TARGIT A/S

Gasværksvej 24, 2., DK-9000 Aalborg

Annual Report for 2022

CVR No. 11 56 26 39

The Annual Report was presented and adopted at the Annual General Meeting of the company on 27/4 2023

Claus Thorsgaard
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of TARGIT A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Aalborg, 27 April 2023

Executive Board

Jakob Holmen Kraglund
CEO

Board of Directors

Claus Thorsgaard Chairman	Lars Dybkjær	Kim Ibfelt

Independent Auditor's report

To the shareholder 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 2022 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 2022 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 2022, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial 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 Parent Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 Group´s and the Parent Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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.

Independent Auditor's report

Aalborg, 27 April 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Henrik Berring Rasmussen
State Authorised Public Accountant
mne34157

Company information

The Company	TARGIT A/S Gasværksvej 24, 2. DK-9000 Aalborg Telephone: 96231900 Email: 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 Lars Dybkjær Kim Ibfelt
Executive board	Jakob Holmen Kraglund
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg

Group Chart

Company	Residence	Ownership
TARGIT A/S	**Denmark**	
TARGIT (US) Inc.	USA	100%
TARGIT BENELUX NV.	Belgium	100%

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	64,619	57,459	59,522	64,054	66,148
Profit/loss of ordinary primary operations	4,490	10,519	7,633	6,302	10,743
Profit/loss before financial income and expenses	4,490	10,519	7,633	6,302	11,048
Profit/loss of financial income and expenses	2,188	992	-2,516	272	474
Net profit/loss	2,935	8,844	3,807	5,070	9,109
Balance sheet					
Balance sheet total	104,879	86,450	80,682	72,481	44,555
Investment in property, plant and equipment	119	230	202	220	785
Equity	34,495	25,325	19,508	13,799	16,928
Cash flows					
Cash flows from:					
- operating activities	19,678	12,502	12,232	45,316	16,598
- investing activities	-29,296	-9,345	-8,855	-2,326	-16,658
- financing activities	6,155	-4,524	1,968	-12,495	-4,213
Change in cash and cash equivalents for the year	-3,463	-1,367	5,345	30,495	-4,273
Number of employees	63	57	61	72	65
Ratios					
Return on assets	4.3%	12.2%	9.5%	8.7%	24.8%
Solvency ratio	32.9%	29.3%	24.2%	19.0%	38.0%
Return on equity	9.8%	39.5%	22.9%	33.0%	51.2%

Management's review

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 2022 shows a profit of DKK 2,935,496, and at 31 December 2022 the balance sheet of the Group shows positive equity of DKK 34,495,008.

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

In 2022, TARGIT continued execution of key strategic initiatives:
• Execute product roadmap focusing on optimizing TARGIT Decision Suite and enabling customers to leverage the same platform in-cloud and on premises
• Build and scale Vertical and OEM offerings within key industries like Heavy Equipment, Automotive, Truck and Trailer, Retail and Convenience Stores, Manufacturing, Airports and Public Sector
• Including acquisition of CalmCo in Belgium to establish strong position within Automotive vertical
• Expand partner ecosystem and develop key capabilities like 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 74% in 2021 to 75% in 2022.

The result in 2022 was in line with expectations.

Special risks - operating risks and financial 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 investments in development of the core product, new vertical offerings and sales growth, and a result for 2023 in the range of DKK 3-5 mio.

Research and development

The Company continued investments in development of both the cloud product and new features to secure TARGIT A/S for the future. Development costs in the financial year 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 entails a special need for access to highly specialized knowledge resources and employees. It is instrumental that the Company can recruit and retain employees with a high educational level as well as technical and business expertise.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2022 of the Group and the results of the activities and cash flows of the Group for the financial year for 2022 have not been affected by any unusual events.

Management's review

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

		Group		Parent company	
	Note	2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Gross profit		**64,618,813**	**57,459,028**	**25,986,597**	**32,765,883**
Staff expenses	1	-51,799,761	-42,329,763	-27,089,658	-24,767,046
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-8,329,081	-4,610,307	-6,408,279	-3,795,600
Profit/loss before financial income and expenses		**4,489,971**	**10,518,958**	**-7,511,340**	**4,203,237**
Income from investments in subsidiaries		0	0	9,157,452	4,280,508
Financial income	3	2,383,926	1,605,780	2,197,100	1,911,784
Financial expenses	4	-195,534	-613,638	-160,232	-216,055
Profit/loss before tax		**6,678,363**	**11,511,100**	**3,682,980**	**10,179,474**
Tax on profit/loss for the year	5	-3,742,867	-2,667,271	-747,484	-1,335,645
Net profit/loss for the year	6	**2,935,496**	**8,843,829**	**2,935,496**	**8,843,829**

Balance sheet 31 December

Assets

		Group		Parent company	
	Note	2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Completed development projects		21,817,041	8,548,236	21,817,041	8,548,236
Acquired licenses		33,151	92,836	33,151	92,836
Acquired other similar rights		7,743,544	0	0	0
Goodwill		15,716,506	6,072,757	0	0
Development projects in progress		5,704,783	15,987,529	5,704,783	15,987,529
Intangible assets	7	**51,015,025**	**30,701,358**	**27,554,975**	**24,628,601**
Other fixtures and fittings, tools and equipment		330,806	360,117	152,656	273,171
Leasehold improvements		395,108	77,687	76,931	77,687
Property, plant and equipment	8	**725,914**	**437,804**	**229,587**	**350,858**
Investments in subsidiaries	9	0	0	27,876,566	1,359,885
Other investments	10	26,250	26,250	26,250	26,250
Deposits	10	845,837	804,091	682,254	666,255
Fixed asset investments		**872,087**	**830,341**	**28,585,070**	**2,052,390**
Fixed assets		**52,613,026**	**31,969,503**	**56,369,632**	**27,031,849**
Trade receivables		12,326,587	11,346,040	1,807,757	2,570,486
Receivables from group enterprises		0	0	6,678,238	12,692,171
Other receivables		919,139	299,613	507,213	262,713
Deferred tax asset	13	913,840	1,325,755	0	0
Prepayments	11	3,800,647	3,740,355	3,311,561	3,265,930
Receivables		**17,960,213**	**16,711,763**	**12,304,769**	**18,791,300**
Current asset investment	12	**750,000**	**750,000**	**750,000**	**750,000**
Cash at bank and in hand		**33,555,755**	**37,019,129**	**25,641,724**	**32,332,920**
Current assets		**52,265,968**	**54,480,892**	**38,696,493**	**51,874,220**
Assets		**104,878,994**	**86,450,395**	**95,066,125**	**78,906,069**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2022	2021	2022	2021
		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	10,425,763	1,357,780
Reserve for development costs		0	0	21,467,019	19,137,893
Reserve for exchange rate conversion		270,798	336,389	0	0
Retained earnings		32,292,446	23,056,950	20,462	2,897,666
Proposed dividend for the year		0	0	650,000	0
Equity		**34,495,008**	**25,325,103**	**34,495,008**	**25,325,103**
Provision for deferred tax	13	5,870,239	3,434,171	4,166,660	3,434,171
Provisions		**5,870,239**	**3,434,171**	**4,166,660**	**3,434,171**
Other payables		4,622,442	2,979,927	3,041,892	2,979,927
Long-term debt	14	**4,622,442**	**2,979,927**	**3,041,892**	**2,979,927**
Trade payables		1,419,299	1,066,059	1,253,786	884,377
Payables to group enterprises		2,092,501	2,237,148	2,092,501	2,237,148
Corporation tax		2,157,118	278,969	0	0
Other payables	14	10,416,621	12,962,722	8,626,264	8,636,412
Deferred income	15	43,805,766	38,166,296	41,390,014	35,408,931
Short-term debt		**59,891,305**	**54,711,194**	**53,362,565**	**47,166,868**
Debt		**64,513,747**	**57,691,121**	**56,404,457**	**50,146,795**
Liabilities and equity		**104,878,994**	**86,450,395**	**95,066,125**	**78,906,069**

Contingent assets, liabilities and other financial obligations	18
Related parties	19
Subsequent events	20
Accounting Policies	21

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1,931,764	336,389	23,056,950	25,325,103
Exchange adjustments	0	-65,591	0	-65,591
Extraordinary dividend paid	0	0	-2,300,000	-2,300,000
Contribution from group	0	0	8,600,000	8,600,000
Net profit/loss for the year	0	0	2,935,496	2,935,496
Equity at 31 December	**1,931,764**	**270,798**	**32,292,446**	**34,495,008**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,931,764	1,357,780	19,137,893	2,897,666	0	25,325,103
Extraordinary dividend paid	0	0	0	-2,300,000	0	-2,300,000
Contribution from group	0	0	0	8,600,000	0	8,600,000
Exchange adjustments relating to foreign entities	0	-65,591	0	0	0	-65,591
Development costs for the year	0	0	7,090,857	-7,090,857	0	0
Depreciation, amortisation and impairment for the year	0	0	-4,761,731	4,761,731	0	0
Net profit/loss for the year	0	9,133,574	0	-6,848,078	650,000	2,935,496
Equity at 31 December	**1,931,764**	**10,425,763**	**21,467,019**	**20,462**	**650,000**	**34,495,008**

Cash flow statement 1 January - 31 December

		Group	
	Note	2022	2021
		DKK	DKK
Result of the year		2,935,496	8,843,829
Adjustments	16	9,817,965	4,835,248
Change in working capital	17	5,365,993	-1,679,963
Cash flow from operations before financial items		**18,119,454**	**11,999,114**
Financial income		2,383,926	1,605,780
Financial expenses		-195,534	-613,637
Cash flows from ordinary activities		**20,307,846**	**12,991,257**
Corporation tax paid		-630,231	-489,095
Cash flows from operating activities		**19,677,615**	**12,502,162**
Purchase of intangible assets		-28,208,933	-9,095,558
Purchase of property, plant and equipment		-1,045,663	-229,802
Fixed asset investments made etc		-41,746	-20,039
Cash flows from investing activities		**-29,296,342**	**-9,345,399**
Repayment of payables to group enterprises		-144,647	-1,524,001
Other equity entries		8,600,000	0
Dividend paid		-2,300,000	-3,000,000
Cash flows from financing activities		**6,155,353**	**-4,524,001**
Change in cash and cash equivalents		**-3,463,374**	**-1,367,238**
Cash and cash equivalents at 1 January		37,019,129	38,386,367
Cash and cash equivalents at 31 December		**33,555,755**	**37,019,129**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		33,555,755	37,019,129
Cash and cash equivalents at 31 December		**33,555,755**	**37,019,129**

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
1. Staff Expenses				
Wages and salaries	47,457,060	39,037,564	25,031,504	22,711,464
Pensions	3,026,908	2,846,219	1,758,872	1,765,571
Other social security expenses	1,103,556	290,011	299,282	290,011
Other staff expenses	212,237	155,969	0	0
	51,799,761	**42,329,763**	**27,089,658**	**24,767,046**
Including remuneration to the Executive Board and Board of Directors	**3,260,171**	**4,210,620**	**3,260,171**	**4,210,620**
Average number of employees	**63**	**57**	**38**	**40**

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	8,081,369	4,235,407	6,171,670	3,507,486
Depreciation of property, plant and equipment	247,712	374,900	236,609	288,114
	8,329,081	**4,610,307**	**6,408,279**	**3,795,600**

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK

3. Financial income

	Group 2022 DKK	Group 2021 DKK	Parent company 2022 DKK	Parent company 2021 DKK
Interest received from group enterprises	23,204	43,965	209,144	349,969
Other financial income	372,766	0	0	0
Exchange adjustments	1,987,956	1,561,815	1,987,956	1,561,815
	2,383,926	**1,605,780**	**2,197,100**	**1,911,784**

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK

4. Financial expenses

	Group 2022 DKK	Group 2021 DKK	Parent company 2022 DKK	Parent company 2021 DKK
Interest paid to group enterprises	0	0	0	25,188
Other financial expenses	195,534	613,638	160,232	190,867
	195,534	**613,638**	**160,232**	**216,055**

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK

5. Income tax expense

	Group 2022 DKK	Group 2021 DKK	Parent company 2022 DKK	Parent company 2021 DKK
Current tax for the year	2,426,368	245,507	0	0
Deferred tax for the year	732,489	1,457,963	732,489	1,324,018
Adjustment of tax concerning previous years	584,010	963,801	14,995	11,627
	3,742,867	**2,667,271**	**747,484**	**1,335,645**

Notes to the Financial Statements

6. Profit allocation

	Parent company 2022	Parent company 2021
	DKK	DKK
Extraordinary dividend paid	2,300,000	0
Proposed dividend for the year	650,000	0
Reserve for net revaluation under the equity method	9,133,574	1,127,775
Retained earnings	-9,148,078	7,716,054
	2,935,496	**8,843,829**

7. Intangible fixed assets

Group

	Completed development projects	Acquired licenses	Acquired other similar rights	Goodwill	Development projects in progress
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	16,030,470	2,200,537	0	11,043,093	15,987,529
Net effect from merger and acquisition	149,164	5,500	0	0	0
Additions for the year	0	7,201	8,356,254	10,599,552	9,090,842
Transfers for the year	19,373,588	0	0	0	-19,373,588
Cost at 31 December	35,553,222	2,213,238	8,356,254	21,642,645	5,704,783
Impairment losses and amortisation at 1 January	7,482,234	2,107,701	0	4,970,336	0
Net effect from merger and acquisition	149,164	5,500	0	0	0
Amortisation for the year	6,104,783	66,886	612,710	955,803	0
Impairment losses and amortisation at 31 December	13,736,181	2,180,087	612,710	5,926,139	0
Carrying amount at 31 December	**21,817,041**	**33,151**	**7,743,544**	**15,716,506**	**5,704,783**

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

Parent company

	Completed development projects	Acquired licenses	Develop-ment projects in progress
	DKK	DKK	DKK
Cost at 1 January	16,030,470	2,149,021	15,987,529
Additions for the year	0	7,201	9,090,842
Transfers for the year	19,373,588	0	-19,373,588
Cost at 31 December	35,404,058	2,156,222	5,704,783
Impairment losses and amortisation at 1 January	7,482,234	2,056,185	0
Amortisation for the year	6,104,783	66,886	0
Impairment losses and amortisation at 31 December	13,587,017	2,123,071	0
Carrying amount at 31 December	**21,817,041**	**33,151**	**5,704,783**

8. Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	6,144,201	300,794
Net effect from merger and acquisition	558,006	368,843
Additions for the year	84,683	34,131
Cost at 31 December	6,786,890	703,768
Impairment losses and depreciation at 1 January	5,784,084	223,107
Net effect from merger and acquisition	470,278	50,666
Depreciation for the year	201,722	34,887
Impairment losses and depreciation at 31 December	6,456,084	308,660
Carrying amount at 31 December	**330,806**	**395,108**

Notes to the Financial Statements

Parent company

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	4,870,093	300,794
Additions for the year	81,207	34,131
Cost at 31 December	4,951,300	334,925
Impairment losses and depreciation at 1 January	4,596,922	223,107
Depreciation for the year	201,722	34,887
Impairment losses and depreciation at 31 December	4,798,644	257,994
Carrying amount at 31 December	**152,656**	**76,931**

Notes to the Financial Statements

	Parent company	
	2022	2021
	DKK	DKK

9. Investments in subsidiaries

	2022	2021
Cost at 1 January	2,105	2,112
Additions for the year	17,448,698	0
Disposals for the year	0	-7
Cost at 31 December	17,450,803	2,105
Value adjustments at 1 January	1,357,780	256,657
Disposals for the year	0	-3,152,733
Exchange adjustment	-65,591	-26,652
Net profit/loss for the year	10,141,465	4,280,508
Amortisation of goodwill	-1,007,891	0
Value adjustments at 31 December	10,425,763	1,357,780
Carrying amount at 31 December	**27,876,566**	**1,359,885**
Positive differences arising on initial measurement of subsidiaries at net asset value	17,117,431	0
Remaining positive difference included in the above carrying amount at 31 December	16,109,539	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
TARGIT (US) Inc.	USA	2.105	100%	10,957,400	9,663,524
TARGIT BENELUX NV.	Belgium	557.950	100%	809,208	477,941

Notes to the Financial Statements

10. Other fixed asset investments

Group

	Other investments	Deposits
	DKK	DKK
Cost at 1 January	26,250	812,727
Additions for the year	0	33,110
Cost at 31 December	26,250	845,837
Carrying amount at 31 December	**26,250**	**845,837**

Parent company

	Other investments	Deposits
	DKK	DKK
Cost at 1 January	26,250	666,255
Additions for the year	0	15,999
Cost at 31 December	26,250	682,254
Carrying amount at 31 December	**26,250**	**682,254**

11. Prepayments

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

12. Securities

	Group		**Parent company**	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
Shares	750,000	750,000	750,000	750,000
	750,000	**750,000**	**750,000**	**750,000**

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.

Notes to the Financial Statements

13. Provision for deferred tax

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
Deferred tax liabilities at 1 January	2,108,416	650,454	3,434,171	2,110,154
Amounts recognised in the income statement for the year	2,847,983	1,457,962	732,489	1,324,017
Deferred tax liabilities at 31 December	**4,956,399**	**2,108,416**	**4,166,660**	**3,434,171**
Recognised in the balance sheet as follows:				
Assets	913,840	1,325,755	0	0
Provisions	5,870,239	3,434,171	4,166,660	3,434,171
	4,956,399	**2,108,416**	**4,166,660**	**3,434,171**

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	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	4,622,442	2,979,927	3,041,892	2,979,927
Long-term part	4,622,442	2,979,927	3,041,892	2,979,927
Other short-term payables	10,416,621	12,962,722	8,626,264	8,636,412
	15,039,063	**15,942,649**	**11,668,156**	**11,616,339**

15. Deferred income

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

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

Notes to the Financial Statements

16. Cash flow statement - Adjustments

	Group	
	2022	2021
	DKK	DKK
Financial income	-2,383,926	-1,605,780
Financial expenses	195,534	613,638
Depreciation, amortisation and impairment losses, including losses and gains on sales	8,329,081	4,610,307
Tax on profit/loss for the year	3,742,867	2,667,271
Exchange adjustments	-65,591	0
Other adjustments	0	-1,450,188
	9,817,965	**4,835,248**

17. Cash flow statement - Change in working capital

	Group	
	2022	2021
	DKK	DKK
Change in receivables	-1,660,365	-2,040,806
Change in trade payables, etc	5,089,124	360,843
Other adjustments	1,937,234	0
	5,365,993	**-1,679,963**

18. Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK

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.

Notes to the Financial Statements

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	3,473,118	3,538,791	1,684,237	1,886,758
Between 1 and 5 years	1,573,052	3,073,162	560,822	436,794
	5,046,170	**6,611,953**	**2,245,059**	**2,323,552**

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.

19. Related parties and disclosure of consolidated financial statements

	Basis
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 of the Parent Company:

Name	Place of registered office
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. Subsequent events

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

21. Accounting policies

The Annual Report of TARGIT A/S for 2022 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 Financial Statements and the Parent Company Financial Statements for 2022 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

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.

Notes to the Financial Statements

Income statement

Net sales

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 as well as office expenses, etc.

Gross profit

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.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

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 comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

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 Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Other intangible fixed assets

Patents and rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 5 years. Rights are amortised over the period of the agreements, which is 3-10 years.

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.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments 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.

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 listed bonds and 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.

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

Deferred tax assets, including the tax base of tax loss carry-forwards, 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 receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Loans 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.

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

Financial Highlights

Explanation of financial ratios

Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity