Targit A/S

Gasværksvej 24, 2, DK-9000 Aalborg

Annual Report for 1 January - 31 December 2018

CVR No 11 56 26 39

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/02 2019

Claus Thorsgaard
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Targit A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aalborg, 26 February 2019

Executive Board

Leif Vestergaard CEO	Mikael Langgaard Frølund CFO

Board of Directors

Claus Thorsgaard Chairman	Morten Grube Weicher	Lars Dybkjær

Independent Auditor's Report

To the Shareholders of Targit A/S

Report on the Consolidated Financial Statements and the Parent Company Financial Statements

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Targit A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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

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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Reporting obligations under section 7(2) of the Danish Executive Order on Approved Auditors' Reports

Violation of the provisions of Danish legislation on loans to shareholders
Contrary to section 210 of the Danish Companies Act, the Company has granted a loan to one of the shareholders. The loan occurred in a transaction of buying back shares in Targit from the former management and for handling of the acquisition loan. The loan inclusive interest has been repaid as soon as the violation was identified 11 June 2018. Management may be held liable in the respect.

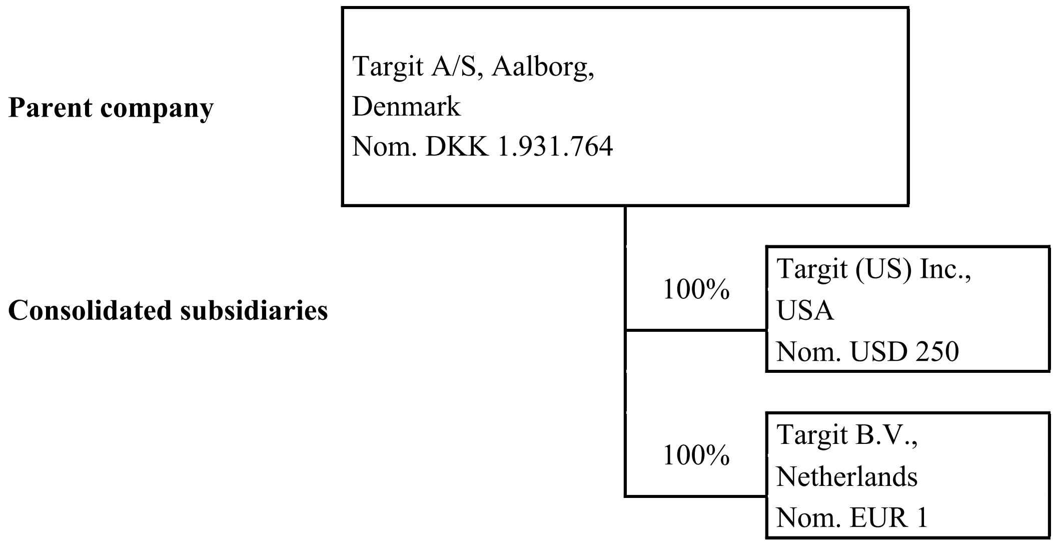
Aalborg, 26 February 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Marianne Fog Jørgensen	Henrik Berring Rasmussen
State Authorised Public Accountant	State Authorised Public Accountant
mne21405	mne34157

Company Information

The Company	Targit A/S Gasværksvej 24, 2 DK-9000 Aalborg Telephone: + 45 96231900 E-mail: info@targit.com Website: www.targit.com CVR No: 11 56 26 39 Financial period: 1 January - 31 December Municipality of reg. office: Aalborg
Board of Directors	Claus Thorsgaard, Chairman Morten Grube Weicher Lars Dybkjær
Executive Board	Leif Vestergaard Mikael Langgaard Frølund
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A DK-9000 Aalborg

Group Chart


Parent company
Targit A/S, Aalborg,
Denmark
Nom. DKK 1.931.764
Consolidated subsidiaries
100%
Targit (US) Inc.,
USA
Nom. USD 250
100%
Targit B.V.,
Netherlands
Nom. EUR 1

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	66,148	55,383	73,961	67,996	57,435
Operating profit/loss	10,743	2,933	12,817	13,561	7,181
Profit/loss before financial income and expenses	11,048	2,987	12,817	13,606	7,340
Net financials	474	-811	111	-56	-201
Net profit/loss for the year	9,109	1,146	10,481	11,318	5,861
Balance sheet					
Balance sheet total	44,555	43,177	38,343	31,794	29,729
Equity	16,928	18,666	12,830	8,567	9,085
Cash flows					
Cash flows from:					
- operating activities	16,598	15,546	5,474	11,958	8,272
- investing activities	-16,658	-6,190	-2,248	-2,698	-2,464
including investment in property, plant and equipment	-785	-949	2,072	2,193	686
- financing activities	-4,213	0	-6,300	-5,800	-4,600
Change in cash and cash equivalents for the year	-4,272	9,355	-3,074	3,460	1,208
Number of employees	65	61	64	59	68
Ratios					
Return on assets	24.8%	6.9%	33.4%	42.8%	24.7%
Solvency ratio	38.0%	43.2%	33.5%	26.9%	30.6%
Return on equity	51.2%	7.3%	98.0%	128.2%	129.0%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to accounting policies, the comparative figures back to 2014 have not been restated. See the description under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of Targit A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Key activities

The parent company´s and the Group´s most significant activities comprise as in previous years development and sale of software.

Development in the year

The income statement of the Group for 2018 shows a profit of DKK 9,108,751, and at 31 December 2018 the balance sheet of the Group shows equity of DKK 16,927,837.

The past year and follow-up on development expectations from last year

After a 2017 with change in ownership and management of TARGIT, the focus was on execution of the three must win battles:

•Develop a product roadmap focusing on value propositions that allow to differentiate
•Protect and grow installed base
•Become the preferred partner of Business Intelligence and Analytics in selected industries in selected countries.

In 2018 TARGIT implemented several offensive strategic initiatives to improve growth and recurring revenue. Targit launched a subscription-based model in all markets, made a significant recruiting of an experienced VP of sales in the US and announced major upgrades of its product.

TARGIT maintained its market position in the EMEA markets and experienced further growth in North America, where TARGIT also enforced its position within the Heavy Equipment market, as the leading Business Intelligence System provider. In third quarter 2018 Targit acquired Advanced Computing, Inc. (ACI) to further expand TARGIT's BI and analytics offerings for the heavy equipment industry. ACI has over 15 years of experience delivering advanced analytics to Caterpillar clients in North America and brings a talented team of BI experts with more than 35 years of industry expertise.

The result in 2018 was in line with expectations.

Special risks

The group's most significant operating risk is attached to the ability to be strongly positioned in the markets where the products are sold and to ensure continuous product development.

Management's Review

Targets and expectations for the year ahead

TARGIT expects continued growth and positive results in 2019.

Research and development

The company continued investments in development of both existing and new products to secure TARGIT A/S for the future. Development costs in the financial year relating to existing products have been capitalized if they relate to significant functional changes to the products whereas continuous maintenance and minor adjustments are charged to the income statement.

Intellectual capital resources

The company's business area places particularly high demands on the knowledge resources relating to employees and business processes. To be able to retain the competitive power, it is decisive that the company can recruit and retain employees, both with a high educational level and employees with technical experience.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2018 of the Group and the results of the activities and cash flows of the Group for the financial year for 2018 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Koncern 2018	Koncern 2017	Moderselskab 2018	Moderselskab 2017
		DKK	DKK	DKK	DKK
Gross profit/loss		**66,147,701**	**55,382,935**	**39,900,123**	**41,817,790**
Staff expenses	1	-53,167,425	-47,469,224	-28,496,280	-30,227,207
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-1,931,961	-4,926,879	-1,738,663	-6,963,194
Profit/loss before financial income and expenses		**11,048,315**	**2,986,832**	**9,665,180**	**4,627,389**
Income from investments in subsidiaries		0	0	853,468	-2,063,854
Financial income	3	549,160	83,458	951,574	419,028
Financial expenses	4	-75,175	-894,849	-75,151	-906,844
Profit/loss before tax		**11,522,300**	**2,175,441**	**11,395,071**	**2,075,719**
Tax on profit/loss for the year	5	-2,413,549	-1,029,372	-2,286,320	-929,653
Net profit/loss for the year		**9,108,751**	**1,146,069**	**9,108,751**	**1,146,066**

Balance Sheet 31 December

Assets

	Note	Koncern 2018	Koncern 2017	Moderselskab 2018	Moderselskab 2017
		DKK	DKK	DKK	DKK
Completed development projects		2,767,547	659,842	2,767,547	659,842
Intangible fixed assets acquired		370,952	300,076	370,952	300,076
Goodwill		8,322,857	596,000	1,937,464	596,000
Development projects in progress		5,898,256	5,882,307	5,898,256	5,882,307
Intangible assets	6	**17,359,612**	**7,438,225**	**10,974,219**	**7,438,225**
Other fixtures and fittings, tools and equipment		1,656,512	2,116,670	1,265,178	1,897,141
Leasehold improvements		146,058	84,823	146,058	84,823
Property, plant and equipment	7	**1,802,570**	**2,201,493**	**1,411,236**	**1,981,964**
Investments in subsidiaries	8	0	0	916,481	0
Other investments	9	26,250	276,250	26,250	276,250
Deposits	9	660,709	648,620	612,980	603,800
Fixed asset investments		**686,959**	**924,870**	**1,555,711**	**880,050**
Fixed assets		**19,849,141**	**10,564,588**	**13,941,166**	**10,300,239**
Trade receivables		14,396,150	18,192,435	4,240,645	10,068,203
Receivables from group enterprises		0	5,697,485	14,907,300	13,532,855
Other receivables		243,941	129,257	218,120	129,257
Deferred tax asset	14	0	258,365	0	258,365
Prepayments	11	2,020,827	1,517,227	1,457,594	1,133,955
Receivables		**16,660,918**	**25,794,769**	**20,823,659**	**25,122,635**
Current asset investments	12	**5,500,000**	**0**	**5,500,000**	**0**
Cash at bank and in hand		**2,544,859**	**6,817,331**	**609,595**	**5,323,586**
Currents assets		**24,705,777**	**32,612,100**	**26,933,254**	**30,446,221**
Assets		**44,554,918**	**43,176,688**	**40,874,420**	**40,746,460**

Balance Sheet 31 December

Liabilities and equity

	Note	Koncern		Moderselskab	
		2018	2017	2018	2017
		DKK	DKK	DKK	DKK
Share capital		1,931,764	1,931,764	1,931,764	1,931,764
Reserve for net revaluation under the equity method		0	0	503,981	0
Reserve for development costs		6,407,177	4,588,199	6,407,177	4,588,199
Retained earnings		8,588,896	12,146,505	8,084,915	12,146,505
Equity		**16,927,837**	**18,666,468**	**16,927,837**	**18,666,468**
Provision for deferred tax	14	1,635,302	0	1,635,302	0
Provisions		**1,635,302**	**0**	**1,635,302**	**0**
Credit institutions		3,750,240	0	3,750,240	0
Trade payables		2,466,940	2,838,373	1,608,725	2,390,954
Payables to group enterprises		2,537,100	0	3,753,753	0
Corporation tax		647,406	2,789,204	431,222	2,789,204
Other payables		10,293,524	14,015,775	8,423,614	13,101,963
Deferred income	15	6,296,569	4,866,868	4,343,727	3,797,871
Short-term debt		**25,991,779**	**24,510,220**	**22,311,281**	**22,079,992**
Debt		**25,991,779**	**24,510,220**	**22,311,281**	**22,079,992**
Liabilities and equity		**44,554,918**	**43,176,688**	**40,874,420**	**40,746,460**

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Contingent assets, liabilities and other financial obligations	18
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Statement of Changes in Equity

Koncern

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,931,764	0	4,588,199	12,146,505	18,666,468
Extraordinary dividend paid	0	0	0	-10,500,000	-10,500,000
Development costs for the year	0	0	2,180,286	-2,180,286	0
Depreciation, amortisation and impairment for the year	0	0	-361,308	361,308	0
Net profit/loss for the year	0	0	0	8,761,369	8,761,369
Equity at 31 December	**1,931,764**	**0**	**6,407,177**	**8,588,896**	**16,927,837**

Moderselskab

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January	1,931,764	0	4,588,199	12,146,505	18,666,468
Extraordinary dividend paid	0	0	0	-10,500,000	-10,500,000
Exchange adjustments relating to foreign entities	0	-347,382	0	0	-347,382
Development costs for the year	0	0	2,180,286	-2,180,286	0
Depreciation, amortisation and impairment for the year	0	0	-361,308	361,308	0
Net profit/loss for the year	0	851,363	0	8,257,388	9,108,751
Equity at 31 December	**1,931,764**	**503,981**	**6,407,177**	**8,084,915**	**16,927,837**

Cash Flow Statement 1 January - 31 December

	Note	Koncern 2018	2017
		DKK	DKK
Net profit/loss for the year		9,108,751	1,146,069
Adjustments	16	3,566,573	6,131,638
Change in working capital	17	6,211,502	10,438,344
Cash flows from operating activities before financial income and expenses		**18,886,826**	**17,716,051**
Financial income		549,160	83,457
Financial expenses		-75,176	-894,849
Cash flows from ordinary activities		**19,360,810**	**16,904,659**
Corporation tax paid		-2,762,500	-2,124,468
Other adjustments		0	765,334
Cash flows from operating activities		**16,598,310**	**15,545,525**
Purchase of intangible assets		-11,189,240	-4,885,206
Purchase of property, plant and equipment		-784,794	-948,681
Fixed asset investments made etc		-5,512,089	-487,101
Sale of property, plant and equipment		828,000	130,500
Cash flows from investing activities		**-16,658,123**	**-6,190,488**
Repayment of loans from credit institutions		3,750,240	0
Repayment of payables to group enterprises		2,537,101	0
Dividend paid		-10,500,000	0
Cash flows from financing activities		**-4,212,659**	**0**
Change in cash and cash equivalents		**-4,272,472**	**9,355,037**
Cash and cash equivalents at 1 January		6,817,331	-2,537,706
Cash and cash equivalents at 31 December		**2,544,859**	**6,817,331**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2,544,859	6,817,331
Cash and cash equivalents at 31 December		**2,544,859**	**6,817,331**

Notes to the Financial Statements

	Koncern		Moderselskab	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK
1 Staff expenses				
Wages and salaries	45,803,488	40,261,918	24,727,698	25,789,242
Pensions	3,826,213	4,451,930	3,453,809	4,127,498
Other social security expenses	2,068,850	1,576,216	314,773	310,467
Other staff expenses	1,468,874	1,179,160	0	0
	53,167,425	**47,469,224**	**28,496,280**	**30,227,207**
Including remuneration to the Board of Directors of:				
Remuneration of board of directors	2,946,512	3,657,353	2,946,512	3,657,353
	2,946,512	**3,657,353**	**2,946,512**	**3,657,353**
Average number of employees	**65**	**61**	**41**	**43**

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	1,069,185	4,161,985	1,069,185	6,240,065
Depreciation of property, plant and equipment	862,776	764,894	669,478	723,129
	1,931,961	**4,926,879**	**1,738,663**	**6,963,194**

3 Financial income

Interest received from group enterprises	318,932	27,297	721,382	362,909
Other financial income	10,045	56,161	10,009	56,119
Exchange adjustments	220,183	0	220,183	0
	549,160	**83,458**	**951,574**	**419,028**

Notes to the Financial Statements

	Koncern		Moderselskab	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK
4 Financial expenses				
Interest paid to group enterprises	0	320,909	0	0
Other financial expenses	75,175	122,672	75,151	122,672
Exchange adjustments, expenses	0	451,268	0	784,172
	75,175	**894,849**	**75,151**	**906,844**

5 Tax on profit/loss for the year

Current tax for the year	646,976	2,888,923	431,222	2,789,204
Adjustment of tax concerning previous years	-127,094	0	-38,569	0
Deferred tax for the year	1,893,667	-1,859,551	1,893,667	-1,859,551
	2,413,549	**1,029,372**	**2,286,320**	**929,653**

Notes to the Financial Statements

6 Intangible assets

Koncern

	Completed development projects	Intangible fixed assets acquired	Goodwill	Development projects in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	1,041,856	2,165,052	1,779,314	5,882,307
Additions for the year	2,779,291	285,493	7,925,524	2,795,240
Disposals for the year	0	-250,008	0	-2,779,291
Cost at 31 December	3,821,147	2,200,537	9,704,838	5,898,256
Impairment losses and amortisation at 1 January	382,014	1,864,976	1,183,314	0
Amortisation for the year	671,586	198,932	198,667	0
Reversal of amortisation of disposals for the year	0	-234,323	0	0
Impairment losses and amortisation at 31 December	1,053,600	1,829,585	1,381,981	0
Carrying amount at 31 December	**2,767,547**	**370,952**	**8,322,857**	**5,898,256**

Development projects relate to the development of new versions of the Company´s existing software products. Three of the projects are expected to be completed in first quarter 2019. However, the last project is expected to be completed until fourth quarter 2019. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The software is expected to be sold in the present market to the Company´s existing customers.

Notes to the Financial Statements

6 Intangible assets (continued)

Moderselskab

	Completed development projects	Intangible fixed assets acquired	Goodwill	Development projects in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	1,041,855	2,100,494	1,779,314	5,882,307
Additions for the year	2,779,291	285,493	1,540,131	2,795,240
Disposals for the year	0	-236,966	0	-2,779,291
Cost at 31 December	3,821,146	2,149,021	3,319,445	5,898,256
Impairment losses and amortisation at 1 January	382,013	1,800,418	1,183,314	0
Amortisation for the year	671,586	198,932	198,667	0
Reversal of amortisation of disposals for the year	0	-221,281	0	0
Impairment losses and amortisation at 31 December	1,053,599	1,778,069	1,381,981	0
Carrying amount at 31 December	**2,767,547**	**370,952**	**1,937,464**	**5,898,256**

Notes to the Financial Statements

7 Property, plant and equipment

Koncern

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	6,885,934	138,335	7,024,269
Additions for the year	854,930	128,797	983,727
Disposals for the year	-2,163,536	0	-2,163,536
Cost at 31 December	5,577,328	267,132	5,844,460
Impairment losses and depreciation at 1 January	4,769,264	53,511	4,822,775
Depreciation for the year	795,213	67,563	862,776
Reversal of impairment and depreciation of sold assets	-1,643,661	0	-1,643,661
Impairment losses and depreciation at 31 December	3,920,816	121,074	4,041,890
Carrying amount at 31 December	**1,656,512**	**146,058**	**1,802,570**

Moderselskab

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	6,119,691	87,246	6,206,937
Additions for the year	494,664	128,798	623,462
Disposals for the year	-2,108,247	0	-2,108,247
Kostpris at 31 December	4,506,108	216,044	4,722,152
Impairment losses and depreciation at 1 January	4,222,551	2,423	4,224,974
Depreciation for the year	601,915	67,563	669,478
Reversal of impairment and depreciation of sold assets	-1,583,536	0	-1,583,536
Impairment losses and depreciation at 31 December	3,240,930	69,986	3,310,916
Carrying amount at 31 December	**1,265,178**	**146,058**	**1,411,236**

Notes to the Financial Statements

8 Investments in subsidiaries

	Moderselskab	
	2018	2017
	DKK	DKK
Cost at 1 January	2,105	2,105
Additions for the year	7	0
Cost at 31 December	2,112	2,105
Value adjustments at 1 January	-2,105	-5,502,901
Exchange adjustment	-347,382	0
Net profit/loss for the year	853,468	0
Other adjustments	0	5,500,796
Value adjustments at 31 December	503,981	-2,105
Equity investments with negative net asset value amortised over receivables	410,388	0
Carrying amount at 31 December	**916,481**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Targit (US) Inc.	USA	2.105	100%	-7,293,968	-63,006
Targit B.V.	Holland	7	100%	916,481	916,474

9 Other fixed asset investments

	Koncern		Moderselskab	
	Other investments	Deposits	Other investments	Deposits
	DKK	DKK	DKK	DKK
Cost at 1 January	276,250	648,620	276,250	603,800
Additions for the year	0	12,089	0	9,180
Disposals for the year	-250,000	0	-250,000	0
Cost at 31 December	26,250	660,709	26,250	612,980
Carrying amount at 31 December	**26,250**	**660,709**	**26,250**	**612,980**

Notes to the Financial Statements

10 Receivable from shareholders and Management

	Koncern	Moderselskab
	Shareholders	Shareholders
	DKK	DKK
Receivable on balance sheet date	0	0
Loan repaid in the year	10,500,000	10,500,000
Interest for the year	364,826	364,826

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

	Koncern		Moderselskab	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK

12 Current asset investments

Shares	5,500,000	0	5,500,000	0
	5,500,000	**0**	**5,500,000**	**0**

On 17 January 2018, Targit acquired 1,965,799 shares in Tarok HoldCo ApS, which is the parent company of Targit A/S. The total payment for the shares amounted to kDKK 5,500. These shares have not been cancelled and are therefore held as treasury shares. The Company may choose to sell these shares at a later time.

The Company holds a total of 1.965.799 shares with a nominal value of DKK 19.658 corresponding to 3,5% of the total capital.

13 Distribution of profit

Extraordinary dividend paid	10,500,000	0	10,500,000	0
Reserve for net revaluation under the equity method	347,382	0	851,363	0
Retained earnings	-1,738,631	1,146,069	-2,242,612	1,146,066
	9,108,751	**1,146,069**	**9,108,751**	**1,146,066**

Notes to the Financial Statements

	Koncern		Moderselskab	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK
14 Provision for deferred tax				
Provision for deferred tax at 1 January	-258,365	1,601,186	-258,365	1,601,186
Amounts recognised in the income statement for the year	1,806,575	-1,859,551	1,806,575	-1,859,551
Amounts recognised in equity for the year	87,092	0	87,092	0
Provision for deferred tax at 31 December	**1,635,302**	**-258,365**	**1,635,302**	**-258,365**

Provision of deferred tax comprises deferred tax on receivables and intangible and tangible fixed assets.

15 Deferred income

Prepayments and accrued income recognized as liabilities comprise prepayments from customers for services, annual fees and software.

Notes to the Financial Statements

		Koncern	
		2018	2017
		DKK	DKK
16	**Cash flow statement - adjustments**		
	Financial income	-549,160	-83,458
	Financial expenses	75,175	894,849
	Depreciation, amortisation and impairment losses, including losses and gains on sales	1,627,009	4,290,875
	Tax on profit/loss for the year	2,413,549	1,029,372
		3,566,573	**6,131,638**

		2018	2017
17	**Cash flow statement - change in working capital**		
	Change in receivables	8,875,487	2,370,410
	Change in trade payables, etc	-2,663,985	8,067,934
		6,211,502	**10,438,344**

Notes to the Financial Statements

	Koncern		Moderselskab	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:
The Group and the parent company has pledged the assets of the Group and company as security for debt to financial institution at a nominal value of 3 million DKK.

Rental and lease obligations

	Koncern 2018 DKK	Koncern 2017 DKK	Moderselskab 2018 DKK	Moderselskab 2017 DKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	753,734	704,303	753,734	583,254
Between 1 and 5 years	628,197	580,707	628,197	368,889
	1,381,931	**1,285,010**	**1,381,931**	**952,143**
Lease obligations, period of non-terminability 36 months	3,797,900	6,140,000	3,622,800	5,471,000

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Danica Pension, Livsforsikringsaktieselskab, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and with-holding taxes may increase the Company's liability.

Notes to the Financial Statements

19 Related parties

	Basis
Controlling interest	
Danica Pension, Livsforsikringsaktieselskab	Ultimate principal shareholder

Other related parties

The company´s related parties having a significant influence comprise subsidiaries and associates as well as the companies´ Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above group of persons has material interests.

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Tarok BidCo ApS	Denmark

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Targit A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2018 are presented in DKK.

Changes in accounting policies

In order to give a more fair presentation of the Financial Statements, we have altered the comparative figures in some places.

The change in accounting policies was performed without this having an effect on result, balance sheet or equity. Otherwise, the accounting policies applied remain unchanged from last year.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Targit A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Notes to the Financial Statements

20 Accounting Policies (continued)

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

20 Accounting Policies (continued)

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

20 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 3-10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3-5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

20 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of treasury shares, are measured at their fair values at the balance sheet date.

Notes to the Financial Statements

20 Accounting Policies (continued)

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

20 Accounting Policies (continued)

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$