

# Global Scanning A/S

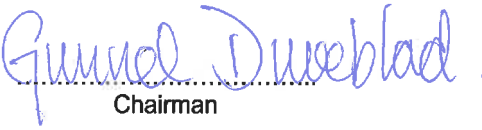
Svanevang 2, 3450 Allerød

CVR nr. 34 61 31 41

## Annual Report

for the financial period 1 January 2017 – 31 December 2017  
5th financial year

Adopted at the Annual General Meeting of shareholders  
on 12 April 2018

  
Chairman

## Contents

Company details	3
<b>Statements</b>	
Statement by the board of Directors and the Executive Board	4
Independent Auditors' Report	5
<b>Management's review</b>	
Financial highlights	8
Management's Review	9
<b>Consolidated Financial Statements and Parent Company Financial Statements</b>	
Statement of profit and loss	13
Statement of other comprehensive income	13
Balance sheet	14
Statement of changes in equity	16
Cash flow statement	17
Notes	18

**Company details****Main office**

Global Scanning 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**

Gunnel Ellinor Duveblad (Chairman)  
Tomas Håkan Therén  
Oskar Emanuel Lindholm  
Anne Raaen Rasmussen  
Søren Thuun Jensen (employee elected)  
Nis Ulrik Engholm (employee elected)

**Executive Board**

Graham James Ohn Tinn (CEO)

**Shareholders holding 5% or more of the share capital or the voting rights**

Procuritas Capital Investores V LP

**Percentage**  
92,5%

**Ultimative parent**

Procuritas Capital Investors V LP, Guernsey

**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 A/S for the financial year 1 January 2017 - 31 December 2017.

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

It is our opinion that the consolidated financial statements and the parent company's financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2017 and of the results of the Group's and the Company's operations and cash flows for the financial period 1 January - 31 December 2017.

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.

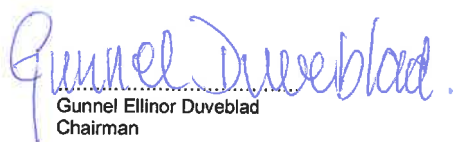
Allerød, 12 April 2018

Executive board:



.....  
Graham James Ohn Tinn  
(CEO)

Board of Directors:



.....  
Gunnel Ellinor Duveblad  
Chairman



.....  
Tomas Hákan Therén



.....  
Oskar Emanuel Lindholm



.....  
Anne Raaen Rasmussen



.....  
Søren Thuan Jensen  
Employee elected



.....  
Nis Ulrik Engholm  
Employee elected

## Independent auditor's report

To the shareholders of Global Scanning A/S

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Global Scanning A/S for the financial year 1 January – 31 December 2017, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

### 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group 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.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

### Appointment of auditor

Subsequent to Global Scanning A/S being listed on the Stockholm Stock Exchange, we were initially appointed as auditors of Global Scanning A/S on 27 April 2016. We have been re-appointed annually by resolution of the general meeting for a total consecutive period of two years up to and including the financial year 2017.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2017. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

## **Independent auditor's report**

### **Goodwill - Recoverability of the carrying value**

The carrying amount of goodwill related to prior years' acquisitions comprise a significant part of the consolidated balance sheet. The cash-generating units in which goodwill are included are impairment tested by Management on an annual basis. The impairment tests are based on Management's estimates of among others future profitability, long-term growth and discount rate. Due to the inherent uncertainty involved in determining the net present value of future cash flows, we considered these impairment tests to be a key audit matter.

For details on the impairment tests performed by Management reference is made to note 11 Intangible assets in the consolidated financial statements.

In response to the identified risks, our audit procedures included, among others, testing the mathematical accuracy of the discounted cash flow model and comparing forecasted profitability to board approved budgets. We evaluated the assumptions and methodologies used in the discounted cash flow model, in particular those relating to the forecasted revenue growth and operating margin, including comparing with historical growth rates. We compared the assumptions applied to externally derived data as well as our own assessments in relation to key inputs such as projected economic growth and discount rates. Further, we evaluated the sensitivity analysis on the assumptions applied.

We further evaluated the disclosures provided by Management in the financial statements compared to applicable accounting standards.

### **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 form of 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 misstatement of the Management's review.

### **Management's responsibilities for the financial statements**

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### **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 a 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.

**Independent auditor's report**

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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 12 April 2018

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



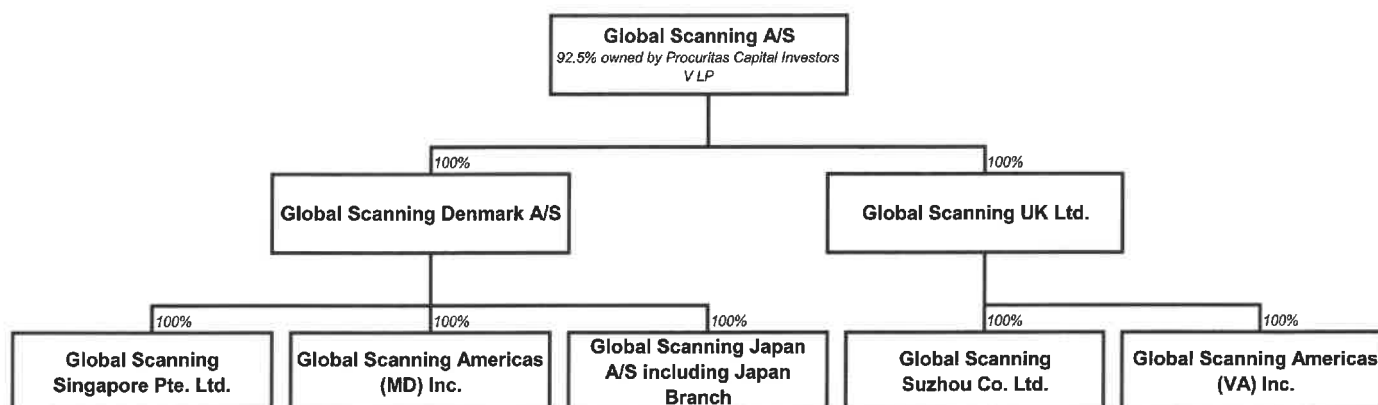
Mogens Andreasen  
State Authorised  
Public Accountant  
mne28603



Alex Petersen  
State Authorised  
Public Accountant  
mne28604

## Financial highlights

## Global Scanning A/S - Legal Entities



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

Key figures group	2017	2016	2015	2014	2012/13
<b>Profit &amp; Loss</b>					
Revenue	39.543	41.623	46.016	53.000	39.016
Operating result	3.360	(2.337)	(1.215)	(917)	(4.070)
Net financials	(5.177)	(453)	(2.871)	(1.956)	(2.414)
Net result for the year	(1.612)	(2.262)	(2.749)	(1.871)	(5.618)
<b>Cash Flows</b>					
Cash flows from operating activities	7.216	2.169	4.475	8.668	8.203
Cash flow to net investments	(3.641)	(4.130)	(4.108)	(4.093)	(57.669)
Hereoff investments in tangible assets	(690)	(658)	(1.471)	(727)	(397)
Net cash flow for the year	3.575	(1.960)	(2.909)	5.144	(797)
Cash and cash equivalents at year-end	3.053	(522)	1.438	4.347	(797)
<b>Balance sheet</b>					
Total equity	27.452	28.658	29.253	31.545	28.562
Total assets	59.619	60.153	66.805	70.769	74.710
Solvency Ratio	46,0%	47,6%	43,8%	44,6%	0
Exchange rate per balance sheet date DKK/USD	6,21	7,05	6,86	6,11	5,41
Average number of employees	159	203	202	219	225

## 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".

Solvency Ratio: (Total shareholder's equity) / (Total Equity and Liabilities)



## Management's Review

### Group overview

The group's objective is to be a market leader in innovative and reliable 2D digital imaging solutions.

Global Scanning 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 brands Context and Colortrac. The Group's scanners digitally capture documents, drawings and other 2D input in order to view, edit, archive, convert or print output data.

### Net profit for the year

The net result was lower than expected. The Group's revenue was expected to be in line with 2016, but only totaled USD 39.543 thousand down from USD 41.623 thousand in 2016.

The operating profit is USD 3.360 thousand (deficit of USD 2.337 thousand in 2016) influenced by higher than normal costs to severance payment of USD 527 thousand and an unrealized exchange loss from bond debt USD 2.314 thousand, due to increase in SEK compared to USD. Furthermore, the Group invested in technical and market research in the area of 3D scanning and other 3D applications.

The deficit for the year before tax is USD 1.817 thousand against a deficit of USD 2.789 thousand in 2016.

The net result before tax for the year in the parent company amounts to a profit of USD 235 thousand (USD 2.417 thousand profit in 2016) which mainly consists of dividend from subsidiaries and a unrealized exchange loss from bond debt USD 2.314 thousand, due to increase in SEK compared to USD.

### Financial position

#### Liquidity and capital resources

The balance sheet total at 31 December 2017 was USD 59.619 thousand compared to USD 60.153 thousand in 2016. Cash and cash equivalents at 31 December 2017 is positive by USD 3.053 thousand and the unused credit facilities total USD 1.611 thousand. A receivable of USD 912 thousand at 31 December 2016 was attributed to the sale of the Danish factory in 2016 and was released to cash in January 2017.

Our bank arrangement with Nordea changed from a corporate relationship to a branch relationship during first quarter 2017. As there will be limited need for a credit facility going forward the credit facility has been reduced from 21 MDKK to 10 MDKK.

Movements in the DKK/USD and RMB/USD rate during 2018 can have a limited impact on the Group's operating profit.

### Capital structure

#### Equity and gearing

The Company's capital structure is as follows:

	2017 USD'000	2016 USD'000
<b>Debt</b>		
Interest-bearing loans and other borrowings	24.054	24.710
Cash	<u>3.053</u>	<u>2.585</u>
Net debt	21.001	22.125
Total equity	<u>27.452</u>	<u>28.658</u>
Total capital employed	<u>48.453</u>	<u>50.783</u>

**Debt profile**

The Company's financial debt profile is as follows:

	2017 USD'000	2016 USD'000
Short-term liabilities:		
Bank debt	0	3.108
Long-term liabilities:		
Bonds (Redemption December 2019)	24.054	21.602
	<u>24.054</u>	<u>24.710</u>

**Research and development**

Research and development expenses in 2017 amounted to USD 6.205 thousand (2016: USD 6.648 thousand) equal to 15.7% of the revenue (2016: 16.0%). The Group has, during the year, developed new product platforms for both scanners and software. Of the costs incurred USD 2.870 thousand was capitalized.

In 2017 R&D has focused on developing and introducing 2 new platforms, covering the low segment convenience market and a new low cost flatbed platform for specialized scanning. All major software platforms have been modernized and are now fully up to date. At the same time, more and more resources have been used to explore the world of 3D scanning. We acquired a 3D online sharing platform and plan to combine our upcoming 3D hardware with this platform to create new innovative products in this space.

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

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

**Risk Management**

At Global Scanning risk management is an integrated part of the operational activities with a view to reducing the uncertainty of the Group'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 Group's risks is provided in note 24. Financial risk – management objectives and policies.

**Industry and market risks**

Global Scanning 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 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.

**Control and risk management measures in connection with the presentation of accounts**

The Company's internal control and risk management systems in connection with the presentation of the accounts are as outlined below.

**Control measures**

The Company has established a formal corporate report process to incorporate monthly reporting such as a budget follow up, an assessment of performance and compliance of agreed targets. In addition to this a central corporate function is responsible for the control of reports from subsidiaries.

It is not the Board of Directors assessment that the establishment of an internal auditing department is warranted at present in view of the limited complexity of the company and the transparency in reporting.

### Information and communication

The Board of Directors emphasize that whilst observing the confidentiality of a listed company an open communication exist within the corporation and that each individual is familiar with their role in the internal control.

Business units have been established within the corporation; each with the responsibility for their own strategies, action plans and budgets. This division ensures an efficient follow up and distribution of responsibility within the corporation.

The Company does not have a formal accounting manual in view of the limited complexity of the company but reporting instructions are continually updated and communicated to all relevant employees.

The instructions include entry instructions and procedures for balancing of accounts and analysis, control of assets as well as a policy for the granting of credit and approval of fixed asset investment. Major changes are communicated to all financial controllers in writing. The corporate information system has been designed to continuously gather and communicate relevant information, reports etc. while observing the confidentiality of a listed company, to enable individuals to perform their duties and controls in an efficient and reliable manner.

### Supervision

Ongoing evaluation of management takes place on all levels of the corporation. The scope and frequency of the periodic evaluation depend largely on a risk assessment and the efficiency of the ongoing evaluation. The elected auditors report significant weaknesses in the internal control measures in connection with presentation of accounts to the board of directors through the audit minutes. Minor issues are reported in Management Letters to the directors who then brief the Board of Directors.

The Board of Directors meets with the auditors annually without management attendance.

### Outlook

Global Scanning 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.

In 2018 the Group expects the revenue to be in line with 2017 and a result that shows a net result close to zero.

The outlook is based on the following underlying assumptions:

- Efficiency improvement in the production setup
- Expectation of stable market conditions on the 2D scanning market
- Unchanged f/x correlation between USD/SEK/DKK/RMB

### Subsequently events

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

### Management Duties

#### Board of Directors

Gunnel Ellinor Duveblad (Chairman)

- Team Olivia Group AB (Chairman)
- HiQ International AB (Chairman)
- Foundation Ruter Dam (Chairman)
- Sweco AB (Board Member)
- Dustin Group AB (Board Member)
- PostNord AB (Board Member)
- Accessio AB (Board Member)

Tomas HåkanThéren

- Procuritas Capital Investors VI Holding AB (Board Member)
- SEM AB (Board Member)
- Gram Equipment A/S (Board Member)
- DSI Holding A/S (Chairman)

Oskar Emanuel Lindholm

- Pierce Holding AB (Board Member)
- PCI Holdco A/S (Board Member)

Anne Raaen Rasmussen

- Solgaarden Holding ApS (Chief Executive Officer)

Søren Thuun Jensen

- None

Nis Engholm

- Frederiksborg Søpark Antenneforening (Board Member)

#### **Corporate Social Responsibilities**

No CSR policy including separate policies for human rights and reduction of environmental and climate impact has been prepared by the Group.

#### **Gender composition of management**

The Board of Directors in the parent company and in the Danish subsidiary consists, apart from the employee elected board members, of 2 women (50%) and 2 men (50%) and gender ratio is therefore considered equal. A gender balance is expected to be maintained in the future.

Management has adopted a policy to increase the share of the under-represented sex to the other levels of management, which includes the company expanded executive and middle management. The policy sets internal targets for the proportion of female managers and the policy also provides guidelines for the recruitment and retention of women leaders in the Danish subsidiary.

Specifically, the company has initiated several actions to increase the proportion of female managers:

- Personnel policy that promotes career opportunities for both sexes
- Recruitment procedures, which help to ensure a level recruitment opportunities for both sexes

The initiatives has been implemented in 2013 and has not yet had an effect, and the proportion of female managers at other levels of management is 20%. The company expects as a result of the initiatives put in place that the proportion of female managers at other management levels will rise slightly in the coming years.

**Statement of profit and loss  
for the year ended 31 December**

	Notes	Group		Parent	
		2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000
Revenue		39,543	41,623	0	0
Production costs	6	<u>(28,301)</u>	<u>(37,567)</u>	0	0
<b>Gross profit</b>		<b>11,241</b>	<b>4,057</b>	<b>0</b>	<b>0</b>
Distribution costs	6	(4,765)	(4,218)	0	0
Administrative costs	6	(3,117)	(2,833)	(472)	(533)
Other operating income	7	<u>0</u>	<u>658</u>	<u>416</u>	<u>398</u>
<b>Operating result</b>		<b>3,360</b>	<b>(2,337)</b>	<b>(56)</b>	<b>(135)</b>
Financial income	8	251	1,975	4,186	4,765
Financial expenses	9	<u>(5,428)</u>	<u>(2,427)</u>	<u>(3,895)</u>	<u>(2,213)</u>
<b>Result before tax</b>		<b>(1,817)</b>	<b>(2,789)</b>	<b>235</b>	<b>2,417</b>
Income taxes	10	<u>206</u>	<u>528</u>	<u>345</u>	<u>167</u>
<b>Net result for the year</b>		<b><u>(1,612)</u></b>	<b><u>(2,262)</u></b>	<b><u>580</u></b>	<b><u>2,584</u></b>

**Statement of other comprehensive income**

	Notes	Group		Parent	
		2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000
<b>Net profit for the year</b>		(1,612)	(2,262)	580	2,584
<b>Other comprehensive income</b>					
<b>Other comprehensive income to be reclassified to profit and loss in subsequent periods</b>					
Exchange differences on translation of foreign operations		405	0	0	0
Valuation adjustment for the year, cash flow hedges		0	(359)	0	0
Valuation adjustment reclassified to production, distribution and administrative costs		0	677	0	0
Income tax effect		<u>0</u>	<u>(159)</u>	<u>0</u>	<u>0</u>
<b>Total comprehensive income for the year, net of tax</b>		<b><u>(1,207)</u></b>	<b><u>(2,103)</u></b>	<b><u>580</u></b>	<b><u>2,584</u></b>

**Balance sheet**  
at 31 December

	Notes	Group		Parent	
		2017 USD '000	2016 USD '000	2017 USD '000	2016 USD '000
<b>Assets</b>					
<b>Non-current assets</b>					
Goodwill		28.602	28.602	0	0
Development costs		7.591	7.682	0	0
Customer relations		1.791	2.448	0	0
License rights and patents		1.989	2.069	0	0
<b>Total intangible assets</b>	11	<u>39.973</u>	<u>40.801</u>	<u>0</u>	<u>0</u>
<b>Property, plant and equipment</b>					
Land and buildings		1.670	1.718	0	0
Leasehold improvements		609	753	0	0
Plant and machinery		0	6	0	0
Other plant, operating equipment etc.		907	836	0	0
<b>Total property, plant and equipment</b>	12	<u>3.186</u>	<u>3.313</u>	<u>0</u>	<u>0</u>
<b>Financial assets</b>					
Investments in subsidiaries	13	0	0	58.366	53.366
Receivable from group enterprises		0	0	7.191	6.930
Deferred tax assets	16	0	0	761	479
Other long term assets		98	116	0	0
<b>Total financial assets</b>		<u>98</u>	<u>116</u>	<u>66.318</u>	<u>60.775</u>
<b>Total non-current assets</b>		<u>43.257</u>	<u>44.230</u>	<u>66.318</u>	<u>60.775</u>
<b>Current assets</b>					
<b>Inventories</b>					
Raw materials and consumables		4.478	4.069	0	0
Work in progress		0	0	0	0
Finished goods		2.384	2.670	0	0
<b>Total inventories</b>	14	<u>6.862</u>	<u>6.739</u>	<u>0</u>	<u>0</u>
<b>Receivables</b>					
Trade receivables	15	5.466	4.584	0	0
Receivable from group enterprises		0	0	454	2.929
Other receivables		0	912	0	0
Income tax receivable	18	0	0	0	0
Prepayments		981	1.102	2	6
<b>Total receivables</b>		<u>6.447</u>	<u>6.598</u>	<u>456</u>	<u>2.935</u>
<b>Cash and cash equivalents</b>		<u>3.053</u>	<u>2.585</u>	<u>0</u>	<u>0</u>
<b>Total current assets</b>		<u>16.362</u>	<u>15.923</u>	<u>456</u>	<u>2.936</u>
<b>Total assets</b>		<u>59.619</u>	<u>60.153</u>	<u>66.775</u>	<u>63.711</u>

**Balance sheet**  
at 31 December

	Notes	Group		Parent	
		2017 USD '000	2016 USD '000	2017 USD '000	2016 USD '000
<b>Equity and liabilities</b>					
<b>Shareholders' equity</b>					
Share capital		171	171	171	171
Share premium		41.671	41.671	41.671	41.671
Reserve for foreign currency translation		405	0	0	0
Retained earnings		(14.795)	(13.184)	749	169
<b>Total shareholders' equity</b>		<u>27.452</u>	<u>28.658</u>	<u>42.591</u>	<u>42.011</u>
<b>Liabilities other than provisions</b>					
Deferred tax liabilities	16	497	915	0	0
Bonds	17	24.054	21.602	24.054	21.602
<b>Long-term liabilities other than provisions</b>		<u>24.551</u>	<u>22.517</u>	<u>24.054</u>	<u>21.602</u>
Bank debt	17	0	3.108	0	0
Trade payables		4.956	2.693	0	0
Income taxes payable	19	156	58	0	0
Other liabilities		2.504	3.120	130	98
<b>Short-term liabilities</b>		<u>7.616</u>	<u>8.979</u>	<u>130</u>	<u>98</u>
<b>Total liabilities other than provisions</b>		<u>32.167</u>	<u>31.495</u>	<u>24.184</u>	<u>21.700</u>
<b>Total equity and liabilities</b>		<u>59.619</u>	<u>60.153</u>	<u>66.775</u>	<u>63.711</u>
Liabilities from financing activities	18				
Contingent assets and liabilities and other financial obligations	20				
Foreign currency in the balance sheet	21				
Financial assets and liabilities	22				
Share capital and reserves	23				
Financial risk - management objectives	24				
Related party transactions	25				

## Changes in equity

	Group					Total
	Share capital	Share premium	Retained earnings	Reserve for foreign currency translation	Proposed dividend	
USD'000						
Balance 1/1 2016	164	40.172	(11.083)	0	0	29.253
Transactions with shareholders:						
Addition from capital increases	7	1.493	0	0	0	1.500
Options	0	6	0	0	0	6
Transactions with shareholders	7	1.499	0	0	0	1.506
Comprehensive income:						
Net profit for the year	0	0	(2.262)	0	0	(2.262)
Other comprehensive income:						
Valuation adjustment for the year, cash flow hedges	0	0	(359)	0	0	(359)
Valuation adjustment reclassified to production, distribution	0	0	677	0	0	677
Income tax effect	0	0	(159)	0	0	(159)
Other comprehensive income	0	0	160	0	0	160
Comprehensive income	0	0	(2.102)	0	0	(2.102)
Balance 1/1 2017	171	41.671	(13.184)	0	0	28.658
Comprehensive income:						
Net profit for the year	0	0	(1.612)	0	0	(1.612)
Other comprehensive income:						
Exchange differences on translation of foreign operations	0	0	0	405	0	405
Other comprehensive income	0	0	0	405	0	405
Comprehensive income	0	0	(1.612)	405	0	(1.207)
Shareholders' equity at 31/12 2017	171	41.671	(14.795)	405	0	27.452

	Parent					Total
	Share capital	Share premium	Retained earnings	Reserve for foreign currency translation	Proposed dividend	
USD'000						
Balance 1/1 2016	164	40.172	(2.415)	0	0	37.921
Transactions with shareholders:						
Addition from capital increases	7	1.493	0	0	0	1.506
Options	0	6	0	0	0	6
Transactions with shareholders	7	1.499	0	0	0	1.506
Comprehensive income:						
Net profit for the year	0	0	2.584	0	0	2.584
Comprehensive income	0	0	2.584	0	0	2.584
Balance 1/1 2017	171	41.671	169	0	0	42.011
Transactions with shareholders:						
Addition from capital increases	0	0	0	0	0	0
Options	0	0	0	0	0	0
Transactions with shareholders	0	0	0	0	0	0
Comprehensive income:						
Net profit for the year	0	0	580	0	0	580
Comprehensive income	0	0	580	0	0	580
Shareholders' equity at 31/12 2017	171	41.671	749	0	0	42.591



**Cash flow statement**

	Group		Parent	
	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000
Operating profit/loss	3.360	(2.337)	(56)	(135)
Amortisation/Depreciation	4.597	8.175	0	0
<b>EBITDA</b>	<b>7.956</b>	<b>5.838</b>	<b>(56)</b>	<b>(135)</b>
Change in inventory and receivables	29	1.205	5	(0)
Change in trade payables	2.263	(2.084)	0	0
Change in other current liabilities	(1.080)	(1.083)	356	(1.059)
Interest received	251	8	686	578
Interest paid	(2.204)	(1.929)	(1.828)	(1.714)
Income taxes received/(paid)	0	213	124	1.761
<b>Cash flow from operating activities</b>	<b>7.216</b>	<b>2.169</b>	<b>(714)</b>	<b>(569)</b>
Additions of intangible assets	(3.005)	(2.569)	0	0
Additions of property, plant and equipment	(690)	(658)	0	0
Disposals of property, plant and equipment	54	597	0	0
Acquisition of activities, net cash outflow	0	(1.500)	0	0
Dividend received	0	0	3.500	2.600
Group contribution	0	0	(5.000)	0
Change in receivables from group enterprises	0	0	2.214	(1.615)
<b>Cash flow from investing activities</b>	<b>(3.641)</b>	<b>(4.130)</b>	<b>714</b>	<b>985</b>
Change in payables to parent company	0	0	0	(415)
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(415)</b>
<b>Net cash flow for the year</b>	<b>3.575</b>	<b>(1.960)</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at 1/1 2017	(522)	1.438	0	0
Net cash flow for the year	3.575	(1.960)	0	0
<b>Cash and cash equivalents at 31/12 2017</b>	<b>3.053</b>	<b>(522)</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at 31/12 2017</b>	<b>3.053</b>	<b>2.585</b>	<b>0</b>	<b>0</b>
Cash	3.053	2.585	0	0
Bank debt	0	(3.108)	0	0
	<b>3.053</b>	<b>(522)</b>	<b>0</b>	<b>0</b>
<b>Unutilised portion of credit facilities including cash and cash equivalents</b>	<b>1.611</b>	<b>2.458</b>		

## 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 2017 and additional disclosure requirements in the Danish Financial Statement Act 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 Annual Report 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 2017.

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 Annual Report:

- Amendments to IAS 7 Disclosure Initiative
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized losses
- Annual Improvements to IFRSs 2014-16 Cycle

Accounting policies are unchanged compared to last year.

#### **New and amended standards and interpretations that have not yet become operative:**

The IASB has issued a number of new standards, amendments to existing standards which will become operative for financial statements covering periods beginning on or after 1 January 2017. New and amended standards are expected to be implemented by their effective dates. The Following standards, amendments to existing standards and interpretations are expected to affect Global Scanning A/S' future annual reports:

- IFRS 9 Financial instruments and amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

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.

Global Scanning A/S has completed the 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 and there are 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

Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Group plans to adopt the new standard of 1 January 2018 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 2018 and that comparative figures will not be restated.

Overall, based on the analyses performed; it is assessed that the implementation of IFRS 15 will have no significant effect on the Group's financial statements, as revenue recognition under IFRS 15 is already in line with the Group's current revenue recognition policies.

IFRS 9 Financial instruments was issued in July 2014 and is effective for annual periods beginning 1 January 2018. Global Scanning has performed an assessment of IFRS 9, based on which Global Scanning expects no significant impact on recognition and measurement for the Group and the Parent Company. The Group has no derivative financial instruments, but only traditional financial assets and liabilities which mainly relate to trade receivables on which only a few and immaterial losses have incurred in the past and trade payables and bond loans. The Parent Company has not historically realized any significant losses on intra group receivables and the Group companies are in all material aspects able to settle the receivable as they fall due. The new standard also introduces expanded disclosure requirements and changes in presentation, which will be shown in the year of adoption. The Group will apply the new rules retrospectively from 1 January 2018.

IFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The standard will affect primarily the accounting for the Group's operating leases. As of 31 December 2017, The Group has non-cancellable operating lease commitments of USD 689 KUSD (see note 20).

The analysis of the expected effect of the implementation of the above standard has not yet been completed. The Group has minimal number of lease contracts, but these include leasing of premises and the Group therefore expects IFRS 16 to have some impact on its financial statements.

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. The Group does not intend to adopt the standard before the effective date.

In addition, the IASB has issued a number of new standards, amendments to existing standards and interpretations which are not relevant to the Group and which are therefore not expected to affect its future annual reports.

### Consolidation

The consolidated financial statements comprise the parent, Global Scanning A/S and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated.

### Business combinations

Recently acquired or sold subsidiaries are recognized in the 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.

## Notes

### Note 1 Accounting policies, continued

#### Currency translation

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

#### Foreign subsidiaries

The accounts of foreign subsidiaries are translated according to the following principles:

Balance sheet items are translated at closing rates. The income statement is translated at the rates at the date of the transaction. Any exchange differences resulting from the translation of the opening equity at the closing rate and the exchange adjustment of the items in the income statement from the rate at the date of the transaction to the closing rate are taken directly through equity.

#### Derivative financial instruments

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

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 is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. 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 when significant risk and rewards of ownership of the goods have passed to the buyer, usually on dispatch 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.

## Notes

### Note 1 Accounting policies, continued

Intangible assets include development costs 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:

	Years
Goodwill	Indefinite
Development costs	3
Customer relations	3-10
License rights and patents	5-20
Buildings	30
Leasehold improvements	3
Plant and machinery	4-8
Other plant, operating equipment etc.	2-6

### Parent company dividend

Dividend from subsidiaries is recognized fully in the profit and loss statement at the time of distribution.

### 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 in 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.

Current and deferred taxes related to items recognized directly in the equity are taken directly on the 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

Intangible assets comprise goodwill with indefinite useful life and of development costs, customer relations and license rights and patents with finite useful life.

### Goodwill

Goodwill is measured at cost less accumulated write-downs

Goodwill is tested for impairment annually or when there are indications of decreases in value. The impairment test is made for the activity or business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or the business area to which the goodwill relates (recoverable amount) if it is lower than the carrying amount.

### Development projects

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated, and where the intention is to produce, market or use the product or the process, are recognized as intangible assets provided that it is sufficiently certain that the future earnings are adequate to cover the production, sales and administrative expenses and the aggregate development costs. Other development costs are expensed in the income statement as incurred.

## Notes

### Note 1 Accounting policies, continued

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, license rights and patents

Customer relations, license rights 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.

#### 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, calculated by reference to an assessment of each individual receivable.

#### 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.

## Notes

### Note 1 Accounting policies, continued

#### 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.

#### 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 debt liabilities are measured at net realizable value.

#### Other financial obligations

The Company has entered into lease contracts for operation equipment for a period of several years. Lease payments are included in the income statement. Total lease commitments are stated under other financial obligations.

#### 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:

#### 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 2017 was USD 28,602 thousand (USD 28,602 thousand at 31 December 2016). More details are given in note 11.

## Notes

### Note 2 Significant accounting judgments, estimates and assumptions, continued

#### 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 2017 USD 761 thousand (USD 479 thousand at 31 December 2016).

#### 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.

#### Note 3 Subsequent Events

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

#### Note 4 Segment Information

According to IFRS 8 Segment information should be reported in a way that is consistent with the internal reporting provided to the chief operating decision-maker in the Group. The chief operating decision-maker is the function responsible for allocating resources and assessing operating segment results. Within Global Scanning Group the CEO is identified as the chief operating decision-maker.

- The Group is managed and controlled as a single unit of segmentation based on the fact that the Group is only selling one product family which is scanners which is developed and produced in various types dependent on the end customer's needs, usage and workflow.
- Management is not able to make any independent decisions within the various brands without affecting the others
- There is no difference in the products sold within the various brands
- Individuals have no individual authorities in decision-making concerning product launch and new initiatives to promote results
- The Group has in 2016 and 2017 invested in 3D activities. These activities have not generated revenue in 2017.

As a result hereof Global Scanning has only defined one reportable segment which is regularly reviewed by the chief operating decision-maker who makes decisions about allocation of resources, budget and financial plan.

#### Nature of the consolidated revenue

The consolidated revenue relates in all majorities to sale of goods but 14% relates to rendering of services.



## Notes

### Note 4 Segment Information, continued

#### Transactions with major customers

The Group has two major customers that individually amount to more than 10 percent of the Group's revenue. The Group's transactions with its two major customers amount to total USD 23.071 thousand (2016: USD 24.504 thousand), corresponding to 58% (2016: 59%) of the consolidated revenue.

The revenue streams from the two major customers are of significantly different nature and accordingly the amount of revenue from each customer is not disclosed. The two major customers are of similar impact to the Group's gross profit, and in total they contribute to the Group's gross profit in the same level as they contribute to the revenue.

#### Geographic information

Revenue	2017	2016
	USD'000	USD'000
Americas	18.045	20.441
Eemea	13.605	14.350
Apac	7.893	6.832
<b>Total</b>	<b>39.543</b>	<b>41.623</b>

The revenue information above is based on the locations of the customers, and as a material part of the revenue is sold as OEM, it is not possible to disclose geographic location of the end users.

Non-current assets	2017	2016
	USD'000	USD'000
Americas	78	95
Eemea	40.709	41.947
Apac	2.470	2.188
<b>Total</b>	<b>43.257</b>	<b>44.230</b>

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

Non-current assets related to 3D activity are included in the 2017 Eemea amount with USD 2.013 thousand (2016: USD 2.417 thousand).

## Notes

### Note 5. Business combinations

In 2017 the Group has not made any acquisitions.

On 27 June 2016, the subsidiary Global Scanning Denmark A/S acquired assets and personnel from Real Awesomesauce S.A. to explore opportunities within 3D file sharing and other collaboration services through the company's parent company Global Scanning A/S.

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

Recognized on the date of acquisition	USD'000
Customer relations	1.250
Development costs	1.750
Fair value of net assets	<u>3.000</u>
<b>Purchase consideration</b>	
Capital increase in Global Scanning A/S	1.500
Cash paid (net cash outflow)	<u>1.500</u>
Total consideration	<u>3.000</u>

No contingent consideration has been agreed.

### Note 6. Expenses

#### 6.1 Amortisation/depreciation and writedowns

Analysis of amortisation/depreciation and writedowns for the year:

	Group		Parent	
	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000
Land and buildings	123	384	0	0
Leasehold improvements	163	222	0	0
Plant and machinery	6	24	0	0
Other plant, operating equipment etc.	471	599	0	0
Development costs	2.990	6.312	0	0
Customer relations	657	483	0	0
License rights and patents	<u>187</u>	<u>151</u>	<u>0</u>	<u>0</u>
	<u>4.597</u>	<u>8.175</u>	<u>0</u>	<u>0</u>

#### 6.2 Staff costs

Analysis of total payroll costs, etc.:

Fee to the Board of Directors	86	95	86	95
Remuneration and salaries to the Executive Management	374	316	0	0
Defined contribution plans to the Executive Management	7	7	0	0
Remuneration and salaries to other key management personnel	812	1.085	0	0
Defined contribution plans to other key management personnel	33	65	0	0
Wages and salaries	7.500	9.774	0	0
Bonuses	223	610	0	0
Defined contribution plans	767	899	0	0
Other social security costs	<u>165</u>	<u>291</u>	<u>0</u>	<u>0</u>
	<u>9.966</u>	<u>13.141</u>	<u>86</u>	<u>95</u>

The average number of staff during the year was 159 employees. (2016: 203)

In both 2017 and 2016, Remuneration and salaries to the executive Management consist of wages etc. to a single person.

#### Share based payment

In 2016 the Group established an warrant program for the CEO of the parent company, to the total of 11.223 warrants as of 31 December 2017.

Each warrant giving the right to purchase one (1) class A-share in Global Scanning A/S of nominal value of USD 0,18 at an exercise price of USD 67,22. The outstanding equals 1,13% of the share capital should all warrants be utilized.

It is a condition that the warrant holder is not under notice at the time of utilization. Warrants may only be settled upon renewal of shares in the company. There are no other conditions to the acquisition of rights. Special conditions apply concerning illness and death as well as in the event of changes in the company's capital.

The warrants vest and must be exercised to purchase A-shares in a 20 days period prior to the expected completion of an Exit Event. An Exit Event shall mean i) change of majority shareholder, ii) IPO of the Company, or iii) a sale of all assets or all important assets of the Company to a third party within a period of 10 years from allocation time.

## Notes

### Note 6. Expenses, continued

The average tenor on outstanding warrants as of 31 December 2017 constitute 8,8 years.

Fair value per warrant at time of allocation has been settled at USD 0 in 2016. The fair value upon allocation is estimated under the Black-Scholes model. The calculated market value amounts to USD 0 in the result for 2017.

	Group		Parent	
	2017 USD '000	2016 USD '000	2017 USD '000	2016 USD '000
<b>6.3 Audit fee</b>				
Fee for statutory audit	192	165	17	14
Fee for other assurance engagements	0	8	0	8
Fee for tax advice	10	18	0	7
Fee for non-audit services	4	36	1	29
	<u>206</u>	<u>219</u>	<u>18</u>	<u>58</u>
<b>6.4 Research and development</b>				
Research and development expenses in 2017 amounted to USD 6.205 thousand (2016: USD 6.648 thousand) of which USD 2.840 thousand was capitalised.				
Net development expenses amount to USD 7.197 thousand (2016: USD 11.048 thousand).				
<b>Note 7. Other operating income</b>				
Sale of scrap	0	6	0	0
Management fee from subsidiaries	0	0	416	398
Profit from sale of property, plant and equipment	0	611	0	0
Rental income	0	41	0	0
Other	0	0	0	0
	<u>0</u>	<u>658</u>	<u>416</u>	<u>398</u>
<b>Note 8. Financial income</b>				
Dividends from investments in subsidiaries	0	0	3.500	2.600
Foreign currency exchange gain	0	1.966	0	1.587
Interest income	2	1	0	0
Interest income from subsidiaries	0	0	686	578
Other	249	7	0	0
	<u>251</u>	<u>1.975</u>	<u>4.186</u>	<u>4.765</u>
<b>Note 9. Financial expenses</b>				
Impairment of investments in subsidiaries	0	0	0	0
Foreign currency exchange loss	2.860	0	1.703	0
Interest expenses	2.264	2.138	2.012	2.022
Interest expenses to parent company	0	0	0	0
Other	304	290	180	191
	<u>5.428</u>	<u>2.427</u>	<u>3.895</u>	<u>2.213</u>
<b>Note 10. Income taxes</b>				
<b>Tax in the Statement of income</b>				
Estimated tax on the taxable income for the year	0	0	0	0
Income tax, carry back refund	(861)	(836)	(124)	(836)
Adjustments prior years	1	(10)	0	0
Foreign tax	1.009	1.226	0	0
FX adjustment	63	(29)	61	(29)
Change in deferred tax	(418)	(879)	(282)	698
	<u>(206)</u>	<u>(528)</u>	<u>(345)</u>	<u>(167)</u>
<b>Tax in the Statement of other comprehensive income</b>				
Net adjustments of cash flow hedges	0	159	0	0
	<u>0</u>	<u>159</u>	<u>0</u>	<u>0</u>
<b>Reconciliation of tax rate</b>				
Danish tax rate	22,0%	22,0%	22,0%	22,0%
Adjustment relating to previous years	-0,1%	0,4%	0,0%	0,0%
Adjustment carry back refund	0,0%	-2,0%	0,0%	-2,3%
Permanent differences	-1,8%	-5,3%	-295,2%	-23,6%
Foreign currency exchange differences	-8,8%	3,8%	126,0%	-3,0%
Effective tax rate	<u>11,3%</u>	<u>18,9%</u>	<u>-147,2%</u>	<u>-6,9%</u>

Tax received during the tax year amounts to USD 0 thousand exclusive of interest surcharges.

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

## Notes

### Note 11. Intangible assets

	Group				Total
	Goodwill	Development costs	Customer relations	License rights and patents	
<b>USD'000</b>					
Cost at 1/1 2016	28.602	22.976	2.400	2.428	56.406
Disposal at cost	0	(2.895)	0	0	(2.895)
Additions from acquisition	0	1.750	1.250	0	3.000
Additions	0	2.461	0	108	2.569
<b>Cost at 31/12 2016</b>	<b>28.602</b>	<b>24.292</b>	<b>3.650</b>	<b>2.536</b>	<b>59.080</b>
Amortisation at 1/1 2016	0	13.193	719	315	14.228
Disposals	0	(2.895)	0	0	(2.895)
Amortisation	0	6.312	483	151	6.946
<b>Amortisation at 31/12 2016</b>	<b>0</b>	<b>16.610</b>	<b>1.202</b>	<b>466</b>	<b>18.279</b>
<b>Carrying amount at 31/12 2016</b>	<b>28.602</b>	<b>7.682</b>	<b>2.448</b>	<b>2.069</b>	<b>40.801</b>
Cost at 1/1 2017	28.602	24.292	3.650	2.536	59.080
Disposal at cost	0	(3)	0	0	(3)
Additions from acquisition	0	0	0	0	0
Additions	0	2.899	0	106	3.005
<b>Cost at 31/12 2017</b>	<b>28.602</b>	<b>27.189</b>	<b>3.650</b>	<b>2.642</b>	<b>62.083</b>
Amortisation at 1/1 2017	0	16.610	1.202	466	18.278
Disposals	0	0	0	0	0
Amortisation	0	2.988	657	187	3.832
<b>Amortisation at 31/12 2017</b>	<b>0</b>	<b>19.598</b>	<b>1.859</b>	<b>653</b>	<b>22.110</b>
<b>Carrying amount at 31/12 2017</b>	<b>28.602</b>	<b>7.591</b>	<b>1.791</b>	<b>1.989</b>	<b>39.973</b>

At December 31 2017 the balance of 7.591 KUSD regarding development costs contains 6 significant projects with a total value of 4.920 KUSD of which 1 project has not been released yet.

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

Amortisation and writedowns of intangible assets are included in production costs. There has been no writedowns in 2017 and 2016.

In 2017 (2016) there has not been any indication of need to make any impairment of intangible assets.

Goodwill relates to the 2D activity in Global Scanning Denmark A/S and Global Scanning UK Ltd., in total USD 28.602 thousand (2016: USD 28.602 thousand).

Before 2016 impairment was tested separately for Global Scanning Denmark A/S and Global Scanning UK Ltd. Based on the fact that the two entities commercially and organizationally have been merged into one cash-generating unit the test of goodwill is from 2016 based on one cash-generating unit for the entire 2D activity.

The Group performed its annual impairment test for the cash generating unit in December 2017 (2016). The Group considers the relationship between its market capitalisation and its accounting value, among other factors, when reviewing for indicators of impairment. As at 31 December 2017, the market capitalisation of the Group's 2D activity was above the accounting value of the goodwill that relates to the 2D cash generation unit, and accordingly the impairment test has not resulted in any impairment for 2017 (2016).

The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets for 2018, and cash flow projections for a four-year period. The four-year cash flow projections are based on a 3 year strategy plan for the 2D activity. The board of directors have approved the assumptions used for the impairment test.

The projected cash flows have been updated to reflect the current demand for products and services. The pre-tax discount rate applied to cash flow projections is 10,1% (2016: 10,7%). The decrease in the pre-tax discount rate is caused by a change in the basis for determining the risk free rate. The risk free rate is based on a US government bond. The assumptions made when calculating the pre-tax discount rate for 2017 are unchanged from 2016.

Cash flows beyond the five-year period are extrapolated using a 2,0% growth rate (2016: 2%).

#### Key assumptions used in value in use calculations

*Revenue and contribution* - Overall the future development is expected to be flat. Volumes are expected to increase and pricing generally expected to decrease. In addition, the 2D business is expected to be a steady future business, which will require less investment compared to previous periods.

*Discount rates* - Discount rates represent the current market assessment of the risks specific to the CGU. The discount rate calculation is based on the specific circumstances of the Group and its operating segment and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

*Life* - Life represent a infinite period, which is the management's best estimate for the expected length of the cash flow projection period. The assessment of growth rate and infinite period has not been changed since last year as there has been no significant change in the underlying market and business.

## Notes

### Note 11. Intangible assets, continued

*Other key assumptions* - Unchanged *fix* correlation between USD/SEK/DKK has been built into the model combined with the assumption of stable market conditions on the 2D scanning market.

It is the management's assessment that no reasonable possible change in a key assumption on which the management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount.

### Note 12. Property, plant and equipment

	Group				
	Land and Buildings	Leasehold Improvements	Plant and Equipment	Other plant, operating equipment etc.	Total
<b>USD'000</b>					
Cost at 1/1 2016	4.462	1.042	511	3.480	9.495
Disposal at cost	(2.298)	(99)	(468)	(741)	(3.606)
Additions	36	301	0	321	658
<b>Cost at 31/12 2016</b>	<u>2.200</u>	<u>1.244</u>	<u>44</u>	<u>3.060</u>	<u>6.547</u>
Depreciation and writedowns at 1/1 2016	1.154	368	445	2.359	4.326
Disposals	(1.056)	(99)	(430)	(735)	(2.320)
Depreciation	384	222	24	599	1.229
<b>Depreciation and writedowns at 31/12 2016</b>	<u>482</u>	<u>491</u>	<u>38</u>	<u>2.223</u>	<u>3.235</u>
<b>Carrying amount at 31/12 2016</b>	<u>1.718</u>	<u>753</u>	<u>6</u>	<u>836</u>	<u>3.313</u>
Cost at 1/1 2017	2.200	1.244	44	3.060	6.548
Disposal at cost	0	0	0	(91)	(91)
Additions	75	19	0	595	690
<b>Cost at 31/12 2017</b>	<u>2.275</u>	<u>1.263</u>	<u>44</u>	<u>3.564</u>	<u>7.147</u>
Depreciation and writedowns at 1/1 2017	482	491	38	2.223	3.235
Disposals	0	0	0	(37)	(37)
Depreciation	123	163	6	471	762
<b>Depreciation and writedowns at 31/12 2017</b>	<u>605</u>	<u>654</u>	<u>44</u>	<u>2.657</u>	<u>3.960</u>
<b>Carrying amount at 31/12 2017</b>	<u>1.670</u>	<u>609</u>	<u>0</u>	<u>907</u>	<u>3.186</u>

In 2017 and 2016 there has not been any indication of need to make any impairment of tangible assets.

### Note 13. Investments in subsidiaries

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

	Parent Investment in subsidiaries
<b>USD'000</b>	
Cost at 1/1 2016	59.165
Additions	0
Cost of acquisition	0
<b>Cost at 31/12 2016</b>	<u>59.165</u>
Impairment at 1/1 2016	(5.800)
Impairment during the year	0
Impairment at 31/12 2016	(5.800)
<b>Carrying amount at 31/12 2016</b>	<u>53.365</u>
Cost at 1/1 2017	59.165
Additions	5.000
Cost of acquisition	0
<b>Cost at 31/12 2017</b>	<u>64.165</u>
Impairment at 1/1 2017	(5.800)
Impairment during the year	0
Impairment at 31/12 2017	(5.800)
<b>Carrying amount at 31/12 2017</b>	<u>58.365</u>

**Notes****Note 13. Investments in subsidiaries, continued**

USD '000	Domicile	Currency	Nominal capital	Interest (%)	Equity	Net profit/loss
Global Scanning Denmark A/S	Denmark	USD	3.401	100%	2.859	(2.153)
Global Scanning Americas (MD) Inc.	USA	USD	0	100%	(2.519)	(205)
Global Scanning Singapore Pte. Ltd.	Singapore	USD	300	100%	766	6
Global Scanning Japan A/S	Denmark	DKK	84	100%	236	19
Global Scanning UK Ltd.	Great Britain	USD	21	100%	4.798	1.777
Global Scanning Suzhou Co. Ltd.	China	USD	226	100%	7.178	1.448
Global Scanning Americas (VA) Inc.	USA	USD	1	100%	1.555	705

**Note 14. Inventories**

	Group USD '000	Parent USD '000
Movements in the provision for impairment of inventory were as follows:		
Cost at 1/1 2016	(885)	0
Adjustment	690	0
Cost at 31/12 2016	(195)	0
Adjustment	(16)	0
<b>Cost at 31/12 2017</b>	<b>(211)</b>	<b>0</b>

This expense is included in production costs.

The book value of inventory provisioned for measured at net realisable cost at 31 December 2017 to USD 266 thousand (2016: USD 120 thousand).

Cost of goods sold in 2017 amounted to USD 19.634 thousand (2016: USD 21.494 thousand).

**Note 15. Trade receivables**

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

As at 31 December 2017, trade receivables at nominal value of USD 122 thousand (2016: 9 thousand) were impaired for.

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

Cost at 1/1 2016	100
Charge for the year	9
Utilized	-100
Unused amounts reversed	0
Cost at 31/12 2016	9
Charge for the year	113
Utilized	0
Unused amounts reversed	0
<b>Cost at 31/12 2017</b>	<b>122</b>

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

Analysis of trade receivables that were past due but not impaired at 31 December 2017:

	Total	Neither past due nor impaired	Past due but not impaired	
			<60 days	>60 days
2016	4.593	4.020	459	113
2017	5.588	4.907	552	129

## Notes

## Note 16. Deferred tax

	Group		Parent	
	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000
Analysis of deferred tax:				
Property, plant and equipment	(121)	(89)	0	0
Intangible assets	1.903	2.118	0	0
Inventories	0	61	0	0
Prepaid expenses	58	58	0	0
Other	(68)	(23)	(42)	0
tax loss carried forward	(1.275)	(1.210)	(719)	(479)
	<u>497</u>	<u>915</u>	<u>(761)</u>	<u>(479)</u>

	Group			Parent		
	Deferred tax	Income taxes payable	Tax in income statement	Deferred tax	Income taxes payable	Tax in income statement
<b>Opening balance of 1 January 2016</b>	1.650	(521)		(1.177)	(609)	
Income taxes received (paid)	0	0		0	0	
Foreign taxes received (paid)	0	(1.499)		0	0	
Calculated foreign tax	0	1.149	1.226			0
Estimated tax on the taxable income for the year	0	0	0		0	0
Change in deferred tax	(735)	0	(879)	(169)	0	698
Income tax, carry back refund	0	910	(836)	836	609	(836)
Adjustments prior years	0	19	(10)		0	0
FX adjustment	0	0	(29)	31	0	(29)
	<u>0</u>	<u>0</u>	<u>(29)</u>	<u>31</u>	<u>0</u>	<u>(29)</u>
<b>Opening balance of 1 January 2017</b>	915	58		(479)	0	
Income taxes received (paid)	0	0		0	0	
Foreign taxes received (paid)	0	(861)		0	0	
Calculated foreign tax	0	960	1.009			0
Estimated tax on the taxable income for the year	0	0	0		0	0
Change in deferred tax	(418)	0	(418)	(282)	0	(282)
Income tax, carry back refund	0	0	(861)	0	0	(124)
Adjustments prior years	0	(1)	1		0	0
FX adjustment	0	0	63	0	0	61
	<u>0</u>	<u>0</u>	<u>63</u>	<u>0</u>	<u>0</u>	<u>61</u>
<b>Closing balance as of 31 December 2017</b>	<u>497</u>	<u>156</u>	<u>(206)</u>	<u>(761)</u>	<u>0</u>	<u>(345)</u>

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 17. Bank loans, Bonds, Mortgage debt and other bank debt

The debt is due for repayment in the following order:

	Group		Parent	
	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000
Within 1 year (bank loans)	0	3.108	0	0
Between 1 and 5 years (bonds)	24.054	21.602	24.054	21.602
After 5 years	0	0	0	0
	<u>24.054</u>	<u>24.709</u>	<u>24.054</u>	<u>21.602</u>

The interest rate applied on the issued bonds (SEK 200 million) is 8.5% + STIBOR. The final redemption date is 9 December 2019.

For the issued bonds certain terms and conditions apply regarding negative pledge and an incurrence test is required subject to additional bonds and change of controls.

## Note 18. Liabilities from financing activities

	Group		Parent	
	Long-term liabilities	Liabilities from financing activities	Long-term liabilities	Liabilities from financing activities
Cost at 1/1 2017	21.602	21.602	21.602	21.602
Cashflow	0	0	0	0
Currency adjustments	2.452	2.452	2.452	2.452
Cost at 31/12 2017	<u>24.054</u>	<u>24.054</u>	<u>24.054</u>	<u>24.054</u>

## Note 19. Income taxes

Estimated income taxes	155	56	0	0
Tax receivable	(0)	(0)	0	0
Due in subsidiaries	1	2	0	0
	<u>156</u>	<u>58</u>	<u>0</u>	<u>0</u>

## Notes

### Note 20. Contingent liabilities, operating lease obligations and securities for loans

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

	Group		Parent	
	2017 USD'000	2016 USD'000	2017 USD'000	2016 USD'000
Within 1 year	364	348	0	0
Between 1 and 5 years	325	133	0	0
After 5 years	0	0	0	0
	<u>689</u>	<u>481</u>	<u>0</u>	<u>0</u>
Total expenditure charged to the Income statement	<u>350</u>	<u>384</u>	<u>0</u>	<u>0</u>

### Pledged assets for loans at Nordea Bank

The owner's mortgage deed in the properties nominally USD 9.666 thousand (2016: USD 8.511 thousand) is pledged to banks in Global Scanning Denmark A/S and in Global Scanning A/S.

Carrying amount of land and buildings	<u>1.670</u>	<u>1.718</u>	<u>0</u>	<u>0</u>
---------------------------------------	--------------	--------------	----------	----------

The subsidiary Global Scanning Denmark A/S has entered into a credit agreement with Nordea Bank Danmark A/S with a variable credit line of up to USD 1.610 thousand (DKK 10 million). Global Scanning Denmark A/S has given Nordea Bank Danmark A/S a security in inventories and trade receivables for USD 1.610 thousand (DKK 10 million). The value of inventories and trade receivables for USD 1.610 thousand (DKK 10 million). The value of inventories and trade receivables as per 31 December 2017 is USD 3.468 thousand (2016: USD 4.313 thousand). Furthermore the associated company Global Scanning UK Limited has given Nordea Bank Danmark A/S a security in all assets for the above mentioned arrangement between the company and Nordea Bank Danmark A/S. The value of assets in Global Scanning UK Limited as per 31 December 2017 is USD 9.066 thousand (2016: USD 10.041 thousand).

### Pledged assets for bonds

As security for the parent company's bond debt, nominally USD 24.054 thousand (2016: USD 21.602 thousand), the following assets are pledged:

Investments in subsidiaries (share-pledge)	58.366	53.366
Receivable from group enterprises	<u>7.191</u>	<u>6.930</u>
	<u>65.557</u>	<u>60.296</u>

### Contingent liabilities

In 2012/13, the parent company joined the joint taxation arrangement with the Danish subsidiary Global Scanning Denmark A/S which is 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 21. Foreign currency

#### Foreign currency risks

As a result of the operation in Denmark, the Group is exposed to a risk in cash flow from foreign currencies and in the balance sheet 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	
	2017	2016	2017	2016	2017	2016
DKK Danish kroner	601	368	339	4.895	262	(4.527)
SEK Swedish kroner	0	0	24.418	22.100	(24.418)	(22.100)
RMB Renminbi	5.082	4.850	4.047	2.361	1.035	2.488
EUR Euros	595	675	39	22	556	653
GBP Pound	691	656	475	612	217	45
JPY Japanese Yen	784	710	635	667	150	42
Other currencies	94	43	0	18	94	25
	<u>7.848</u>	<u>7.301</u>	<u>29.953</u>	<u>30.675</u>	<u>(22.104)</u>	<u>(23.373)</u>

Impact on the results of operations and changes in shareholders' equity resulting from a change of the Group'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	Equity	Pre-tax profit	Equity
		2017	2017	2016	2016
DKK Danish kroner	+/- 10%	0,0	0,0	-0,4	-0,3
SEK Swedish kroner	+/- 10%	-2,2	-1,7	-1,8	-1,4
RMB Renminbi	+/- 10%	0,1	0,1	0,2	0,2
EUR Euros	+/- 10%	0,1	0,0	0,1	0,0



## Notes

### Note 22. Financial assets and liabilities

	Group		Parent	
	2017 USD '000	2016 USD '000	2017 USD '000	2016 USD '000
<b>Loans and receivables measured at amortized cost</b>				
Trade accounts receivables	5.466	4.584	0	0
Receivable from Group company	0	0	7.645	9.859
Cash	3.053	2.585	0	0
<b>Total loans and receivables measured at amortized cost</b>	<b>8.518</b>	<b>8.081</b>	<b>7.645</b>	<b>9.859</b>

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

### Financial liabilities measured at amortized cost

Mortgage debt and other bank debt	0	0	0	0
Bonds	24.054	21.602	24.054	21.602
Bank debt	0	3.108	0	0
Trade payables	4.956	2.693	0	0
<b>Total financial liabilities measured at amortized cost</b>	<b>29.010</b>	<b>27.402</b>	<b>24.054</b>	<b>21.602</b>

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 except on bonds where the book value is USD 24.054 thousand (2016: USD 21.602 thousand) and the fair value is USD 21.612 thousand (2016: USD 19.557 thousand).

### Note 23. Share capital and reserves

Share capital with nominal value USD 171.378 is distributed in 426.469 shares in shares in Class A, 411.519 shares in Class B and 140.600 shares in Class C with a domination of USD 0,18.

All shares are fully paid.

	Class A shares	Class B shares	Class C shares	Total
Opening balance of 1 January 2016	405.146	390.943	133.570	929.659
Addition from capital increases	21.323	20.576	7.030	48.929
Closing balance as of 31 December 2016	<u>426.469</u>	<u>411.519</u>	<u>140.600</u>	<u>978.588</u>
Addition from capital increases	0	0	0	0
Closing balance as of 31 December 2017	<u>426.469</u>	<u>411.519</u>	<u>140.600</u>	<u>978.588</u>

Shares in class B earns annually right to a preferential dividend of 8% on the related equity investment price and previous years calculated preferential dividend. As per December 31 2017 the preferential dividend right amounts to USD 7.698 thousand (2016: USD 5.833 thousand).

Shares in class C earns annually right to a preferential dividend of 10% on the related equity investment price and previous years calculated preferential dividend. As per December 31 2017 the preferential dividend right amounts to USD 2.515 thousand (2016: USD 1.720 thousand).

We refer to section "capital structure" in the management review for a description of the entity's objectives, policies and processes for managing capital.

### Note 24. Financial risk - management objectives and policies

The Group's principal financial instruments comprise bank loans, bond debt, overdraft and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group 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 20.

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

#### Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group'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 Group'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 Group are considered to be low.

#### Interest rate risk

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

At December 31 2017 the Group has no bank debt (2016: 2.196 KUSD which is use of bank overdrafts at a interest rate of 4.3%).

At December 31 2017 the Group debt on long term corporate bonds is 24.054 KUSD (2016: 21.602 KUSD) at an interest rate of 8,5% + STIBOR. A 1% increase in STIBOR will increase financial cost with 244 KUSD (2016: 221 KUSD).

#### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Group'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 Group's policy is to maintain a balanced relation between its short-term and long-term debt.

## Notes

### Note 24. Financial risk - management objectives and policies, continued

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

2016:	Less than 1 year	1-2 years	2-3 years	Total
Bonds	0	0	21.802	21.802
Bank debt	3.108	0	0	3.108
Trade and other payables	5.813	0	0	5.813
<b>Total</b>	<b>8.921</b>	<b>0</b>	<b>21.802</b>	<b>30.723</b>

2017:	Less than 1 year	1-2 years	2-3 years	Total
Bonds	0	24.054	0	24.054
Trade and other payables	7.460	0	0	7.460
<b>Total</b>	<b>7.460</b>	<b>24.054</b>	<b>0</b>	<b>31.514</b>

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

2016:	Less than 1 year	1-2 years	2-3 years	Total
Bonds	0	0	21.802	21.802
Trade and other payables	98	0	0	98
<b>Total</b>	<b>98</b>	<b>0</b>	<b>21.802</b>	<b>21.900</b>

2017:	Less than 1 year	1-2 years	2-3 years	Total
Bonds	0	24.054	0	24.054
Trade and other payables	130	0	0	130
<b>Total</b>	<b>130</b>	<b>24.054</b>	<b>0</b>	<b>24.184</b>

### Capital risk management

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

At the operational level, the Group continuously efforts to optimize capital tied up in working capital.

### Note 25. Related party transactions

#### Group

Related parties with material interest include the Board of Directors and Executive Board of the Company and key employees and their related family members. Furthermore related parties include companies in which the aforementioned persons have a material interest. Refer to note 6.2.

#### Parent

The company is controlled by Procuritas Capital Investors V LP, Guernsey, which owns 92.5% of the share capital.

Transactions with related parties:

	Group		Parent	
	2017	2016	2017	2016
	USD'000	USD'000	USD'000	USD'000
<b>Costs</b>				
Purchase from Group enterprises			292	242
<b>Other operating income</b>				
Management fee from Group enterprises			416	398
<b>Financial income and expenses</b>				
Dividend from Group enterprises			3.500	2.600
Interest from Group enterprises			686	578
<b>Executive Management</b>				
Remuneration and salaries to the Executive Management	374	316	0	0
Defined contribution plans to the Executive Management	7	7	0	0
<b>Board of Directors</b>				
Board fee	86	95	86	95
<b>Intercompany balances 31/12</b>				
Receivables from Group enterprises			7.645	9.859
<b>Guarantees and security</b>				
Guarantee from Group enterprises	9.066	10.041		