
Targit A/S

Gasværksvej 24, 2, DK-9000 Aalborg

Annual Report for 1 January - 31 December 2020

CVR No 11 56 26 39

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
25/06 2021

Claus Thorsgaard
Chairman of the General
Meeting



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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 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

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, 25 June 2021

Executive Board

Jakob Holmen Kraglund
CEO

Board of Directors

Claus Thorsgaard
Chairman

Kim Ibfelt

Lars Dybkjær

Independent Auditor's Report

To the Shareholders of Targit A/S

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 2020 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 2020 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 2020, 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.

Independent Auditor's Report

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

Independent Auditor's Report

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.

Aalborg, 25 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Ørjan Jensen
statsautoriseret revisor
mne33226

Henrik Berring Rasmussen
statsautoriseret revisor
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Company Information

The Company

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Gasværksvej 24, 2
DK-9000 Aalborg

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CVR No: 11 56 26 39
Financial period: 1 January - 31 December
Municipality of reg. office: Aalborg

Board of Directors

Claus Thorsgaard, Chairman
Kim Ibfelt
Lars Dybkjær

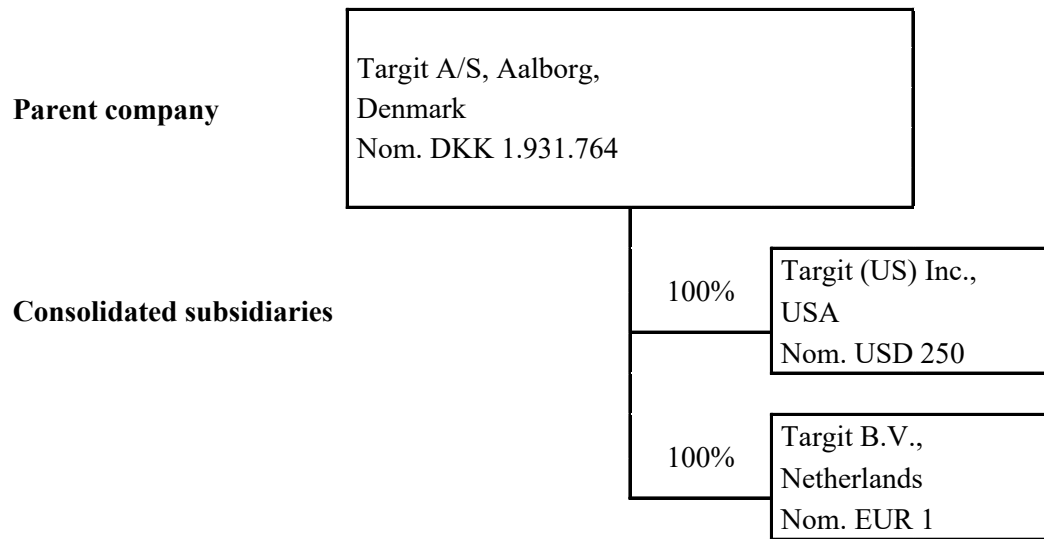
Executive Board

Jakob Holmen Kraglund

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Skelagervej 1A
DK-9000 Aalborg

Group Chart



Financial Highlights

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

	Group				
	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Gross profit/loss	59,522	64,054	66,148	55,383	73,961
Operating profit/loss	7,633	6,302	10,743	2,933	12,817
Profit/loss before financial income and expenses	7,633	6,302	11,048	2,987	12,817
Net financials	-2,516	272	474	-811	111
Net profit/loss for the year	3,807	5,070	9,109	1,146	10,481
Balance sheet					
Balance sheet total	80,682	72,481	44,555	43,177	38,343
Equity	19,508	13,799	16,928	18,666	12,830
Cash flows					
Cash flows from:					
- operating activities	12,232	45,316	16,598	15,546	5,474
- investing activities	-8,855	-2,326	-16,658	-6,190	-2,248
including investment in property, plant and equipment	-202	-220	-785	-949	2,072
- financing activities	1,968	-12,495	-4,213	0	-6,300
Change in cash and cash equivalents for the year	5,345	30,496	-4,273	9,356	-3,074
Number of employees	61	72	65	61	64
Ratios					
Return on assets	9.5%	8.7%	24.8%	6.9%	33.4%
Solvency ratio	24.2%	19.0%	38.0%	43.2%	33.5%
Return on equity	22.9%	33.0%	51.2%	7.3%	98.0%

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.

Management's Review

Consolidated and Parent Company Financial Statements of Targit A/S for 2020 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 have been prepared under the same accounting policies as last year.

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 2020 shows a profit of DKK 3,807,046, and at 31 December 2020 the balance sheet of the Group shows equity of DKK 19,507,926.

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

In 2020, Targit continued execution of key strategic initiatives:

- Execute product roadmap focusing on impactful insights, user adoption and business value for existing and new customers
- Build and scale Vertical and OEM offerings within key industries like Manufacturing, Heavy Equipment, Airports and Public Sector
- Expand partner ecosystem and develop capabilities within areas like customer onboarding, customer community and customer success

The transition from a license based revenue model to a subscription-based model continues to increase predictability and the share of recurring revenue, which grew from 63% in 2019 to 73% in 2020.

The result in 2020 was in line with expectations.

Operating risks and financial risks

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.

Targets and expectations for the year ahead

TARGIT expects a result for 2021 at the same level as in 2020.

Management's Review

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 2020 of the Group and the results of the activities and cash flows of the Group for the financial year for 2020 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	Group		Parent Company	
		2020	2019	2020	2019
		DKK	DKK	DKK	DKK
Gross profit/loss		59,522,273	64,054,166	34,456,290	30,470,858
Staff expenses	1	-47,279,857	-54,827,102	-25,875,745	-27,060,871
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-4,609,585	-2,924,612	-3,660,304	-2,697,425
Profit/loss before financial income and expenses		7,632,831	6,302,452	4,920,241	712,562
Income from investments in subsidiaries		0	0	1,069,807	3,862,088
Financial income	3	0	475,290	470,450	1,004,432
Financial expenses	4	-2,515,854	-203,295	-2,441,033	-130,898
Profit/loss before tax		5,116,977	6,574,447	4,019,465	5,448,184
Tax on profit/loss for the year	5	-1,309,931	-1,504,139	-212,417	-377,876
Net profit/loss for the year		3,807,046	5,070,308	3,807,048	5,070,308

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Completed development projects		10,126,324	7,703,976	10,126,324	7,703,976
Intangible fixed assets acquired		170,567	257,698	170,567	257,698
Goodwill		6,820,855	8,949,068	513,377	1,225,420
Development projects in progress		8,230,261	5,053,800	8,230,261	5,053,800
Intangible assets	6	25,348,007	21,964,542	19,040,529	14,240,894
Other fixtures and fittings, tools and equipment		578,451	1,087,431	464,222	841,892
Leasehold improvements		4,451	74,043	4,451	74,043
Property, plant and equipment	7	582,902	1,161,474	468,673	915,935
Investments in subsidiaries	8	0	0	2,368,515	1,899,521
Other investments	9	26,250	26,250	26,250	26,250
Deposits	9	784,055	753,226	656,798	612,980
Fixed asset investments		810,305	779,476	3,051,563	2,538,751
Fixed assets		26,741,214	23,905,492	22,560,765	17,695,580
Trade receivables		10,142,878	12,736,929	1,606,960	2,938,371
Receivables from group enterprises		0	0	13,556,718	13,483,061
Other receivables		653,673	194,406	597,359	102,497
Deferred tax asset	13	1,459,700	0	0	0
Prepayments	10	2,548,650	2,603,095	2,014,266	2,188,516
Receivables		14,804,901	15,534,430	17,775,303	18,712,445
Current asset investments	11	750,000	0	750,000	0
Cash at bank and in hand		38,386,367	33,040,983	34,887,561	23,955,352
Currents assets		53,941,268	48,575,413	53,412,864	42,667,797
Assets		80,682,482	72,480,905	75,973,629	60,363,377

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2020 DKK	2019 DKK	2020 DKK	2019 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	256,657	4,166,877
Reserve for development costs		0	0	14,291,045	9,761,447
Other reserves		363,041	0	0	0
Retained earnings		17,213,121	11,867,189	28,460	-2,061,133
Proposed dividend for the year		0	0	3,000,000	0
Equity		19,507,926	13,798,953	19,507,926	13,798,955
Provision for deferred tax	13	2,110,154	1,978,597	2,110,154	1,978,597
Provisions		2,110,154	1,978,597	2,110,154	1,978,597
Other payables		2,921,497	1,105,238	2,921,497	1,105,238
Long-term debt	14	2,921,497	1,105,238	2,921,497	1,105,238
Trade payables		1,583,867	1,806,037	1,288,808	1,224,817
Payables to group enterprises		3,761,149	1,792,693	6,309,251	2,708,634
Corporation tax		489,095	1,385,467	0	0
Other payables	14	10,448,076	16,516,421	7,985,561	13,004,716
Deferred income	15	39,860,718	34,097,499	35,850,432	26,542,420
Short-term debt		56,142,905	55,598,117	51,434,052	43,480,587
Debt		59,064,402	56,703,355	54,355,549	44,585,825
Liabilities and equity		80,682,482	72,480,905	75,973,629	60,363,377
Distribution of profit	12				
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Accounting Policies	20				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Other reserves	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,931,764	0	0	0	11,867,189	0	13,798,953
Exchange adjustments	0	0	0	363,041	-363,041	0	0
Net profit/loss for the year	0	0	0	0	5,708,973	0	5,708,973
Equity at 31 December	1,931,764	0	0	363,041	17,213,121	0	19,507,926

Parent Company

Equity at 1 January	1,931,764	4,166,877	9,761,445	0	-2,061,133	0	13,798,953
Dissolution of previous years' revaluation	0	-6,881,952	0	0	6,881,952	0	0
Exchange adjustments relating to foreign entities	0	363,041	0	0	0	0	363,041
Other equity movements	0	1,538,884	0	0	0	0	1,538,884
Development costs for the year	0	0	6,140,410	0	-6,140,410	0	0
Depreciation, amortisation and impairment for the year	0	0	-1,610,810	0	1,610,810	0	0
Net profit/loss for the year	0	1,069,807	0	0	-262,759	3,000,000	3,807,048
Equity at 31 December	1,931,764	256,657	14,291,045	0	28,460	3,000,000	19,507,926

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2020 DKK	2019 DKK
Net profit/loss for the year		3,807,046	5,070,308
Adjustments	16	8,184,374	4,156,756
Change in working capital	17	3,475,192	35,817,322
Cash flows from operating activities before financial income and expenses		15,466,612	45,044,386
Financial income		0	475,290
Financial expenses		-2,515,854	-203,293
Cash flows from ordinary activities		12,950,758	45,316,383
Corporation tax paid		-718,334	0
Cash flows from operating activities		12,232,424	45,316,383
Purchase of intangible assets		-7,872,321	-7,513,428
Purchase of property, plant and equipment		-202,347	-219,666
Fixed asset investments made etc		-30,829	-92,517
Purchase of current asset investments etc		-750,000	0
Sale of current asset investments etc		0	5,500,000
Cash flows from investing activities		-8,855,497	-2,325,611
Repayment of loans from credit institutions		0	-3,750,240
Repayment of payables to group enterprises		0	-744,408
Raising of loans from group enterprises		1,968,457	0
Dividend paid		0	-8,000,000
Cash flows from financing activities		1,968,457	-12,494,648
Change in cash and cash equivalents		5,345,384	30,496,124
Cash and cash equivalents at 1 January		33,040,983	2,544,859
Cash and cash equivalents at 31 December		38,386,367	33,040,983
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		38,386,367	33,040,983
Cash and cash equivalents at 31 December		38,386,367	33,040,983

Notes to the Financial Statements

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
1 Staff expenses				
Wages and salaries	42,492,547	49,220,722	23,861,146	25,040,462
Pensions	2,967,297	3,284,067	1,750,198	1,716,097
Other social security expenses	1,660,557	2,137,694	264,401	304,312
Other staff expenses	159,456	184,619	0	0
	47,279,857	54,827,102	25,875,745	27,060,871
Including remuneration to the Board of Directors of: Remuneration of board of directors & executive board	4,747,125	4,208,436	4,747,125	4,208,436
	4,747,125	4,208,436	4,747,125	4,208,436
Average number of employees	61	72	42	45
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	3,828,666	2,064,042	3,072,687	2,064,042
Depreciation of property, plant and equipment	780,919	860,570	587,617	633,383
	4,609,585	2,924,612	3,660,304	2,697,425
3 Financial income				
Interest received from group enterprises	0	163,625	470,450	692,767
Exchange adjustments	0	311,665	0	311,665
	0	475,290	470,450	1,004,432

Notes to the Financial Statements

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
4 Financial expenses				
Interest paid to group enterprises	55,155	32,734	55,155	32,734
Other financial expenses	216,873	170,561	142,052	98,164
Exchange adjustments, expenses	2,243,826	0	2,243,826	0
	2,515,854	203,295	2,441,033	130,898
5 Tax on profit/loss for the year				
Current tax for the year	1,241,653	1,126,263	0	0
Deferred tax for the year	131,557	343,295	131,557	343,295
Adjustment of tax concerning previous years	-63,279	34,581	80,860	34,581
	1,309,931	1,504,139	212,417	377,876

Notes to the Financial Statements

6 Intangible assets

Group

	Completed development projects	Intangible fixed assets acquired	Goodwill	Development projects in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	9,996,320	2,200,537	11,043,093	5,053,800
Additions for the year	4,695,860	0	0	7,872,321
Transfers for the year	0	0	0	-4,695,860
Cost at 31 December	<u>14,692,180</u>	<u>2,200,537</u>	<u>11,043,093</u>	<u>8,230,261</u>
Impairment losses and amortisation at 1 January	2,292,344	1,942,839	2,754,215	0
Amortisation for the year	<u>2,273,512</u>	<u>87,131</u>	<u>1,468,023</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>4,565,856</u>	<u>2,029,970</u>	<u>4,222,238</u>	<u>0</u>
Carrying amount at 31 December	<u>10,126,324</u>	<u>170,567</u>	<u>6,820,855</u>	<u>8,230,261</u>

Development projects relate to the development of new versions of the Company's software product. The product roadmap includes parallel development tracks for new features, cloud enablement and platform improvement. The product roadmap has been updated during the year and projects are progressing according to plan through the use of the resources allocated by Management to the development. The software under development is expected to be sold to both existing and new customers.

Notes to the Financial Statements

6 Intangible assets (continued)

Parent Company	Completed development projects	Intangible fixed assets acquired	Goodwill	Development projects in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	9,996,320	2,149,021	3,319,445	5,053,800
Additions for the year	4,695,860	0	0	7,872,321
Transfers for the year	0	0	0	-4,695,860
Cost at 31 December	<u>14,692,180</u>	<u>2,149,021</u>	<u>3,319,445</u>	<u>8,230,261</u>
Impairment losses and amortisation at 1 January	2,292,344	1,891,323	2,094,025	0
Amortisation for the year	<u>2,273,512</u>	<u>87,131</u>	<u>712,043</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>4,565,856</u>	<u>1,978,454</u>	<u>2,806,068</u>	<u>0</u>
Carrying amount at 31 December	<u>10,126,324</u>	<u>170,567</u>	<u>513,377</u>	<u>8,230,261</u>

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	5,796,802	267,132	6,063,934
Additions for the year	202,347	0	202,347
Disposals for the year	0	-51,088	-51,088
Cost at 31 December	5,999,149	216,044	6,215,193
Impairment losses and depreciation at 1 January	4,709,371	193,089	4,902,460
Depreciation for the year	711,327	69,592	780,919
Reversal of impairment and depreciation of sold assets	0	-51,088	-51,088
Impairment losses and depreciation at 31 December	5,420,698	211,593	5,632,291
Carrying amount at 31 December	578,451	4,451	582,902

Parent Company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	4,644,190	216,044	4,860,234
Additions for the year	140,356	0	140,356
Kostpris at 31 December	4,784,546	216,044	5,000,590
Impairment losses and depreciation at 1 January	3,802,298	142,001	3,944,299
Depreciation for the year	518,026	69,592	587,618
Impairment losses and depreciation at 31 December	4,320,324	211,593	4,531,917
Carrying amount at 31 December	464,222	4,451	468,673

Notes to the Financial Statements

	Parent Company	
	2020	2019
	DKK	DKK
8 Investments in subsidiaries		
Cost at 1 January	2,112	2,112
Cost at 31 December	2,112	2,112
Value adjustments at 1 January	4,166,877	503,981
Exchange adjustment	363,041	-199,192
Net profit/loss for the year	1,069,807	3,862,088
Other adjustments	1,538,884	0
Reversals for the year of revaluations in previous years	-6,881,952	0
Value adjustments at 31 December	256,657	4,166,877
Equity investments with negative net asset value amortised over receivables	2,109,746	-2,269,468
Carrying amount at 31 December	2,368,515	1,899,521

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%	-2,109,746	643,344
Targit B.V.	Holland	7	100%	2,368,515	426,463

9 Other fixed asset investments

	Group		Parent Company	
	Other investments	Deposits	Other investments	Deposits
	DKK	DKK	DKK	DKK
Cost at 1 January	26,250	753,226	26,250	612,980
Additions for the year	0	43,818	0	43,818
Disposals for the year	0	-12,989	0	0
Cost at 31 December	26,250	784,055	26,250	656,798
Carrying amount at 31 December	26,250	784,055	26,250	656,798

Notes to the Financial Statements

10 Prepayments

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

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
11 Current asset investments				
Shares	750,000	0	750,000	0
	750,000	0	750,000	0

On 17 September 2020, Targit A/S acquired 250,770 shares from a former employee. The total payment for the shares amounted to kDKK 750.

12 Distribution of profit

Extraordinary dividend paid	0	8,000,000	0	8,000,000
Proposed dividend for the year	0	0	3,000,000	0
Reserve for net revaluation under the equity method	-1,901,927	199,192	1,069,807	3,862,088
Retained earnings	5,708,973	-3,128,884	-262,759	-6,791,780
	3,807,046	5,070,308	3,807,048	5,070,308

13 Provision for deferred tax

Provision for deferred tax at 1 January	1,978,597	1,635,302	1,978,597	1,635,302
Amounts recognised in the income statement for the year	131,557	343,295	131,557	343,295
Amounts recognised in equity for the year	-1,459,700	0	0	0
Provision for deferred tax at 31 December	650,454	1,978,597	2,110,154	1,978,597

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

Notes to the Financial Statements

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
Other payables				
Between 1 and 5 years	2,921,497	1,105,238	2,921,497	1,105,238
Long-term part	2,921,497	1,105,238	2,921,497	1,105,238
Other short-term payables	10,448,076	16,516,421	7,985,561	13,004,716
	13,369,573	17,621,659	10,907,058	14,109,954

15 Deferred income

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

16 Cash flow statement - adjustments

Financial income	0	-475,290
Financial expenses	2,515,854	203,295
Depreciation, amortisation and impairment losses, including losses and gains on sales	4,609,584	2,924,612
Tax on profit/loss for the year	1,309,931	1,504,139
Other adjustments	-250,995	0
	8,184,374	4,156,756

17 Cash flow statement - change in working capital

Change in receivables	2,189,228	1,126,490
Change in trade payables, etc	1,285,964	34,690,832
	3,475,192	35,817,322

Notes to the Financial Statements

	Group		Parent Company	
	2020	2019	2020	2019
	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

Lease obligations under operating leases. Total future lease payments:

Within 1 year	3,392,451	3,243,883	1,790,683	1,761,777
Between 1 and 5 years	4,431,548	7,115,274	331,753	1,462,233
	7,823,999	10,359,157	2,122,436	3,224,010

Lease obligations, period of non-terminability 12-24 months

	1,207,600	2,415,200	1,207,600	2,415,200
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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 Gro Holding V ApS, 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 withholding taxes may increase the Company's liability.

Notes to the Financial Statements

19 Related parties

	<u>Basis</u>
Controlling interest	
Tarok BidCo ApS	Parent company

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:

<u>Name</u>	<u>Place of registered office</u>
GRO Holding V ApS	Copenhagen K, Denmark

The Group Annual Report of GRO Holding V ApS may be obtained at the following address:

Amaliegade 49, 1.
1256 Copenhagen K

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Targit A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 are presented in DKK.

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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

Gross profit/loss

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

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 30,000 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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 "Cash at bank and in hand".

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