6.855
Depreciation and writedowns at 1/1 2018	2.253	19	36	2.916	5.224
Disposals	0	0	0	(494)	(494)
Depreciation	126	15	1	210	351
Depreciation and writedowns at 31/12 2018	2.379	34	37	2.632	5.081
Carrying amount at 31/12 2018	1.546	15	5	208	1.774

In 2018 and 2017 there has not been any indication of need to make any impairment of tangible assets.

Notes

Note 12. Investments

The fiscal year´s investments in and value adjustments of securities and investment in subsidiaries, which are financial assets, are specified as follows:

USD´000	Investment in subsidiary
Cost at 1/1 2017	7.000
Additions	0
Cost at 31/12 2017	7.000
Impairment at 1/1 2017	(7.000)
Impairment during the year	0
Impairment at 31/12 2017	0
Carrying amount at 31/12 2017	0
Cost at 1/1 2018	7.000
Additions	0
Cost at 31/12 2018	7.000
Impairment at 1/1 2018	(7.000)
Impairment during the year	0
Impairment at 31/12 2018	0
Carrying amount at 31/12 2018	0

Note 13. Inventories

Movements in the provision for impairment of inventory were as follows:

Cost at 1/1 2017	(80)
Adjustment	(30)
Cost at 31/12 2017	(110)
Adjustment	(95)
Cost at 31/12 2018	(205)

This expense is included in production costs.

The book value of inventory provisioned for measured at net realisable cost at 31 December 2018 to USD 205 thousand (2017: USD 166 thousand).

Note 14. Trade receivables

Trade receivables are non-interest bearing and are generally on 30-60 days terms.

As at 31 December 2018, trade receivables at nominal value of USD 3 thousand (2017: USD 3 thousand) were impaired for.

Movements in the provision for impairment of receivables were as follows:

Cost at 1/1 2017	
Charge for the year	3
Utilized	0
Unused amounts reversed	0
Cost at 31/12 2017	3
Charge for the year	0
Utilized	0
Unused amounts reversed	0
Cost at 31/12 2018	3

All customers who wish to trade on credit terms are subject to credit verification procedures and insured through a credit insurance company.

Notes

Note 14. Trade receivables, continued

Analysis of trade receivables that were past due but not impaired at 31 December 2018:

	Total	*Neither past due nor impaired*	*Past due but not impaired*	
			<60 days	**>60 days**
2017	1.737	1.355	389	(7)
2018	2.160	1.366	724	70

Note 15. Deferred tax

Analysis of deferred tax:

	2018 USD´000	2017 USD´000
Property, plant and equipment	(194)	(120)
Intangible assets	1.407	1.367
Inventories	0	0
Prepaid Expenses	63	58
Tax loss carried forward	(1.235)	(555)
	41	750

	Deferred tax	Income taxes payable	Tax in income statement
Opening balance of 1 January 2017	737	10	
Income taxes received (paid)	0	0	
Foreign taxes received (paid)		(25)	
Calculated foreign tax	0	14	25
Estimated tax on the taxable income for the year	0	0	0
Change in deferred tax	13	0	13
Income tax, carry back refund	0	0	(737)
Adjustments prior years	0	0	
FX adjustment of opening amount	0	0	(1)
Opening balance of 1 January 2018	750	(1)	
Income taxes received (paid)	0	0	
Foreign taxes received (paid)		1	
Calculated foreign tax	0	1	(0)
Estimated tax on the taxable income for the year	0	0	0
Change in deferred tax	(709)	0	(709)
Income tax, carry back refund	0	0	(456)
Adjustments prior years	0	0	
FX adjustment of opening amount	0	0	
Closing balance as of 31 December 2018	41	1	(1.164)

Tax asset of USD 54 thousand regarding sale of property has not been included in the deferred tax calculation as it can only be used in future profit of sale of property which the company consider as unlikely in the foreseen future.

Note 16. Bank loans, Mortgage debt and other bank debt

The debt is due for repayment in the following order:

	2018 USD´000	2017 USD´000
Within 1 year	1.544	0
Between 1 and 5 years	0	0
After 5 years	0	0
	1.544	0

Notes

Note 17. Income taxes	2018 USD´000	2017 USD´000
Estimated income taxes	0	0
Receivable tax	(0)	(0)
Due in subsidaries	(1)	1
	(1)	1

Note 18. Contingent liabilities, operating lease obligations and security for loans

The company´s other off balance obligations mainly relate to operating leases for office premises and operating equipment.

Within 1 year	102	101
Between 1 and 5 years	82	90
After 5 years	0	0
	184	191
Total expenditure charged to the Income statement	244	120

Pledged assets for loans

The owner´s mortgage deed in the properties nominally USD 9.200 thousand (2017: USD 9.666 thousand) is pledged to banks in the Company and in Global Scanning A/S.

Carrying amount of assets	1.546	1.670

The company has as per 31 December 2018 a bank debt of 1.544 KUSD to Nordea Bank Danmark A/S (2017: No bank debt). The company has given Nordea Bank Danmark A/S a security in inventories and trade receivables for USD 1.533 thousand (DKK 10 million). The value of inventories and trade receivables as per 31 December 2018 is USD 3.924 thousand (2017: USD 3.471 thousand).

Contingent liabilities

In 2013, the company joined the joint taxation arrangement with the parent company Global Scanning A/S as management company and other Danish group entities, thus becoming jointly and severally liable with these entities for payment on income taxes and withholding tax in the group of jointly taxed entities.

Note 19. Foreign currency

Foreign currency risks

As a result of the operation in Denmark, the Company is exposed to a risk in cash flow from foreign currencies and in the balance sheet and and can be affected by movements in the USD/DKK and USD/EUR foreign exchange rates. The foreign currency in the balance sheet have been specified below:

USD´000

Currency	*Assets*		*Liabilities*		*Net*	
	2018	2017	2018	2017	2018	2017
DKK Danish kroner	241	331	10.414	7.497	(10.173)	(7.166)
EUR Euros	334	343	12	39	322	304
Other currencies	106	94	62	11	44	83
	681	768	10.488	7.547	(9.807)	(6.779)

Notes

Note 19. Foreign currency, continued

Impact on the results of operations and changes in shareholders' equity resulting from a change of the Company's primary foreign currencies are shown below. The changes in exchange rates are based on the year's actual foreign exchange rate movements:

Million USD	Exchange rate adjustment	Pre-tax profit 2018	Equity 2018	Pre-tax profit 2017	Equity 2017
DKK Danish kroner	+/- 10%	-1,0	-0,8	0,0	0,0

Note 20. Financial assets and liabilities

	2018 USD´000	2017 USD´000
Loans and receivables measured at amortized cost		
Trade accounts receivables	2.157	1.734
Receivable from group enterprises	3.523	3.192
Other receivables	0	0
Cash	155	586
Total loans and receivables measured at amortized cost	5.835	5.512

There are no significant differences between the carrying amounts and the fair values of the asset.

Payables to group enterprises	6.844	7.191
Bank debt	1.544	0
Trade payables	660	570
Payables to group enterprises	8.954	4.541
Total financial liabilities measured at amortized cost	18.002	12.303

Carrying amount and fair value of the company´s financial instruments that are carried in the financial statements are not shown separately as book values in all material respect are the same.

Note 21. *Share capital and reserves*

Share capital USD 3.400.554 is distributed in 2.580.000 shares of denominations of USD 1,32. All shares are fully paid.
The share capital has remained USD 3.400.554 in the last 5 years.

Note 22. Financial risk - management objectives and policies

The Company's principal financial instruments comprise bank loans, overdraft and cash. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Foreign currency risk is described in note 19 and cash flow risk is described in note 20.

The Company´s financial aims are to ensure adequate funds to cover the Company´s operations and to comply with the demands from the owners and agreed-upon terms of the loans.

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and insured through a credit insurance company. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Credit risk arising from the other financial assets of the Group, which primarily comprise cash and trade receivables, the Group´s exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The credit risks of the Company are considered to be low.

Notes

Note 22. Financial risk - management objectives and policies, continued

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank loans with variable interest rates.

At December 31 2018 the Company has a bank debt of USD 1.544 thousand (2017: no bank debt) which normally is use of bank overdrafts at a interest rate of 4% (2017: 4,3%).

Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The company´s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, capital increases etc. The company´s policy is to maintain a balanced relation between its short-term and long-term debt.

The table below summarises the maturity profile of the Company´s financial liabilities based on contractual undiscounted payments:

2017:	Less than 1 year	1-2 years	2-3 years	Total
Trade and other payables	1.812	0	0	1.812
Total	1.812	0	0	1.812

2018:				
Bank debt	1.544	0	0	1.544
Trade and other payables	1.482	0	0	1.482
Total	3.026	0	0	3.026

Capital risk management

The Company wants to secure structural and finansial flexibility as well as competitiveness. In order to secure this, the company continuously evaluate the appropriate capital structure for the Company.

At the operationel level, the Company continuously efforts to optimize capital tied up in working capital.

Note 23. Related party transactions

The Company is controlled by Global Scanning A/S, Denmark, which own 100% of the share capital.

The Company´s balances with subsidiaries and parent at 31 December are recognised and presented separately in the balance sheet and related interest income is presented in note 8.

Related parties with material interest include the Board of Directors and Executive Board of the Company and key employees and their related family members. Futhermore related parties include companies in which the aforementioned persons have a material interest.

	2018 USD´000	2017 USD´000
Revenue		
Sales to Group enterprises	3.206	3.173
Costs		
Purchase from Group enterprises	6.824	7.365
Financial income and expenses		
Interest expenses to group enterprises	748	887
Executive Management		
Remuneration and salaries to the Executive Management	553	384
Defined contribution plans to the Executive Management	18	7
Board of Directors		
Board fee	0	0
Intercompany balances 31/12		
Receivables from Group enterprises	3.523	3.192
Payables to Group enterprises	15.797	11.732
Guarantees and security		
Guarantee from Group enterprises	9.845	9.066