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EFQ International A/S

Lyngby Hovedgade 102, 2800 Kgs. Lyngby

Company reg. no. 38 65 82 98

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 31 August 2020.

____
Ingeborg Majken Korsgård Petersen
Chairman of the meeting

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Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of EFQ International A/S for the financial year 1 January - 31 December 2019 of EFQ International A/S.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 December 2019 and of the company’s results of activities in the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Kgs. Lyngby, 31 August 2020

Managing Director

Jens-Christian Borregaard Winther

Board of directors

Ingeborg Majken Korsgård Petersen	Niels Ammendrup	Jens-Christian Borregaard Winther

Independent auditor's report

To the shareholders of EFQ International A/S

Opinion

We have audited the financial statements of EFQ International A/S for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 unless management either intends to liquidate the 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 about 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the 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 these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 31 August 2020

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Claus Koskelin
State Authorised Public Accountant
mne30140

Company information

The company	EFQ International A/S Lyngby Hovedgade 102 2800 Kgs. Lyngby
	Company reg. no. 38 65 82 98 Financial year: 1 January - 31 December
Board of directors	Ingeborg Majken Korsgård Petersen Niels Ammendrup Jens-Christian Borregaard Winther
Managing Director	Jens-Christian Borregaard Winther
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
Parent company	EFQ Holding ApS
Subsidiary	E Foqus Danmark A/S, Kgs. Lyngby EF Solutions A/S, Kgs. Lyngby

Management commentary

The principal activities of the company

The principal activities is to hold equity in joint companies, and other related activites such as development and consultancy.

Development in activities and financial matters

The gross profit for the year totals DKK 2.407.000 against DKK -30.000 last year. Income or loss from ordinary activities after tax totals DKK 1.488.000 against DKK -1.204.000 last year. The management considers the net profit for the year satisfactory.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, except for the COVID-19 pandemic, which is expected to impact the market in which the company operates, negatively.

The outbreak of covid-19 in March 2020 and the following partial shut-down of the market, have had some impact on the activities in group enterprises. Due to the uncertainty of the political decisions and the general effect on the markets, it is yet not possible to quantify the total economical impact for EFQ International ApS and its group enterprises.

We are closely monitoring the situation and adjusting the organixation and level of costs to reflect the current market situation.

Accounting policies

The annual report for EFQ International A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

Accounting policies

If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Translation adjustment of balances with foreign group enterprises considered part of the total investment in group enterprises are recognised directly in equity. Likewise, foreign exchange gains and losses on loans and derivatives for the currency hedging of independent foreign group enterprises are recognised directly in equity.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Accounting policies

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Research and development costs

Research and development costs comprise costs, salaries, and wages and depreciation directly or indirectly attributable to the company's research and development activities.

Research costs are recognised in the income statement in the year incurred. Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. Furthermore, there must be a proven correlation between the costs incurred and future earnings. However, lack of official approvals, customer approvals, and other uncertainties will often imply that the requirements for recognition as assets are not met and that development costs are charged to the income statement as incurred.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Investments

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

Other financial instruments and equity investments

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Accounting policies

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Financial instruments and equity investments

Financial instruments and equity investments recognised as current assets are measured at fair value on the reporting date.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, EFQ International A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Accounting policies

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2019	2018
	Gross profit	**2.406.779**	**-30.000**
	Research and development costs	-517.920	-1.268.125
	Operating profit	**1.888.859**	**-1.298.125**
	Income from equity investments in group enterprises	0	-141.830
	Other financial income	0	-48.980
	Other financial costs	-1.602	-881
	Pre-tax net profit or loss	**1.887.257**	**-1.489.816**
	Tax on net profit or loss for the year	-399.278	285.642
	Net profit or loss for the year	**1.487.979**	**-1.204.174**
	Proposed appropriation of net profit:		
	Reserves for net revaluation according to the equity method	-1.024.014	-120.132
	Dividend for the financial year	0	5.000.000
	Transferred to retained earnings	2.511.993	0
	Allocated from retained earnings	0	-6.084.042
	Total allocations and transfers	**1.487.979**	**-1.204.174**
	Extraordinary dividend approved after the end of the financial year	26.000.000	0

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2019	2018
	Non-current assets		
1	Equity investments in group enterprises	5.196.496	9.795.496
	Deposits	593.838	0
	Total investments	5.790.334	9.795.496
	Total non-current assets	**5.790.334**	**9.795.496**
	Current assets		
	Amounts owed by group enterprises	5.054.401	0
	Receivable corporate tax	0	285.642
	Other debtors	0	7.500
	Total receivables	5.054.401	293.142
	Available funds	17.373	0
	Total current assets	**5.071.774**	**293.142**
	Total assets	**10.862.108**	**10.088.638**

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities

Note		2019	2018
	Equity		
	Contributed capital	500.000	500.000
	Reserves for net revaluation as per the equity method	0	1.024.014
	Results brought forward	3.674.456	1.162.463
	Proposed dividend for the financial year	0	5.000.000
	Total equity	**4.174.456**	**7.686.477**
	Liabilities other than provisions		
	Bank debts	4.635.903	0
	Trade creditors	1.040.401	30.000
	Debt to group enterprises	0	2.372.161
	Corporate tax	399.278	0
	Other debts	612.070	0
	Total short term liabilities other than provisions	6.687.652	2.402.161
	Total liabilities other than provisions	**6.687.652**	**2.402.161**
	Total equity and liabilities	**10.862.108**	**10.088.638**
2	**Contingencies**		

Notes

All amounts in DKK.

	2019	2018
1. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2019	8.793.180	8.793.180
Additions during the year	401.000	0
Cost 31 December 2019	**9.194.180**	**8.793.180**
Revaluations, opening balance 1 January 2019	1.002.316	1.144.146
Results for the year before goodwill amortisation	0	-141.830
Dividend	-5.000.000	0
Revaluation 31 December 2019	**-3.997.684**	**1.002.316**
Carrying amount, 31 December 2019	**5.196.496**	**9.795.496**

Group enterprises:

	Domicile	**Equity interest**
E Foqus Danmark A/S	Kgs. Lyngby	100 %
EF Solutions A/S	Kgs. Lyngby	100 %

Due to missing financial information for the group enterprise E Focus Danmark A/S, the company is measured based on last year annual report.

2. Contingencies

Contingent liabilities

The company has entered into tenancies with security tenure of 6 month. The total liability in the security tenure amount to t.DKK 723.

Recourse guarantee commitments:

The company has guaranteed the bank facilities of the group enterprises. On 31 December 2019, the total bank facilities of the group enterprises totalled available funds t.DKK 17.

Joint taxation

With E Foqus Holding ApS, company reg. no 10016320 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

Notes

All amounts in DKK.

2. Contingencies (continued)

Joint taxation (continued)

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Ingeborg Majken Korsgaard
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