

Minerva Group A/S

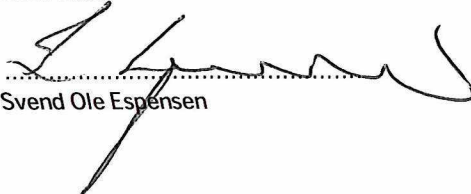
Hasselager Centervej 29, DK-8260 Viby J

CVR no. 17 63 07 84

Annual report 2019/20

Approved at the Company's annual general meeting on 8 October 2020

Chairman:



Svend Ole Espensen





Contents

Statement by Management	2
Independent auditor's report	3
Management's review	6
Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Cash flow statement	14
Notes	15

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Minerva Group A/S for the financial year 1 June 2019 - 31 May 2020.


The annual report has been prepared in accordance with 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 May 2020 and of the results of their operations and consolidated cash flows for the financial year 1 June 2019 - 31 May 2020.

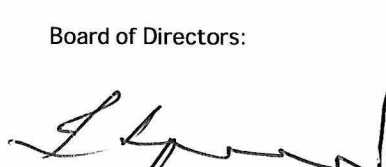


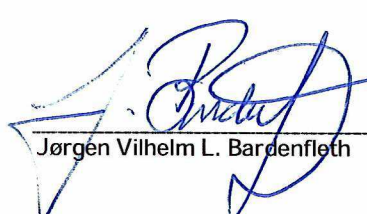

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

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

Aarhus, 8 October 2020
Executive Board:


Asger Thierry

Board of Directors:


Svend Ole Espensen
Chairman
Leon Lauritsen
Asger Thierry
Pauli Blegind Vadstrup
Jørgen Vilhelm L. Bardenfleth
May Wenche Strømsnes
Mikael Lyngsø

Independent auditor's report

To the shareholders of Minerva Group A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Minerva Group A/S for the financial year 1 June 2019 – 31 May 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with 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 May 2020 and of the results of the Group's and the Parent Company's operations as well as consolidated cash flows for the financial year 1 June 2019 – 31 May 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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.

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 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 and 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.

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.



Independent auditor's report

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.

Aarhus, 8 October 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Søren Jensen
State Authorised
Public Accountant
mne34132

Management's review

Financial highlights for the Group

DKK	2019/20	2018/19	2017/18
Key figures			
Gross profit	77,902,824	65,739,658	53,055,639
Operating profit	13,053,650	18,994,229	16,649,935
Profit/loss from net financials	-267,715	-96,025	-243,234
Profit for the year	9,778,728	14,685,204	12,347,250
Profit for the year after tax excl. non-controlling interests	9,600,314	14,507,002	12,238,543
Financial ratios			
Non-current assets	6,573,576	4,637,339	2,308,710
Current assets	59,831,521	46,186,303	41,137,861
Total assets	66,405,097	50,823,642	43,446,571
Amount relating to investments in property, plant and equipment	557,237	724,453	301,520
Equity excl. non-controlling interests	5,815,616	10,871,750	6,846,836
Equity incl. non-controlling interests	5,987,422	10,905,875	6,882,382
Provisions	3,997,439	3,557,027	1,937,228
Current liabilities other than provisions	56,420,236	36,360,740	33,542,558
Financial ratios			
Equity ratio (%)	9	21	16
Return on equity (%)	115	164	185
Average number of full-time employees	89	66	52

Financial highlights only include 2019/20, 2018/19 and 2017/18 figures as this is the first year consolidated financial statements are prepared.

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Equity ratio	$\frac{\text{Equity ex. non-controlling interest at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax ex. non-controlling interests} \times 100}{\text{Average equity ex. non-controlling interests}}$

Management's review

Principal activities of the Company

The Company's aim is, through subsidiaries in Denmark, Sweden, England, the Netherlands, France, Germany and the USA, to conduct business by supplying PLM consultancy and IT solutions for the optimisation of manufacturing companies' development and delivery capability.

Development in activities and financial matters

Net profit was DKK 9.8 million, and equity at 31 May 2020 amounts to DKK 5.8 million. The profit for the year is considered satisfactory and in line with expectations.

Minerva Group continues its expansion. The rising demand for Minerva competencies worldwide has secured controlled growth both financially and in terms of human resources.

A large organisational change towards a team-oriented organisational design has supported growth and proven to also benefit the customers.

Minerva Group's subsidiaries have expanded their position as European and American market leaders in subscription-based PLM systems, adding several global multinational companies to their customer portfolios.

The Group has experienced great success in effective utilisation of all available resources and competencies within consulting, management, marketing, administration, support and IT infrastructure.

The main customers of Minerva Group are large manufacturing companies within the aviation, automotive and global defence industries. But also a great number of electronics and medical device companies have successfully implemented Minerva's own Electronic PLM and Medical Device PLM solutions targeted towards addressing the common business challenges in the management of all product-related data in a product's life cycle.

Minerva Group has significantly grown its dedicated product organisation with focus on the continued development of the new product Minerva PLM. Minerva has entered into an OEM agreement with Aras Inc. to market Minerva PLM. Minerva PLM is based on Aras Innovator, but with enhancements from Minerva Solutions, including specialised modules for the electronic high-tech and medical device industries. Minerva PLM is a step closer to an out-of-the-box solution in the PLM market.

Minerva Group will continue to invest in research and development within the PLM field.

A focus on human resources has improved the hiring process as well as a structured on-boarding.

COVID-19

In the last part of the financial year, the revenue of Minerva Group was affected by the COVID-19 pandemic. Several customers paused or reduced the IT services from Minerva, as some customers had sent employees home, leaving no one to receive our services, and some wanted to preserve cash.

Fewer new customers than usual signed up for subscription or stated requesting services after the outbreak of the pandemic. In May, the Company executed a restructuring round, laying off approximately 10% of the workforce.



Management's review

Subsequent events

No events have occurred after the balance sheet date having a material impact on the assessment of the annual report.

In the fall, the Company has seen improved market conditions compared to the spring and summer of 2020.

Expected development

Minerva expects to keep its strong market position and be stable in size, revenue and profitability for the 2020/21 financial year.

During the coming financial year, increased investments in research and development within the PLM field are expected. Minerva PLM A will be further expanded and improved to strengthen its out-of-the-box solutions in the PLM market.

Consolidated financial statements and parent company financial statements

1 June 2019 – 31 May 2020

Income statement

Note	DKK	Group		Parent	
		2019/20	2018/19	2019/20	2018/19
	Gross profit	77,902,824	65,739,658	19,322,850	23,090,261
2	Staff costs	-61,889,676	-45,822,108	-11,478,273	-10,652,099
	Depreciation, amortisation and impairment				
3	losses	-2,959,498	-923,321	-2,656,610	-634,526
	Operating profit/loss	13,053,650	18,994,229	5,187,967	11,803,636
9	Income from investments in group entities	0	0	5,417,894	5,305,499
4	Other financial income	11,287	34,864	211,572	100,477
5	Other financial expenses	-279,002	-130,889	-90,887	-105,418
	Profit/loss before tax	12,785,935	18,898,204	10,726,546	17,104,194
6	Tax for the year	-3,007,207	-4,213,000	-1,126,232	-2,597,192
	Profit/loss for the year	9,778,728	14,685,204	9,600,314	14,507,002
Breakdown of the consolidated profit/loss:					
	Shareholders in Minerva Group A/S	9,600,314	14,507,002		
	Non-controlling interests	178,414	178,202		
		9,778,728	14,685,204		



Consolidated financial statements and parent company financial statements
1 June 2019 – 31 May 2020

Balance sheet

Note	DKK	Group		Parent	
		2019/20	2018/19	2019/20	2018/19
	ASSETS				
	Non-current assets				
7	Intangible assets				
	Completed development projects	5,186,250	3,379,297	5,186,250	3,379,297
		<u>5,186,250</u>	<u>3,379,297</u>	<u>5,186,250</u>	<u>3,379,297</u>
8	Property, plant and equipment				
	Fixtures and fittings, tools and equipment	880,738	762,746	290,435	315,112
		<u>880,738</u>	<u>762,746</u>	<u>290,435</u>	<u>315,112</u>
	Fixed assets investments				
9	Investments in group entities	0	0	7,954,076	5,182,773
	Other receivables	506,588	495,296	244,394	329,379
		<u>506,588</u>	<u>495,296</u>	<u>8,198,470</u>	<u>5,512,152</u>
	Total non-current assets	<u>6,573,576</u>	<u>4,637,339</u>	<u>13,675,155</u>	<u>9,206,561</u>
	Current assets				
	Receivables				
	Trade receivables	17,606,128	19,503,360	4,000,416	2,285,003
	Work in progress	2,008,044	1,343,614	0	0
13	Receivables from group entities	0	0	4,077,297	9,019,446
	Other short-term receivables	27,751	91,381	0	0
	Income tax	2,428,127	3,397,549	1,837,203	3,105,004
	Prepayments	17,053,272	12,930,803	12,691,795	10,662,222
		<u>39,123,322</u>	<u>37,266,707</u>	<u>22,606,711</u>	<u>25,071,675</u>
	Cash	20,708,199	8,919,596	9,014,899	3,179,275
	Total current assets	<u>59,831,521</u>	<u>46,186,303</u>	<u>31,621,610</u>	<u>28,250,950</u>
	TOTAL ASSETS	<u>66,405,097</u>	<u>50,823,642</u>	<u>45,296,765</u>	<u>37,457,511</u>

Consolidated financial statements and parent company financial statements

1 June 2019 – 31 May 2020

Balance sheet

Note	DKK	Group		Parent	
		2019/20	2018/19	2019/20	2018/19
	EQUITY AND LIABILITIES				
	Equity				
10	Share capital	1,000,000	1,000,000	1,000,000	1,000,000
	Reserve for development costs	4,045,275	2,242,702	4,045,275	2,242,702
	Net revaluation according to the equity method	0	0	38,248	0
	Retained earnings	38,248	0	0	0
	Proposed dividend	732,093	7,629,048	732,093	7,629,048
	Minerva Group A/S' shareholders' share of equity	5,815,616	10,871,750	5,815,616	10,871,750
	Non-controlling interests	171,806	34,125	0	0
	Total equity	5,987,422	10,905,875	5,815,616	10,871,750
	Provisions				
11	Deferred tax	3,997,439	3,192,417	3,514,839	3,051,421
	Other provisions	0	364,610	0	0
	Total provisions	3,997,439	3,557,027	3,514,839	3,051,421
	Current liabilities other than provisions				
	Trade payables	6,848,518	2,756,565	4,716,075	1,693,115
	Received payments on account	1,063,255	791,921	20,333	0
13	Payables to group entities	2,240,000	0	3,400,552	116,592
	Income tax payable	695,747	1,991,263	0	0
	Other payables	12,204,681	7,092,444	3,425,783	2,603,337
	Deferred income	33,368,035	23,728,547	24,403,567	19,121,296
	Total current liabilities	56,420,236	36,360,740	35,966,310	23,534,340
	Total liabilities and provisions	60,417,675	39,917,767	39,481,149	26,585,761
	TOTAL EQUITY AND LIABILITIES	66,405,097	50,823,642	45,296,765	37,457,511

- 1 Accounting policies
- 13 Related parties
- 14 Distribution of profit/loss
- 15 Changes in working capital

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Statement of changes in equity

Note	DKK	Group					
		Share capital	Reserve for development costs	Retained earnings	Proposed dividend	Total	Non-controlling interests
							Total equity
Equity at 1 June 2019		1,000,000	578,482	0	5,268,354	6,846,836	6,882,382
Distributed ordinary dividend		0	0	0	-5,268,354	-5,268,354	-5,451,392
Distributed extraordinary dividend		0	0	-5,200,000	0	-5,200,000	-5,200,000
Foreign exchange adjustments, foreign subsidiary		0	0	-13,734	0	-13,734	-10,319
Profit/loss for the year		0	1,664,220	5,213,734	7,629,048	14,507,002	14,685,204
Equity at 1 June 2019		1,000,000	2,242,702	0	7,629,048	10,871,750	10,905,875
Distributed ordinary dividend		0	0	0	-7,629,048	-7,629,048	-7,629,048
Distributed extra ordinary dividend		0	0	-7,000,000	0	-7,000,000	-7,000,000
Disposals of non-controlling interests		0	0	0	0	0	-38,831
Foreign exchange adjustments, foreign subsidiary		0	0	-27,400	0	-27,400	-1,902
Profit/loss for the year		0	1,802,573	7,065,648	732,093	9,600,314	9,778,728
Equity at 31 May 2020		1,000,000	4,045,275	38,248	732,093	5,815,616	5,987,422

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Statement of changes in equity

Note	DKK	Parent				
		Share capital	Reserve for development costs	Net revaluation according to equity method	Retained earnings	Proposed dividend
						Total
		1,000,000	578,482	0	0	6,846,836
		0	0	0	0	-5,268,354
		0	0	0	-5,200,000	-5,200,000
		0	0	0	-13,734	-13,734
		0	1,664,220	0	5,213,734	14,507,002
		1,000,000	2,242,702	0	0	10,871,750
		0	0	0	0	-7,629,048
		0	0	0	-7,000,000	-7,000,000
		0	0	0	-27,400	-27,400
		0	1,802,573	38,248	7,027,400	9,600,314
		1,000,000	4,045,275	38,248	0	5,815,616

Consolidated financial statements and parent company financial statements

1 June 2019 – 31 May 2020

Cash flow statement

Note	DKK	Group	
		2019/20	2018/19
	Profit/loss before tax	12,785,935	18,898,204
	Depreciation and amortisation	2,959,498	923,321
	Other adjustments of non-cash operating items	267,709	96,025
	Cash generated from operations before changes in working capital	16,013,142	19,917,550
15	Changes in working capital	15,849,422	-3,435,745
	Cash generated from operations	31,862,564	16,481,805
	Interest received	11,287	13,516
	Interest paid	-279,002	-130,889
	Corporation tax paid	-2,528,280	-5,006,276
	Cash flows from operating activities	29,066,569	11,358,156
7	Acquisition of intangible assets	-4,333,872	-2,292,048
8	Acquisition of property, plant and equipment	-557,237	-724,453
	Cash flows from investing activities	-4,891,109	-3,016,501
	Shareholders:		
	Distributed dividend	-14,629,049	-10,468,354
	Distributed dividend, non-controlling interests	0	-183,038
	Acquisition of non-controlling interests	-38,831	0
	Change in payables to group enterprises	2,240,000	0
	Cash flows from financing activities	-12,427,880	-10,651,392
	Cash flows for the year	11,747,580	-2,309,737
	Cash and cash equivalents, beginning of year	8,919,596	11,186,088
	Currency translation adjustment of cash	41,023	43,245
	Cash and cash equivalents, year end	20,708,199	8,919,596

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

1 Accounting policies

The annual report of Minerva Group A/S for 2019/20 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Minerva Group A/S and subsidiaries controlled by Minerva Group A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

Acquisitions and disposals of non-controlling interests that are still controlled are recognised directly in equity as a transaction between shareholders.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

1 Accounting policies (continued)

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with foreign subsidiaries that are considered part of the total investment in the subsidiary are recognised directly in equity.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Income statement

Gross profit/loss

Gross profit/loss comprises revenue, cost of raw materials, consumables and external expenses.

The items revenue, cost of raw materials and consumables and other external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Revenue

Revenue from the sale of goods for resale and manufactured goods is recognised in the income statement when delivery has taken place and the risk has passed to the buyer. Revenue from the sale of consultancy services is recognised in the income statement when delivery is made to the buyer. Support agreements are recognised on a straight-line basis over the contractual term.

Revenue is recognised net of VAT, duties and sales discounts.

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

1 Accounting policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Income from investments in group entities

Income from investments in group entities comprises the pro rata share of the individual entity's profit/loss after full elimination of the internal profits or losses.

Other financial income

Other financial income comprises dividends, etc., received on other investments, interest income, including interest income on receivables from group entities, net capital gains on payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group entities, net capital losses on payables and transactions in foreign currencies.

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

The Company is jointly taxed with the Parent Company and all the Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Development projects, patents and licences

On initial recognition, intangible assets are measured at cost.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the entity can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 3-5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of the useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Fixtures and fittings, tools and equipment	3-4 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested annually for indication of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Investments in group entities

Investments in group entities are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the entities' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down if the amount owed is irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Upon distribution of profit or loss, net revaluation of investments in group entities is transferred to the net revaluation reserve according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life, which is normally 10 years.

Investments in group entities are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

1 Accounting policies (continued)

Equity

Net revaluation reserve according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the net revaluation reserve according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax base of assets and liabilities, for which the tax base of assets is calculated based on the planned use of each assets.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are subject to only minor risks of changes in value.

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

DKK	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
2 Staff costs and incentive plans				
Wages and salaries	51,249,416	38,292,745	10,429,619	9,717,188
Pensions	1,853,596	1,442,561	841,630	760,431
Other social security costs	8,786,664	6,086,802	207,024	174,480
	<u>61,889,676</u>	<u>45,822,108</u>	<u>11,478,273</u>	<u>10,652,099</u>
Average number of full-time employees	<u>89</u>	<u>66</u>	<u>17</u>	<u>15</u>
Staff costs include remuneration of the Parent Company's Executive Board and of the Parent Company's Board of Directors totalling DKK 1,368 thousand (2018/19: DKK 1,345 thousand), including pensions.				
DKK	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
3 Amortisation, depreciation and impairment losses				
Development projects	2,526,919	542,515	2,526,919	542,515
Property, plant and equipment	432,579	380,806	129,691	92,011
	<u>2,959,498</u>	<u>923,321</u>	<u>2,656,610</u>	<u>634,526</u>
4 Other financial income				
Financial income from group entities	0	0	206,630	100,428
Other financial income	11,287	34,864	4,942	49
	<u>11,287</u>	<u>34,864</u>	<u>211,572</u>	<u>100,477</u>
5 Other financial expenses				
Financial expenses from group entities	0	0	14,353	57,066
Other financial expenses	279,002	130,889	76,534	48,352
	<u>279,002</u>	<u>130,889</u>	<u>90,887</u>	<u>105,418</u>
6 Tax for the year				
Current tax for the year	2,202,186	2,957,811	662,814	394,996
Deferred tax adjustment for the year	805,021	1,255,189	463,418	2,202,196
	<u>3,007,207</u>	<u>4,213,000</u>	<u>1,126,232</u>	<u>2,597,192</u>

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

7 Intangible assets

	Group/Parent
	Completed development projects
DKK	
Cost at 1 June 2019	5,005,478
Additions	4,333,872
Cost at 31 May 2020	9,339,350
Amortisation and impairment losses at 1 June 2019	1,626,181
Amortisation and impairment	2,526,919
Amortisation and impairment losses at 31 May 2020	4,153,100
Carrying amount at 31 May 2020	5,186,250
Amortised over	5 years

8 Property, plant and equipment

	Group
	Fixtures and fittings, tools and equipment
DKK	
Cost at 1 June 2019	2,151,192
Additions	557,237
Disposals	-11,259
Cost at 31 May 2020	2,697,170
Depreciation and impairment losses at 1 June 2019	1,388,446
Foreign exchange adjustment	349
Depreciation	432,579
Disposals	-4,942
Depreciation and impairment losses at 31 May 2020	1,816,432
Carrying amount at 31 May 2020	880,738
Depreciated over	3-4 years

	Parent
	Fixtures and fittings, tools and equipment
DKK	
Cost at 1 June 2019	818,361
Additions	111,331
Disposals	-11,259
Cost at 31 May 2020	918,433
Depreciation and impairment losses at 1 June 2019	503,249
Depreciation	129,691
Disposals	-4,942
Depreciation and impairment losses at 31 May 2020	627,998
Carrying amount at 31 May 2020	290,435
Depreciated over	3-4 years

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

		Parent	
DKK		2019/20	2018/19
9	Investments in group entities		
	Cost at 1 June	7,424,722	7,424,722
	Additions	38,831	0
	Cost at 31 May	7,463,553	7,424,722
	Value adjustments at 1 June	-2,843,548	-2,274,182
	Foreign exchange adjustment	-27,399	-13,734
	Distributed dividend	-2,508,699	-5,861,131
	Profit/loss for the year	5,417,894	5,305,499
	Value adjustments at 31 May	38,248	-2,843,548
	Carrying amount at 31 May	7,501,801	4,581,174
	Transferred for set off against receivables	452,275	601,599
	Non-amortised differences	7,954,076	5,182,773

Name and registered office	Voting rights and ownership
Minerva Danmark A/S, Viby J, Denmark	100.0%
Minerva Sverige AB, Kista, Sweden	100.0%
Minerva France SARL, Neuilly-sur-Seine, France	100.0%
Minerva GB England Ltd., Birmingham, the UK	87.5%
Minerva Benelux B.V., CA Breda, the Netherlands	85.0%
Minerva USA Inc., Carlsbad, California, USA	90.0%
Minerva Informatic Germany GmbH, Hamburg, Germany	100.0%

All subsidiaries are considered separate entities.

10 Share capital

The share capital comprises:

1,000 class A shares of DKK 100 each
9,000 class B shares of DKK 100 each

Every class A share carries 10 voting rights, and every class B share carries 1 voting right. The share capital has remained unchanged for the past five years.

The Company held no treasury shares at the balance sheet date. No treasury shares were acquired or sold in the financial year.

Consolidated financial statements and parent company financial statements

1 June 2019 – 31 May 2020

Notes

DKK	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
11 Deferred tax				
Deferred tax at 1 June	3,192,417	1,937,228	3,051,421	849,225
Deferred tax adjustment for the year	805,021	1,255,189	463,418	2,202,196
Deferred tax at 31 May	<u>3,997,438</u>	<u>3,192,417</u>	<u>3,514,839</u>	<u>3,051,421</u>
Deferred tax relates to:				
Intangible assets	1,140,975	743,446	1,140,975	743,446
Property, plant and equipment	-27,556	-25,220	-8,431	-5,095
Current assets	<u>2,884,019</u>	<u>2,474,191</u>	<u>2,382,295</u>	<u>2,313,070</u>
	<u>3,997,438</u>	<u>3,192,417</u>	<u>3,514,839</u>	<u>3,051,421</u>

12 Contractual obligations and contingencies, etc.

Contingent liabilities

The Parent Company participates in a Danish joint taxation arrangement in which North Beach Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is liable for income taxes, etc., for the jointly taxed companies.

The Group's Danish entities are jointly and severally liable for joint VAT registration.

Rent and operating lease commitments

The Group's entities have entered into rent and operating lease commitments. The remaining nominal lease commitments totals:

DKK	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
Within 1 year	1,118,687	1,190,187	554,327	475,749
Between 1 and 5 years	545,364	906,936	410,659	594,686
Total rent and lease commitment	<u>1,664,051</u>	<u>2,097,123</u>	<u>964,986</u>	<u>1,070,435</u>

Consolidated financial statements and parent company financial statements 1 June 2019 – 31 May 2020

Notes

13 Related parties

Minerva Group A/S' related parties comprise the following:

Control

The entity has registered the following shareholders to hold more than 5% of the voting rights:

North Beach Holding ApS, Sundgårdsvej 61, 8700 Horsens
PEMMA ApS, Elverdalsvej 161, 8270 Højbjerg
IEL ApS, Søndergade 8, 4690 Haslev
Minerva Employees ApS, Hasselager Centervej 29, 8260 Viby J

North Beach Holding ApS holds the majority of the voting rights in the Company.

Related party transactions

DKK	2019/20
Parent	
Sale of services to subsidiaries	13,474,868
Interest income from subsidiaries	206,630
Interest expenses to subsidiaries	14,353
Receivables from subsidiaries	4,077,297
Payables to subsidiaries	3,051,421

Apart from the distribution of dividend, no other transactions were carried out with shareholders during the year.

Remuneration of the Parent Company's Executive Board and Board of Directors is disclosed in note 2.

DKK	Parent	
	2019/20	2018/19
14 Distribution of profit/loss		
Proposed distribution of profit/loss		
Dividend proposed for the year	732,093	7,629,048
Transfer to reserve for net revaluation according to the equity method	38,248	0
Transferred to equity reserves	1,802,573	1,664,220
Extraordinary dividend	7,000,000	5,200,000
Retained earnings	27,400	13,734
	<u>9,600,314</u>	<u>14,507,002</u>
DKK	Group	
	2019/20	2018/19
15 Changes in working capital		
Changes in receivables	-2,670,903	-4,971,631
Changes in trade and other payables	18,750,400	1,535,886
	<u>16,079,497</u>	<u>-3,435,745</u>