Targit A/S

Gasværksvej 24, 2, DK-9000 Aalborg

Annual Report for 1 January - 31 December 2019

CVR No 11 56 26 39

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 04/05 2020

Claus Thorsgaard
Chairman of the General Meeting

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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 2019.

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 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

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, 4 May 2020

Executive Board

Jakob Holmen Kraglund
CEO

Board of Directors

Claus Thorsgaard
Chairman

Morten Grube Weicher

Lars Dybkjær

Kim Ibfelt

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 2019 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 2019 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 2019, 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.

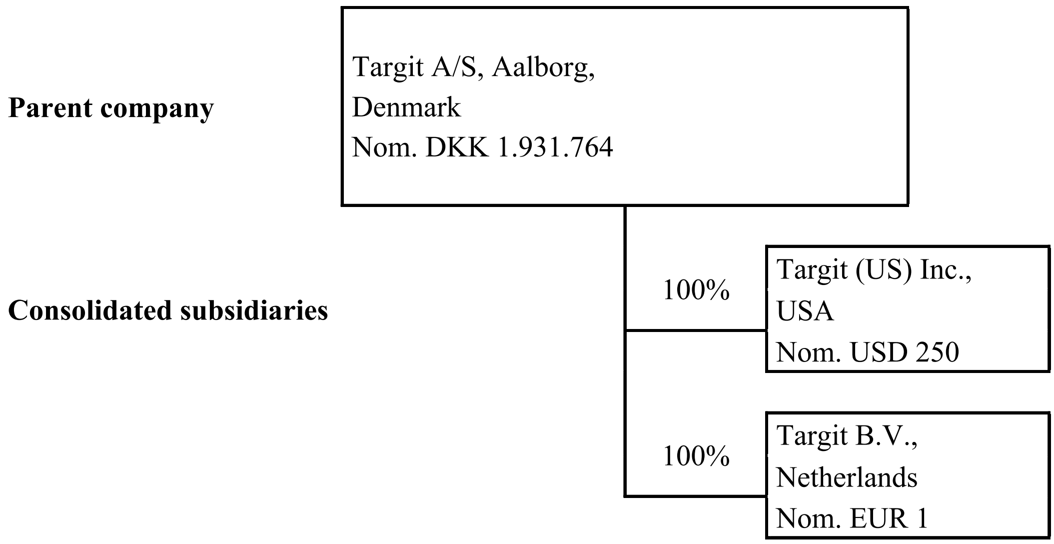
Aalborg, 4 May 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen	Henrik Berring Rasmussen
statsautoriseret revisor	statsautoriseret revisor
mne33226	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 Kim Ibfelt
Executive Board	Jakob Holmen Kraglund
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A DK-9000 Aalborg

Group Chart



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Financial Highlights

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

	Group				
	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	64,054	66,148	55,383	73,961	67,996
Operating profit/loss	6,302	10,743	2,933	12,817	13,561
Profit/loss before financial income and expenses	6,302	11,048	2,987	12,817	13,606
Net financials	272	474	-811	111	-56
Net profit/loss for the year	5,070	9,109	1,146	10,481	11,318
Balance sheet					
Balance sheet total	72,481	44,555	43,177	38,343	31,794
Equity	13,799	16,928	18,666	12,830	8,567
Cash flows					
Cash flows from:					
- operating activities	45,316	16,598	15,546	5,474	11,958
- investing activities	-2,326	-16,658	-6,190	-2,248	-2,698
including investment in property, plant and equipment	-220	-785	-949	2,072	2,193
- financing activities	-12,495	-4,213	0	-6,300	-5,800
Change in cash and cash equivalents for the year	30,496	-4,272	9,356	-3,074	3,460
Number of employees	72	65	61	64	59
Ratios					
Return on assets	8.7%	24.8%	6.9%	33.4%	42.8%
Solvency ratio	19.0%	38.0%	43.2%	33.5%	26.9%
Return on equity	33.0%	51.2%	7.3%	98.0%	128.2%

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 2015 have not been restated. See the description under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of Targit A/S for 2019 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 2019 shows a profit of DKK 5,070,308, and at 31 December 2019 the balance sheet of the Group shows equity of DKK 13,798,953.

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

In 2019, Targit continued execution of the 3 Must Win Battles:

• Develop a product roadmap focusing on value propositions that allow Targit to continue to differentiate in the market and in April 2019 Targit launched a significant update of its product suite
• Protect and grow the installed base of satisfied customers
• Become the preferred partner of Business Intelligence and Analytics in its core markets and continuing to build a strong position within its key verticals Manufacturing, Heavy Equipment, Airports and the Public Sector

The transition from a license based revenue model to a to a subscription-based model continues to increase predictability and the share of recurring revenue, which grew from 59% in 2018 to 63% in 2019.

The result in 2019 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.

Targets and expectations for the year ahead

TARGIT expects continued growth and positive results 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 2019 of the Group and the results of the activities and cash flows of the Group for the financial year for 2019 have not been affected by any unusual events.

Subsequent events

The company is effected by the Corona virus in early 2020, however this does not effect the financial statements for 2019.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2019	2018	2019	2018
		DKK	DKK	DKK	DKK
Gross profit/loss		**64,054,166**	**66,147,701**	**30,470,858**	**39,900,123**
Staff expenses	2	-54,827,102	-53,167,425	-27,060,871	-28,496,280
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-2,924,612	-1,931,961	-2,697,425	-1,738,663
Profit/loss before financial income and expenses		**6,302,452**	**11,048,315**	**712,562**	**9,665,180**
Income from investments in subsidiaries		0	0	3,862,088	853,468
Financial income	4	475,290	549,160	1,004,432	951,574
Financial expenses	5	-203,295	-75,175	-130,898	-75,151
Profit/loss before tax		**6,574,447**	**11,522,300**	**5,448,184**	**11,395,071**
Tax on profit/loss for the year	6	-1,504,139	-2,413,549	-377,876	-2,286,320
Net profit/loss for the year		**5,070,308**	**9,108,751**	**5,070,308**	**9,108,751**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2019	2018	2019	2018
		DKK	DKK	DKK	DKK
Completed development projects		7,703,976	2,767,547	7,703,976	2,767,547
Intangible fixed assets acquired		257,698	370,952	257,698	370,952
Goodwill		8,949,068	8,322,857	1,225,420	1,937,464
Development projects in progress		5,053,800	5,898,256	5,053,800	5,898,256
Intangible assets	7	**21,964,542**	**17,359,612**	**14,240,894**	**10,974,219**
Other fixtures and fittings, tools and equipment		1,087,431	1,656,512	841,892	1,265,178
Leasehold improvements		74,043	146,058	74,043	146,058
Property, plant and equipment	8	**1,161,474**	**1,802,570**	**915,935**	**1,411,236**
Investments in subsidiaries	9	0	0	1,899,521	916,481
Other investments	10	26,250	26,250	26,250	26,250
Deposits	10	753,226	660,709	612,980	612,980
Fixed asset investments		**779,476**	**686,959**	**2,538,751**	**1,555,711**
Fixed assets		**23,905,492**	**19,849,141**	**17,695,580**	**13,941,166**
Trade receivables		12,736,929	14,396,150	2,938,371	4,240,645
Receivables from group enterprises		0	0	13,483,061	14,907,300
Other receivables		194,406	243,941	102,497	218,120
Prepayments	11	2,603,095	2,020,827	2,188,516	1,457,594
Receivables		**15,534,430**	**16,660,918**	**18,712,445**	**20,823,659**
Current asset investments	12	**0**	**5,500,000**	**0**	**5,500,000**
Cash at bank and in hand		**33,040,983**	**2,544,859**	**23,955,352**	**609,595**
Currents assets		**48,575,413**	**24,705,777**	**42,667,797**	**26,933,254**
Assets		**72,480,905**	**44,554,918**	**60,363,377**	**40,874,420**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
		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	4,166,877	503,981
Reserve for development costs		0	6,407,177	9,761,445	6,407,177
Retained earnings		11,867,189	8,588,896	-2,061,133	8,084,915
Equity		**13,798,953**	**16,927,837**	**13,798,953**	**16,927,837**
Provision for deferred tax	14	1,978,597	1,635,302	1,978,597	1,635,302
Provisions		**1,978,597**	**1,635,302**	**1,978,597**	**1,635,302**
Other payables		1,105,238	0	1,105,238	0
Long-term debt	15	**1,105,238**	**0**	**1,105,238**	**0**
Credit institutions		0	3,750,240	0	3,750,240
Trade payables		1,806,037	2,466,940	1,224,819	1,608,725
Payables to group enterprises		1,792,693	2,537,099	2,708,634	3,753,753
Corporation tax		1,385,467	647,406	0	431,222
Other payables	15	16,516,421	10,293,525	13,004,716	8,423,614
Deferred income	16	34,097,499	6,296,569	26,542,420	4,343,727
Short-term debt		**55,598,117**	**25,991,779**	**43,480,589**	**22,311,281**
Debt		**56,703,355**	**25,991,779**	**44,585,827**	**22,311,281**
Liabilities and equity		**72,480,905**	**44,554,918**	**60,363,377**	**40,874,420**

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Statement of Changes in Equity

Group

	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	0	14,996,073	16,927,837
Extraordinary dividend paid	0	0	0	-8,000,000	-8,000,000
Net profit/loss for the year	0	0	0	4,871,116	4,871,116
Equity at 31 December	**1,931,764**	**0**	**0**	**11,867,189**	**13,798,953**

Parent Company

	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	503,981	6,407,177	8,084,915	16,927,837
Extraordinary dividend paid	0	0	0	-8,000,000	-8,000,000
Exchange adjustments relating to foreign entities	0	-199,192	0	0	-199,192
Development costs for the year	0	0	4,157,959	-4,157,959	0
Depreciation, amortisation and impairment for the year	0	0	-803,691	803,691	0
Net profit/loss for the year	0	3,862,088	0	1,208,220	5,070,308
Equity at 31 December	**1,931,764**	**4,166,877**	**9,761,445**	**-2,061,133**	**13,798,953**

Cash Flow Statement 1 January - 31 December

	Note	Group 2019	Group 2018
		DKK	DKK
Net profit/loss for the year		5,070,308	9,108,751
Adjustments	17	4,156,756	3,566,573
Change in working capital	18	35,817,322	6,211,503
Cash flows from operating activities before financial income and expenses		**45,044,386**	**18,886,827**
Financial income		475,290	549,160
Financial expenses		-203,293	-75,176
Cash flows from ordinary activities		**45,316,383**	**19,360,811**
Corporation tax paid		0	-2,762,500
Cash flows from operating activities		**45,316,383**	**16,598,311**
Purchase of intangible assets		-7,513,428	-11,189,240
Purchase of property, plant and equipment		-219,666	-784,794
Fixed asset investments made etc		-92,517	-5,512,089
Sale of property, plant and equipment		0	828,000
Sale of current asset investments etc		5,500,000	0
Cash flows from investing activities		**-2,325,611**	**-16,658,123**
Repayment of loans from credit institutions		-3,750,240	3,750,240
Repayment of payables to group enterprises		-744,408	2,537,100
Dividend paid		-8,000,000	-10,500,000
Cash flows from financing activities		**-12,494,648**	**-4,212,660**
Change in cash and cash equivalents		**30,496,124**	**-4,272,472**
Cash and cash equivalents at 1 January		2,544,859	6,817,331
Cash and cash equivalents at 31 December		**33,040,983**	**2,544,859**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		33,040,983	2,544,859
Cash and cash equivalents at 31 December		**33,040,983**	**2,544,859**

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Many of the Company’s customers have indicated that they will continue projects in progress, but there is still a risk that COVID-19 will have negative impacts on the Company’s revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year.

2 Staff expenses

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
Wages and salaries	49,220,722	45,803,488	25,040,462	24,727,698
Pensions	3,284,067	3,826,213	1,716,097	3,453,809
Other social security expenses	2,137,694	2,068,850	304,312	314,773
Other staff expenses	184,619	1,468,874	0	0
	54,827,102	**53,167,425**	**27,060,871**	**28,496,280**
Including remuneration to the Board of Directors of:				
Remuneration of board of directors	4,208,436	2,946,512	4,208,436	2,946,512
	4,208,436	**2,946,512**	**4,208,436**	**2,946,512**
Average number of employees	**72**	**65**	**45**	**41**

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

	Group 2019 DKK	Group 2018 DKK	Parent Company 2019 DKK	Parent Company 2018 DKK
Amortisation of intangible assets	2,064,042	1,069,185	2,064,042	1,069,185
Depreciation of property, plant and equipment	860,570	862,776	633,383	669,478
	2,924,612	**1,931,961**	**2,697,425**	**1,738,663**

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
4 Financial income				
Interest received from group enterprises	163,625	318,932	692,767	721,382
Other financial income	0	10,045	0	10,009
Exchange adjustments	311,665	220,183	311,665	220,183
	475,290	**549,160**	**1,004,432**	**951,574**
5 Financial expenses				
Interest paid to group enterprises	32,734	0	32,734	0
Other financial expenses	170,561	75,175	98,164	75,151
	203,295	**75,175**	**130,898**	**75,151**
6 Tax on profit/loss for the year				
Current tax for the year	1,126,263	646,976	0	431,222
Deferred tax for the year	343,295	1,893,667	343,295	1,893,667
Adjustment of tax concerning previous years	34,581	-127,094	34,581	-38,569
	1,504,139	**2,413,549**	**377,876**	**2,286,320**

Notes to the Financial Statements

7 Intangible assets

Group

	Completed development projects	Intangible fixed assets acquired	Goodwill	Development projects in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	3,821,147	2,200,537	9,704,838	5,898,256
Additions for the year	6,175,173	0	1,338,255	2,994,961
Transfers for the year	0	0	0	-3,839,417
Cost at 31 December	9,996,320	2,200,537	11,043,093	5,053,800
Impairment losses and amortisation at 1 January	1,053,600	1,829,585	1,381,981	0
Amortisation for the year	1,238,744	113,254	712,044	0
Impairment losses and amortisation at 31 December	2,292,344	1,942,839	2,094,025	0
Carrying amount at 31 December	**7,703,976**	**257,698**	**8,949,068**	**5,053,800**

Development projects relate to the development of new versions of the Company´s existing software products. The main projetct Targit Cloud are expected to be completed in first half of 2020, and all projects are expected to be completed in 2020. 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

7 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	3,821,147	2,149,021	3,319,445	5,898,256
Additions for the year	6,175,173	0	0	2,994,961
Transfers for the year	0	0	0	-3,839,417
Cost at 31 December	9,996,320	2,149,021	3,319,445	5,053,800
Impairment losses and amortisation at 1 January	1,053,600	1,778,069	1,381,981	0
Amortisation for the year	1,238,744	113,254	712,044	0
Impairment losses and amortisation at 31 December	2,292,344	1,891,323	2,094,025	0
Carrying amount at 31 December	**7,703,976**	**257,698**	**1,225,420**	**5,053,800**

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	5,577,328	267,132	5,844,460
Additions for the year	219,474	0	219,474
Cost at 31 December	5,796,802	267,132	6,063,934
Impairment losses and depreciation at 1 January	3,920,816	121,074	4,041,890
Depreciation for the year	788,555	72,015	860,570
Impairment losses and depreciation at 31 December	4,709,371	193,089	4,902,460
Carrying amount at 31 December	**1,087,431**	**74,043**	**1,161,474**

Parent Company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	4,506,108	216,044	4,722,152
Additions for the year	138,082	0	138,082
Kostpris at 31 December	4,644,190	216,044	4,860,234
Impairment losses and depreciation at 1 January	3,240,930	69,986	3,310,916
Depreciation for the year	561,368	72,015	633,383
Impairment losses and depreciation at 31 December	3,802,298	142,001	3,944,299
Carrying amount at 31 December	**841,892**	**74,043**	**915,935**

Notes to the Financial Statements

		Parent Company	
		2019	2018
		DKK	DKK
9	**Investments in subsidiaries**		
	Cost at 1 January	2,112	2,105
	Additions for the year	0	7
	Cost at 31 December	2,112	2,112
	Value adjustments at 1 January	503,981	-2,105
	Exchange adjustment	-199,192	-347,382
	Net profit/loss for the year	3,862,088	853,468
	Value adjustments at 31 December	4,166,877	503,981
	Equity investments with negative net asset value amortised over receivables	-2,269,468	410,388
	Carrying amount at 31 December	**1,899,521**	**916,481**

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%	-4,610,862	2,879,657
Targit B.V.	Holland	7	100%	1,899,521	982,431

10 Other fixed asset investments

	Group		Parent Company	
	Other investments	Deposits	Other investments	Deposits
	DKK	DKK	DKK	DKK
Cost at 1 January	26,250	660,709	26,250	612,980
Additions for the year	0	92,517	0	0
Cost at 31 December	26,250	753,226	26,250	612,980
Carrying amount at 31 December	**26,250**	**753,226**	**26,250**	**612,980**

Notes to the Financial Statements

11 Prepayments

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

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
12 Current asset investments				
Shares	0	5,500,000	0	5,500,000
	0	**5,500,000**	**0**	**5,500,000**

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.

13 Distribution of profit

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Extraordinary dividend paid	8,000,000	10,500,000	8,000,000	10,500,000
Reserve for net revaluation under the equity method	199,192	347,382	3,862,088	851,363
Retained earnings	-3,128,884	-1,738,631	-6,791,780	-2,242,612
	5,070,308	**9,108,751**	**5,070,308**	**9,108,751**

14 Provision for deferred tax

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Provision for deferred tax at 1 January	1,635,302	-258,365	1,635,302	-258,365
Amounts recognised in the income statement for the year	343,295	1,893,667	343,295	1,893,667
Provision for deferred tax at 31 December	**1,978,597**	**1,635,302**	**1,978,597**	**1,635,302**

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

Notes to the Financial Statements

15 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	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
Other payables				
Between 1 and 5 years	1,105,238	0	1,105,238	0
Long-term part	1,105,238	0	1,105,238	0
Other short-term payables	16,516,421	10,293,525	13,004,716	8,423,614
	17,621,659	**10,293,525**	**14,109,954**	**8,423,614**

16 Deferred income

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

17 Cash flow statement - adjustments

Financial income	-475,290	-549,160
Financial expenses	203,295	75,175
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,924,612	1,627,009
Tax on profit/loss for the year	1,504,139	2,413,549
	4,156,756	**3,566,573**

18 Cash flow statement - change in working capital

Change in receivables	1,126,490	8,875,487
Change in trade payables, etc	34,690,832	-2,663,984
	35,817,322	**6,211,503**

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK

19 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

	Group 2019 DKK	Group 2018 DKK	Parent Company 2019 DKK	Parent Company 2018 DKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	3,243,883	753,734	1,761,777	753,734
Between 1 and 5 years	7,115,274	628,197	1,462,233	628,197
	10,359,157	**1,381,931**	**3,224,010**	**1,381,931**
Lease obligations, period of non-terminability 24 months	2,415,200	3,797,900	2,415,200	3,622,800

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 withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

20 Related parties

	Basis
Controlling interest	
Gro Fund I K/S	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

21 Accounting Policies

The Annual Report of Targit A/S for 2019 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 2019 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

21 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.

Notes to the Financial Statements

21 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

21 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 13,800 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

21 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

21 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

21 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

21 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	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$