

North Beach Holding ApS


Sundgårdsvej 61, DK-8700 Horsens

CVR no. 25 05 34 43

Annual report 2020/21

Approved at the Company's annual general meeting on 13 October 2021

Chairman:



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Asger Thierry





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Statement by Management

The Executive Board has today approved the annual report of North Beach Holding ApS for the financial year 1 June 2020 - 31 May 2021.

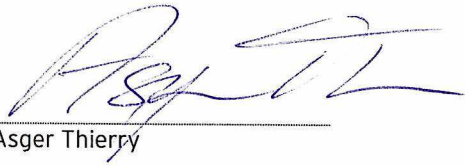
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In my 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 2021 and of the results of their operations and consolidated cash flows for the financial year 1 June 2020 - 31 May 2021.

Further, in my 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.

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

Horsens, 13 October 2021
Executive Board:

A handwritten signature in blue ink, appearing to read 'Asger Thierry', is written over a horizontal line.

Asger Thierry

Independent auditor's report

To the shareholders of North Beach Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of North Beach Holding ApS for the financial year 1 June 2020 - 31 May 2021, 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 2021 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 2020 - 31 May 2021 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, 13 October 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'Søren Jensen', is written over the printed name.

Søren Jensen
State Authorised
Public Accountant
mne34132

Management's review

Financial highlights for the Group

DKK	2020/21	2019/20	2018/19	2017/18
Key figures				
Gross profit	75,027,568	77,832,279	65,753,003	52,876,628
Operating profit	10,765,703	12,945,362	18,937,480	16,406,222
Profit from net financials	2,952,931	-231,732	200,904	593,387
Profit for the year	54,771,421	9,849,169	14,886,674	12,785,368
Profit for the year after tax excl. non-controlling interests	46,585,895	3,155,463	5,541,153	5,111,577
Non-current assets	22,712,169	12,404,390	7,365,890	4,457,627
Current assets	128,596,927	85,346,307	70,309,102	66,796,110
Total assets	151,309,096	97,750,697	77,674,992	71,253,737
Amount relating to investments in property, plant and equipment	370,758	557,237	724,453	301,520
Equity excl. non-controlling interests	79,826,225	35,332,538	31,725,582	28,189,509
Equity incl. non-controlling interests	90,512,958	39,463,442	38,615,309	32,534,986
Provisions	5,517,039	3,992,397	3,552,059	3,871,629
Current liabilities other than provisions	55,279,099	54,294,858	35,507,624	34,847,122
Financial ratios				
Equity ratio (%)	53	36	41	40
Return on equity (%)	81	9	18	19
Average number of full-time employees	91	89	66	52

The financial highlights only include 2020/21, 2019/20, 2018/19 and 2017/18 figures as this is the first year where 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

Operating review

Principal activities of the Group

The main activity of the Group are the activities that relate to the Minerva Group.

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

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

A larger organizational change, towards a team-oriented organizational design, has supported the growth, and proven to benefit also the customers.

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

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

The main customers of the Minerva Group are large manufacturing companies within the Aviation, Automotive, and global Defense 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, addressing the common business challenges in the management of all product-related data in a product's life cycle.

The Minerva Group has significantly grown its dedicated product organization with focus on the continued development of Electronic PLM and Medical Device PLM, which now stand out as market leading products within their market segments. The Minerva Group will continue to invest in research and development within the PLM field. A new framework called Minerva Solutions is being developed to strengthen its out-of-the-box solutions in the PLM market.

The further expansion of Minerva Informatic Germany GmbH with offices in Hamburg and Munich has contributed positively to the growth, as has Minerva France SARL with offices in Toulouse and Lyon. Both companies have more than doubled in the number of employees in the past 12 months.

The focus on Human Resource has increased during the current year, securing an all-time high employee satisfaction survey. An increased focus on structuring the hiring process, as well as a structured on-boarding and continued competence development process, have secured the inflow of highly skilled resources in all parts of the organization.

At the end of the financial year, the order book had the highest value in the Company's history.

Principal activities of the Company

The Company's aim is to conduct active and passive investment activities in different business areas, amongst other PLM consultancy and IT solutions, import, service and production of race cars, infrastructure and display systems for busses, real estate and green energy.

Development in activities and financial matters

Net profit was DKK 54,8 million and equity represented DKK 79,8 million at 31 May 2021. The profit for the year is considered satisfactory and in line with expectations.

North Beach Holding ApS continues its expansion investing in different passive assets, as well as start-ups, mainly within IT and electronics.

At the end of the financial year, the diversity of the business portfolio secures a balanced risk profile with an acceptable return on investment

Management's review

Operating review

Development in activities and financial matters

North Beach Holding expects to keep its market position, be stable in size, revenue, and profitability for the 2021-2022 financial year.

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.

In May, the Company executed a restructuring round, to adjust the cost base to the new situation.

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 2021.

Expected development

Due to the continued and planned development of North Beach Holding ApS it is expected that the portfolio of assets will keep growing.

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

During the coming financial year, increased investments in real estate, marketing, development and production equipment within light weight race car production are expected. Arion Racing will be further expanded to strengthen the market penetration of the light weight race car market in Scandinavia.

Consolidated financial statements and parent company financial statements 1 June 2020 - 31 May 2021

Income statement

Note	DKK	Group		Parent	
		2020/21	2019/20	2020/21	2019/20
	Gross margin	75,027,568	77,832,279	-289,946	-108,614
2	Staff costs	-62,755,531	-61,889,676	-3,323,919	0
3	Depreciation, amortisation and impairment losses	-1,506,334	-2,997,241	0	0
	Operating profit/loss	10,765,703	12,945,362	-3,613,865	-108,614
9	Income from investments in group enterprises	0	0	3,816,400	3,067,589
10	Income from investments in associates	-65,826	127,133	-65,826	127,133
	Income from sales of investments in other enterprises	42,872,691	0	42,872,691	0
4	Other financial income	5,713,868	1,565,538	5,528,054	1,576,171
5	Other financial expenses	-2,760,937	-1,797,270	-2,002,783	-1,517,504
	Profit before tax	56,525,499	12,840,763	46,534,671	3,144,775
6	Tax on profit for the year	-1,754,078	-2,991,594	51,224	10,688
	Profit for the year	<u>54,771,421</u>	<u>9,849,169</u>	<u>46,585,895</u>	<u>3,155,463</u>
	Breakdown of the consolidated profit:				
	Shareholders in North Beach Holding ApS	46,585,895	3,155,463		
	Non-controlling interests	8,185,526	6,693,706		
		<u>54,771,421</u>	<u>9,849,169</u>		

Consolidated financial statements and parent company financial statements
1 June 2020 - 31 May 2021

Balance sheet

Note	DKK	Group		Parent	
		2020/21	2019/20	2020/21	2019/20
	ASSETS				
	Non-current assets				
7	Intangible assets				
	Completed development projects	11,613,856	5,186,250	0	0
		<u>11,613,856</u>	<u>5,186,250</u>	<u>0</u>	<u>0</u>
8	Property, plant and equipment				
	Fixtures and fittings, tools and equipment	754,944	880,738	0	0
		<u>754,944</u>	<u>880,738</u>	<u>0</u>	<u>0</u>
	Fixed assets investments				
9	Equity investments in group entities	0	0	4,922,505	1,862,585
10	Equity investments in associates	1,045,987	1,111,813	1,045,987	1,111,813
	Other securities and investments	6,741,993	2,683,585	6,741,993	2,683,585
	Other receivables	2,555,389	2,542,004	2,085,417	2,035,417
		<u>10,343,369</u>	<u>6,337,402</u>	<u>14,795,902</u>	<u>7,693,400</u>
	Total non-current assets	<u>22,712,169</u>	<u>12,404,390</u>	<u>14,795,902</u>	<u>7,693,400</u>
	Current assets				
	Inventories				
	Finished goods and goods for resale	456,132	151,314	0	0
		<u>456,132</u>	<u>151,314</u>	<u>0</u>	<u>0</u>
	Receivables				
	Trade receivables	15,765,786	17,606,128	0	0
	Work in progress	1,767,790	2,008,044	0	0
14	Receivables from group entities	0	0	1,117,311	2,704,106
	Receivables from associates	271,800	247,300	271,800	247,300
	Other short-term receivables	95,457	250,715	0	0
	Income tax	5,130,954	6,247,873	4,667,537	6,105,704
	Prepayments	19,169,760	17,053,272	0	0
		<u>42,201,547</u>	<u>43,413,332</u>	<u>6,056,648</u>	<u>9,057,110</u>
	Securities and investments	<u>28,122,956</u>	<u>19,479,781</u>	<u>28,122,956</u>	<u>19,479,781</u>
	Cash	<u>57,816,292</u>	<u>22,301,880</u>	<u>34,195,870</u>	<u>1,444,310</u>
	Total current assets	<u>128,596,927</u>	<u>85,346,307</u>	<u>68,375,474</u>	<u>29,981,201</u>
	TOTAL ASSETS	<u>151,309,096</u>	<u>97,750,697</u>	<u>83,171,376</u>	<u>37,674,601</u>

Consolidated financial statements and parent company financial statements
1 June 2020 - 31 May 2021

Balance sheet

Note	DKK	Group		Parent	
		2020/21	2019/20	2020/21	2019/20
		EQUITY AND LIABILITIES			
		Equity			
11	Share capital	125,000	125,000	125,000	125,000
	Net revaluation reserve according to the equity method	0	0	2,781,251	0
	Translation reserve	-36,923	0	0	0
	Retained earnings	67,738,148	33,207,538	64,919,974	33,207,538
	Proposed dividend	12,000,000	2,000,000	12,000,000	2,000,000
	North Beach Holding ApS' shareholders' share of equity	79,826,225	35,332,538	79,826,225	35,332,538
	Non-controlling interests	10,686,733	4,130,904	0	0
	Total equity	90,512,958	39,463,442	79,826,225	35,332,538
	Provisions				
12	Deferred tax	5,517,039	3,992,397	0	0
	Other provisions	0	0	0	0
	Total provisions	5,517,039	3,992,397	0	0
	Current liabilities				
	Trade payables	4,864,520	6,848,518	0	0
	Payments received on account	838,485	1,063,255	0	0
14	Payables to group entities	0	0	3,339,919	2,312,375
	Income tax payable	1,478,898	695,747	0	0
	Other payables	11,843,483	12,303,435	5,232	29,688
	Deferred income	36,253,713	33,383,903	0	0
	Total current liabilities	55,279,099	54,294,858	3,345,151	2,342,063
	Total liabilities and provisions	60,796,138	58,287,255	3,345,151	2,342,063
	TOTAL EQUITY AND LIABILITIES	151,309,096	97,750,697	83,171,376	37,674,601

- 1 Accounting policies
- 13 Contractual obligations and contingencies, etc.
- 14 Related parties
- 15 Distribution of profit
- 16 Changes in working capital

Consolidated financial statements and parent company financial statements 1 June 2020 – 31 May 2021

Statement of changes in equity

Note	DKK	Group						
		Share capital	Retained earnings	Translation reserve	Proposed dividend	Total	Non-controlling interests	Total equity
		125,000	27,600,582	0	4,000,000	31,725,582	6,889,727	38,615,309
		0	0	0	-4,000,000	-4,000,000	-5,187,753	-9,187,753
		0	0	0	0	0	-4,760,000	-4,760,000
		0	-4,919	0	0	-4,919	-9,532	-14,451
		0	1,155,463	0	2,000,000	3,155,463	6,693,706	9,849,169
		0	4,456,412	0	0	4,456,412	504,756	4,961,168
		125,000	33,207,538	0	2,000,000	35,332,538	4,130,904	39,463,442
		0	0	0	-2,000,000	-2,000,000	-562,667	-2,562,667
		0	0	0	0	0	50,000	50,000
		0	0	0	0	0	-1,020,000	-1,020,000
		0	0	-36,923	0	-36,923	-89,170	-126,093
		0	34,585,895	0	12,000,000	46,585,895	8,185,526	54,771,421
		0	-55,285	0	0	-55,285	-7,860	-63,145
		125,000	67,738,148	-36,923	12,000,000	79,826,225	10,686,733	90,512,958

Consolidated financial statements and parent company financial statements 1 June 2020 - 31 May 2021

Statement of changes in equity

Note	DKK	Parent					Total
		Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend		
		125,000	1,582,058	26,018,524	4,000,000	31,725,582	
		0	0	0	-4,000,000	-4,000,000	
		0	0	0	0	0	
		0	0	-4,919	0	-4,919	
15		0	3,194,722	-2,039,259	2,000,000	3,155,463	
		0	-4,776,780	4,776,780	0	0	
		0	0	4,456,412	0	4,456,412	
		125,000	0	33,207,538	2,000,000	35,332,538	
		0	0	0	-2,000,000	-2,000,000	
		0	0	0	0	0	
		0	-36,923	0	0	-36,923	
15		0	2,818,174	31,767,721	12,000,000	46,585,895	
		0	0	-55,285	0	-55,285	
		125,000	2,781,251	76,919,974	12,000,000	79,826,225	

Consolidated financial statements and parent company financial statements 1 June 2020 - 31 May 2021

Cash flow statement

Note	DKK	Group	
		2020/21	2019/20
	Profit before tax	56,525,500	12,840,763
	Adjustment depreciations	1,506,334	2,997,241
	Adjustments of financial items	-2,952,932	231,731
	Adjustment result associated companies	65,826	-127,133
	Adjustment investments in other enterprises	-42,872,691	0
	Other adjustments	-49,968	0
	Cash generated from operations before changes in working capital	12,222,069	15,942,602
16	Changes in working capital	68,918	15,735,326
	Cash generated from operations	12,290,987	31,677,928
	Interest received	520,548	707,906
	Interest paid	-868,305	-340,686
	Corporation tax paid	1,670,634	-6,926,242
	Cash flows from operating activities	13,613,864	25,118,906
7	Acquisition of intangible assets	-7,516,016	-4,333,872
8	Acquisition of property, plant and equipment	-370,758	-557,237
	Investments in other enterprises	-5,000,000	
	Acquisition of shares in associated companies and other securities and investments	0	-999,025
	Disposals of shares in group company	0	2,961,169
	Acquisition of shares	-7,099,780	-8,520,368
	Disposals of shares	1,600,966	12,039,172
	Disposals of other shares	43,957,251	0
	Cash flows from investing activities	25,571,663	589,839
	Shareholders:		
	Distributed dividend	-2,000,000	-4,000,000
	Distributed dividend, non-controlling interests	-1,582,667	-9,947,752
	Cash flows from financing activities	-3,582,667	-13,947,752
	Cash flows for the year	35,602,860	11,760,993
	Cash and cash equivalents, beginning of year	22,301,880	10,527,469
	Currency translation adjustment of cash	-88,448	13,418
	Cash and cash equivalents, year end	57,816,292	22,301,880

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 2020 - 31 May 2021

Notes

1 Accounting policies

The annual report of North Beach Holding ApS for 2020/21 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 North Beach Holding ApS and subsidiaries controlled by North Beach Holding ApS.

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 2020 - 31 May 2021

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 margin

Gross margin 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 margin 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 is made 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 sale 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 entity'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.

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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 enterprises, gains on securities, 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 enterprises, losses on securities, net capital losses on payables and transactions in foreign currencies.

Tax on profit 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 entity is jointly taxes with 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).

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.

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Notes

1 Accounting policies (continued)

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 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

Other 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:

Other fixtures and fittings, tools and equipment 3-4 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and equity 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 enterprises and associates

Investments in group enterprises and associates 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 enterprises 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.

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Notes

1 Accounting policies (continued)

Upon distribution of profit or loss, net revaluation of investments in group enterprises and associates is transferred to Reserve for net revaluation according to the equity method under equity.

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

Other securities and investments (Fixed assets investments)

Other securities and investments are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a security or investment is impaired.

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.

Securities and investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Equity

Net revaluation reserve according to the equity method

Net revaluation of equity 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.

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.

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Notes

1 Accounting policies (continued)

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 asset.

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.

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.

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1 June 2020 - 31 May 2021

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DKK	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
2 Staff costs				
Wages and salaries	51,189,774	51,249,416	3,323,919	0
Pensions	2,041,683	1,853,596	0	0
Other social security costs	9,524,074	8,786,664	0	0
	<u>62,755,531</u>	<u>61,889,676</u>	<u>3,323,919</u>	<u>0</u>
Average number of full-time employees	<u>91</u>	<u>89</u>	<u>1</u>	<u>0</u>
Pursuant to sections 98b (3) of the Danish Financial Statements Act, there is no information about remuneration to the Executive Board.				
DKK	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
3 Depreciation, amortisation and impairment losses				
Development projects	1,048,936	2,526,919	0	0
Property, plant and equipment	457,398	470,322	0	0
	<u>1,506,334</u>	<u>2,997,241</u>	<u>0</u>	<u>0</u>
4 Other financial income				
Financial income from group entities	0	0	53,205	22,100
Other financial income	5,713,869	1,565,538	5,474,849	1,554,071
	<u>5,713,869</u>	<u>1,565,538</u>	<u>5,528,054</u>	<u>1,576,171</u>
5 Other financial expenses				
Financial expenses from group entities	0	358	0	0
Other financial expenses	2,760,937	1,796,912	2,002,783	1,517,504
	<u>2,760,937</u>	<u>1,797,270</u>	<u>2,002,783</u>	<u>1,517,504</u>
6 Tax for the year				
Current tax for the year	234,477	2,186,646	-51,224	-10,688
Deferred tax adjustment for the year	1,519,601	804,948	0	0
	<u>1,754,078</u>	<u>2,991,594</u>	<u>-51,224</u>	<u>-10,688</u>

Consolidated financial statements and parent company financial statements
1 June 2020 - 31 May 2021

Notes

7 Intangible assets

	<u>Group</u>
	<u>Completed development projects</u>
DKK	
Cost at 1 June 2020	9,339,350
Additions	7,516,016
Cost at 31 May 2021	<u>16,855,366</u>
Amortisation and impairment losses at 1 June 2020	4,153,100
Amortisation	1,088,410
Amortisation and impairment losses at 31 May 2021	<u>5,241,510</u>
Carrying amount at 31 May 2021	<u>11,613,856</u>
Amortised over	<u>5 years</u>

8 Property, plant and equipment

	<u>Group</u>
	<u>Fixtures and fittings, tools and equipment</u>
DKK	
Cost at 1 June 2020	2,697,170
Additions	370,758
Disposals	-73,883
Cost at 31 May 2021	<u>2,994,045</u>
Depreciation and impairment losses at 1 June 2020	1,816,432
Foreign exchange adjustment	-7,989
Depreciation	461,035
Disposals	-30,377
Depreciation and impairment losses at 31 May 2021	<u>2,239,101</u>
Carrying amount at 31 May 2021	<u>754,944</u>
Depreciated over	<u>3-4 years</u>

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9 Equity investments in subsidiaries

DKK	Parent	
	2020/21	2019/20
Cost at 1 June	1,870,241	2,160,419
Disposals	50,000	-290,178
Cost at 31 May	1,920,241	1,870,241
Value adjustments at 1 June	-7,654	1,864,378
Foreign exchange adjustment	-36,923	-4,919
Distributed dividend	-714,270	-4,681,295
Profit for the year	3,816,400	3,067,589
Adjustment	-55,289	-253,409
Value adjustments at 31 May	3,002,264	-7,656
Carrying amount at 31 May	4,922,505	1,862,585
Non-amortised differences	4,922,505	1,862,585

10 Equity investments in associates

DKK	Group/Parent	
	2020/21	2019/20
Cost at 1 June	1,267,000	1,267,000
Additions	0	0
Cost at 31 May	1,267,000	1,267,000
Value adjustments at 1 June	-155,187	-282,320
Foreign exchange adjustment	0	0
Distributed dividend	0	0
Profit/loss for the year	-65,826	127,133
Value adjustments at 31 May	-221,013	-155,187
Carrying amount at 31 May	1,045,987	1,111,813

	Registered office	Voting rights	Legal ownership
Subsidiaries			
Minerva Group A/S	Aarhus	64%	32%
Arion Racing Scandinavia ApS	Aarhus	53%	42%
Associated			
PA invest af 12.06.08 A/S	Hobro	50%	50%
MekaTech ApS	Vejle	34%	34%

All subsidiaries are considered separate entities.

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11 Share capital

The share capital comprises:

1,250 class A shares of DKK 1 each
123,750 class B shares of DKK 1 each

Every class A share carries 1 voting right, and every class B share does not carry any voting right. The share capital has remained unchanged for the past five years.

12 Deferred tax

DKK	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
Deferred tax at 1 June	3,992,397	3,187,449	0	0
Deferred tax adjustment for the year	1,524,642	804,948	0	0
Deferred tax at 31 May	5,517,039	3,992,397	0	0
Deferred tax relates to:				
Intangible assets	2,485,913	1,140,975	0	0
Property, plant and equipment	-35,531	-27,556	0	0
Current assets	3,066,657	2,878,978	0	0
	5,517,039	3,992,397	0	0

13 Contractual obligations and contingencies, etc.

Contingent liabilities

The Parent Company is jointly taxed with the Danish subsidiary. As administration company, the Company has unlimited joint and several liabilities, together with the subsidiary, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group.

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 total:

DKK	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
Within 1 year	1,052,978	1,118,687	0	0
Between 1 and 5 years	16,400	545,364	0	0
Total rent and lease commitment	1,069,378	1,664,051	0	0

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14 Related parties

North Beach Holding ApS' related parties comprise the following:

Name	Registered office	Voting rights	Legal ownership
Arion Racing Scandinavia ApS	Viby J, Denmark	53.0%	42.0%
PA invest af 12.06.08 A/S	Hobro, Denmark	50.0%	50.0%
Mekasign ApS	Vejle, Denmark	34.0%	34.0%
Minerva Group A/S	Viby J, Denmark	64.2%	32.0%
Minerva Danmark A/S	Viby J, Denmark	100.0%	100.0%
Minerva Sverige AB	Kista, Sweden	100.0%	100.0%
Minerva France SARL	Neuilly-sur-Seine, France	100.0%	100.0%
Minerva GB England Ltd.	Birmingham, UK	87.5%	87.5%
Minerva Benelux B.V	CA Breda, The Netherlands	100.0%	100.0%
Minerva USA Inc.	California, USA	85.0%	85.0%
Minerva Informatic Germany GmbH	Hamburg, Germany	100.0%	100.0%

Related party transactions

DKK	2020/21
Parent	
Interest income from subsidiaries	53,205
Receivables from subsidiaries	1,064,106

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

15 Distribution of profit

DKK	Parent	
	2020/21	2019/20
Proposed distribution of profit		
Dividend proposed for the year	12,000,000	2,000,000
Transferred to equity reserves	2,818,174	0
Retained earnings	31,767,721	1,155,463
	<u>46,585,895</u>	<u>3,155,463</u>

16 Changes in working capital

DKK	Group	
	2020/21	2019/20
Changes in receivables	-132,247	-2,969,103
Changes in trade and other payables ect.	201,166	18,704,429
	<u>68,919</u>	<u>15,735,326</u>