Annual Report

Annual Report for January 1st - December 31st 2018

Siteimprove A/S | Sankt Annæ Plads 28 | 1250 Copenhagen | Denmark

CVR No 25 53 70 17

The Annual Report was presented and adopted at the Annual General Meeting on May 7th 2019

Niels Lenander Jensen
Chairman

We believe in a world where digital drives prosperity and equality for brands and their customers

2018

in numbers

Revenue / USD 61.4 million	**36%** increase
Annual Recurring Revenue / USD 69.2 million	**28%*** increase
No. of customers / 7,420	**14%** increase
No. of average employees / 526	**22%** increase

*Growth at constant currency rates.

Table of Contents

Letter from the CEO

Dear reader,

I invite you to discover how we've grown over the last year in our 2018 Annual Report. Not only from a revenue perspective, but also in employee numbers, investments, customer base, and countries we operate in. We've also released several initiatives that better serve our customers, as we strive to provide better and more enterprise-ready software every year.

When I started this company 16 years ago, I didn't know at the time what an amazing journey this would be for both Siteimprove and myself. Since then, we've grown rapidly to more than 500 employees worldwide—all who help companies improve the quality of their websites with our software. I'm privileged to work with motivated and ambitious colleagues who relish challenging the status quo.

I believe one of the key reasons behind our success is that we never rest; we're always improving and looking for ways to better serve our community of customers. One way in which we continue to do so, is by cementing our efforts in web accessibility.

In 2018, we appointed a Head of Accessibility Relations for the first time, Stein Erik Skotkjerra. With over 15 years of experience within the accessibility world, coupled with his own experiences as a blind professional, Stein Erik is dedicated to ensuring Siteimprove remains a frontrunner in accessibility. In 2018, Siteimprove continued to play a large role in supporting and setting international web accessibility standards in collaboration with the World Wide Web Consortium (W3C). This included being part of various taskforces, as well as the continuation of Siteimprove's work with Horizon 2020: a project the European Commission selected Siteimprove for to develop the next generation of web accessibility testing tools.

Another way we served our customers in 2018 was by launching an advanced Search Engine Optimization (SEO) product module. This marked an important milestone in the ongoing development of the Siteimprove Intelligence Platform: the company's core software suite that is now used by more than 7,000 organizations around the world to optimize their digital presence.

There is endless opportunities for Siteimprove as we continue this journey towards providing more advanced and enterprise-focused products. I expect 2019 to be another year of innovation, as we add more products to our suite, and continue to cement our position as a trusted, leading enterprise software provider.

Finally, as always, thank you for your ongoing support.

Kind regards

Morten Ebbesen
Founder & CEO, Siteimprove

Group Chart

Name	Country	Ownership
Siteimprove A/S	Denmark, Copenhagen	Parent
Siteimprove AS	Norway, Oslo	100%
Siteimprove GmbH	Germany, Berlin	100%
Siteimprove GmbH	Switzerland, Zürich	100%
Siteimprove GmbH	Austria, Vienna	100%
Siteimprove i Sverige AB	Sweden, Malmo	100%
Siteimprove Inc.	USA, Minneapolis	100%
Siteimprove Inc.	Canada, Toronto	100%
Siteimprove K.K.	Japan, Tokyo	100%
Siteimprove Pte. Ltd.	Singapore	100%
Siteimprove Føroyar Sp/f	Faroe Islands, Tórshavn	100%
Siteimprove Ltd.	United Kingdom, London	100%
Siteimprove Ltd.	Ireland, Dublin	100%
Siteimprove Ltd.	Australia, Sydney	100%
Siteimprove B.V.	Netherlands, Amsterdam	100%
Siteimprove Oy	Finland, Helsinki	100%
Siteimprove S.L.U.	Spain, Madrid	100%
Siteimprove S.R.L.	Italy, Milan	100%
Siteimprove SAS	France, Paris	100%
Siteimprove SPRL	Belgium, Brussels	100%
Marketing Lion ApS	Denmark, Copenhagen	100%

Company Information

The Company

Siteimprove A/S
Sankt Annæ Plads 28
1250 Copenhagen, Denmark

Telephone: +45 33 36 93 50
E-mail: info@siteimprove.com

CVR No: 25 53 70 17
Financial period: January 1st – December 31st
Municipality of reg. office: Copenhagen

Executive Board

Morten Ersbøll Ebbesen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup, Denmark

Board of Directors

Niels Lenander Jensen, Chairman
Niels Ebbe Ebbesen
Michael Sølling
Anthony Clifford Clavel
Johannes Kornelis Jan Sikkens

Who We Are

We love what we do. Our latest global employee surveys revealed that our employees feel passionate about their work every single day.

We are a people-centric company driven by the desire to provide customers with the insights and tools they need to make their brand experience more inclusive and trustworthy, which ultimately makes the internet a better, more accessible place for all.

As the digital landscape becomes increasingly complex, it is more important than ever for organizations to provide a consistent, up-to-date, and authentic brand experience. Our cloud-based software platform and best-in-class customer support have helped more than 7,000 organizations worldwide transform the way they manage and optimize their digital brand.

Our Core Values

Passionate to Succeed

We are ambitious, driven by achievement, and are motivated by challenges. Together, we recognize and celebrate the success of both the company and the individual.

People-Centric

We foster an environment of mutual respect and trust where we learn and grow from our mistakes. We strive to be the best we can be and inspire each other to develop and succeed.

Customer-Focused

We are symbiotic with our customers. Their success is ours. We bring in individual perspectives, experiences, and professional knowledge to create value for all of them.

Embracing and Driving Change

We thrive on change and seize opportunities to be industry pioneers. We are agile and curious, always ready to take smart risks that help the business evolve.

Our Mission

Siteimprove's mission is to make a better web for all. Our team is dedicated to that mission while developing new and innovative ways to streamline the creation and management of a reliable, trustworthy digital brand. Our mission permeates everything we do: it is evident in the product solutions we build, the support we offer, and the professional services and education we provide.

Our Products

At Siteimprove, we challenge ourselves to think outside the box every day. We collaborate across departments and borders to innovate and improve our tools, and experiment with new processes to make our products and services even more valuable to our customers.

Our primary product is the Siteimprove Intelligence Platform, which helps brands effectively safeguard their reputation by providing a smooth, error-free, inclusive, and trustworthy experience for their users.
The dashboard features our unique Digital Certainty Index™, which allows organizations to streamline the content creation process to more effectively manage the quality, credibility, and impact of online content.

With our easy-to-use analytics features, teams can measure and track visitor behavior in order to make more informed decisions about sit structure and content strategy. Organizations can also define and report on relevant KPIs and use real-time data to visualize the efficacy of their digital presence.

In addition to our products themselves, we provide unparalleled, award-winning customer support. With tiered support plans that offer customers the right level of support when they need it, Siteimprove is a comprehensive way for organizations to manage their digital brand.

Our Customers

Our customer base of over 7,000 organizations come from a wide variety of industries, including higher education, finance, government, Fortune 500, healthcare, retail, and nonprofit.

14 international offices serve 29 markets across four continents and deliver unparalleled services in 12 languages.

The Siteimprove Intelligence Platform and our Professional Services are adaptable for medium to enterprise sized organizations, from educational institutions to large corporations such as Audi, Microsoft, and Oxford University Press.

Our Go-to-Market Strategy

We provide support to brands at every stage of their digital brand management. Through ongoing and innovative product development, we offer industry-leading solutions to a growing list of markets. With an office opening in Sweden and Singapore in 2018 and deeper market penetration in places like the US, the UK, Australia, Japan, and Northern Europe, our teams genuinely strive to find the right solutions and support the well-being of our customers around the world.

To gain more loyal customers, our go-to-market strategy focuses on four key areas:

Innovative Product Development

- Develop products that meet the demands of our global markets in website performance, accessibility, privacy and security, SEO, and brand reputation.
- Strive for superior value in everything we develop.
- Improve upon existing product features while driving change and innovation in other product areas.

Multi-Channel Efforts

- Nurture prospect and customer relationships in a growing number of markets to deliver the products they need through outbound and inside sales.
- Expand and nurture our international network of partners who utilize our platform to assist client bases on the path to digital certainty.
- Increase number of inbound customers by optimizing SEO and SEM channels.

Efficiency and Automation

- Maintain year-over-year growth by improving and automating various business processes.
- Create an automated customer onboarding experience and lifecycle.
- Expand our analytics customer base to ensure customers get the most out of the platform.

Talent Acquisition and Development

- Seek out and attract high-skilled employees that support, sell, and build upon Siteimprove’s existing product offerings and brand.
- Retain top talent across the company through clear career paths and the new LEAD Academy, a management leadership program.

Company Highlights 2018

January

- Launched Cascade 8 Integration as the first of 15 new platform integrations over the coming 12 months, ranging from CMS plugins, connectors, and browser extensions

February

- Unveiled Digital Certainty Index browser extension, so customers can monitor website performance while browsing

March

- Reached 500 employees globally

April

- Launched an advanced Search Engine Optimization module, demystifying SEO so every organization has the opportunity to be found by the right people

May

- Released the eighth corporate social responsibility (CSR) report
- GDPR comes into effect and Siteimprove's Data Privacy solution helps organizations to stay on top of personal website data

June

- Named a 2018 Top Workplace by the Star Tribune for Siteimprove Minneapolis

September

- Opened first office in Stockholm, Sweden and Singapore
- Hired first Director of Sales for Japan
- Named Stein-Erik Skotkjerra as Global Head of Accessibility Relations (previously Lead Accessibility Strategist), further strengthening our focus on empowering our employees, regardless of their abilities

October

- Signed Corporate Sponsorship Agreement with the European Disability Forum Sign
- Released Live Analytics

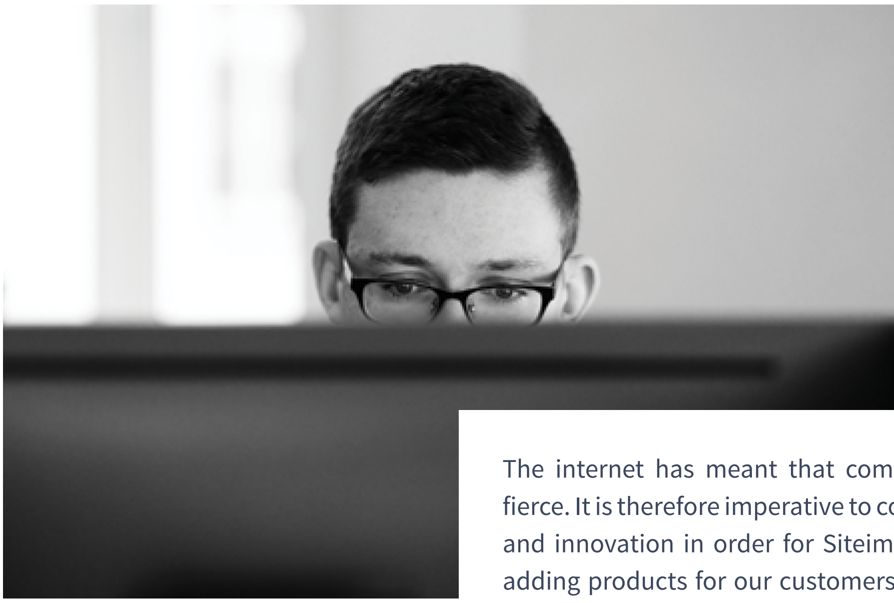
November

- Named market leader in three categories of the G2Crowd Fall 2018 Grid Report: Best Digital Analytics Software, Best SEO Software and Best Digital Governance Software.

December

- Turned off style sheets, images, and JavaScript across its websites in support of 'International Day of Persons with Disabilities' (IDPD)

Research & Development



The internet has meant that competition for consumer attention is fierce. It is therefore imperative to continue investing heavily in research and innovation in order for Siteimprove to provide useful and value-adding products for our customers, especially allow our customers to confidently maintain and grow a digital presence in the industries they operate in. Without our investment in Research and Development, our authoritative influence and position in the marketplace is at risk and could adversely affect revenue and operating results.

Developing a platform that ensures digital brand protection is subject to changing user needs, evolving digital behaviors, global internet usage, and new technologies that allow for increased accessibility. Achieving sustainable success in this space requires the ability to position ourselves as a thought leader—one that delivers innovative, relevant, and useful products, services, features, and technologies in a timely manner that our customers can easily and effectively use. As the landscape for technological development continues to progress, our customers must be able to ascertain that our products and solutions are unquestionably superior to our competitors' offerings.

The most significant solutions we launched in 2018 included:

Our new **advanced Search Engine Optimization** solution breaks one of the most demanding digital challenges down into a manageable task. By combining a comprehensive technical audit including on-page SEO recommendations with practical off-page insights, teams of all sizes and shapes can improve their search rankings and drive organic traffic. **Activity Plans** – which can be best described as a customer's personalized SEO ground control that collects all relevant insights in one place – is a unique concept within the market space.

With privacy regulations tightening worldwide, Siteimprove's **Data Privacy** solution helps organizations stay on top of personal website data. Thanks to new and upgraded features such as **Universal Search**, the **Cookie Tracker**, and a **Personal Data Inventory**, customers can easily locate and control personal data across all their sites and prove their compliance efforts.

Live Analytics, one of the latest additions to our Analytics product, provides customers with real-time insights into website traffic and visitor behavior. Siteimprove users can monitor how traffic fluctuates by the minute, identify patterns and trends as they emerge, and use Live Heat Maps to see how visitors interact with their site in real time.

With **15 new platform integrations**, we continue to work towards our mission to make our customers' lives easier and their workflows more efficient. No matter the setup or technology stack with our browser extensions, CMS plugins, and business intelligence connectors, customers can integrate Siteimprove insights seamlessly into their existing digital ecosystem.

CSR

How Siteimprove Works

Our Business Model

Key Resources

- Knowledge
- People
- Intellectual property
- Technology
- Financial capital

Product Workflow

Assess
Scan website and analyze, audit, and report data

Prioritize
Decide on the issues and opportunities you tackle first based on scoring system

Improve
Resolve issues and errors and align digital performance with strategic objectives

Track
Resolve issues and errors and align digital performance with strategic objectives

Collaborate
Resolve issues and errors and align digital performance with strategic objectives

Products

- Quality Assurance
- Accessibility
- Data Privacy
- Analytics
- SEO
- E-Learning Courses
- Manual Testing
- Support

Channels

- Sales force
- Partner sales

Customer Engagement

- Customer onboarding
- Ongoing training and education
- Customer Support – usage and technical
- Online Community
- Customer satisfaction and product technical

Value Proposition

With Siteimprove, you turn complex website challenges into manageable tasks.

Siteimprove transforms the way organizations manage and deliver their digital presence.

Social and environmental risk

Potential negative impact

13 CLIMATE ACTION

Goal 13: Climate impact

There's a risk of negative climate impact from Siteimprove's extensive processing of large amounts of data. We mitigate this risk by using a data center that is powered by renewable energy sources.

Social and environmental benefit

Focused positive impact

4 QUALITY EDUCATION

Goal 4: Quality education

Siteimprove provides inclusive and equitable quality education through our accessibility software and by educating our stakeholders about accessibility and inclusion.

10 REDUCED INEQUALITIES

Goal 10: Reduced inequalities

Siteimprove promotes and contributes to the social, economic, and political inclusion of everyone through our software solutions and public advocacy for accessibility and inclusion, and by sharing our knowledge and expertise.

17 PARTNERSHIPS FOR THE GOALS

Goal 17: Partnerships for the goals

Siteimprove encourages and participates in effective public, public-private, and civil society partnerships in order to put accessibility on the global agenda and extend our reach so that we can have a positive impact on even more people around the world.

Potential direct or indirect benefit

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainability and Corporate Social Responsibility

Since 2010 Siteimprove has remained a proud member of the United Nations Global Compact initiative, which sets standard and universally accepted principles within human rights, labor rights, environment, and anti-corruption. We continue to follow the requirements of the Global Compact and its 10 principles, which includes reporting our progress in our CSR report each year.

In 2018, we took our commitment to sustainability a step further as we started focusing on the Sustainable Development Goals (SDGs), the 17 global goals that are part of United Nations' ambitious 2030 agenda. The overall objective of the SDGs is to leave no one behind and ensure a better and more sustainable future for all. Siteimprove is a strong supporter of the SDGs, and we encourage others to take part and join us on the path toward a sustainable future.

We believe Siteimprove is uniquely positioned to contribute to the SDGs within digital human rights. Our primary focus is on three specific goals where we can make the biggest impact. The three goals also align with our core business and areas of expertise, and we view them as great shared value opportunities.

Siteimprove's SDGs	Goal 4: Quality Education	Goal 10: Reduced Inequalities	Goal 17: Partnerships for the Goals
Siteimprove's Focus	Ensuring inclusive and equitable quality education through our accessibility software and by educating our stakeholders about accessibility and inclusion.	Promoting and contributing to the social, economic, and political inclusion of everyone, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic, or other status through our software solutions and public advocacy for accessibility and inclusion, and by sharing our knowledge and expertise.	Encouraging and promoting effective public, public-private, and civil society partnerships in order to put accessibility on the global agenda and extend our reach so that we can have a positive impact on even more people around the world.
Siteimprove's Main Contribution	- The Siteimprove Academy has a long list of accessibility courses, both practical and theoretical. It was a major milestone on the way toward a more inclusive web when we made the accessibility courses free to access. - Siteimprove educates customers, partners, employees, and more through events, blog posts, social media campaigns, and webinars.	- Siteimprove's Accessibility product and the free Siteimprove Accessibility Checker for Google Chrome enable organizations to eliminate barriers on their websites. - Siteimprove creates awareness and provide education about accessibility and inclusion by sharing our resources and knowledge.	- Siteimprove focuses on public and private partnerships through which we can leverage our expertise and solutions within accessibility. - We formalized our partnership with the European Disability Forum (EDF) and partnered with them for an event at the Conference of State Parties (COSP) to the Convention on the Rights of Persons with Disabilities (CRPD) at the UN headquarters.
2018 Highlights	- Siteimprove currently supports approx. 700 educational institutions around the world with our software. - We added 16 posts about accessibility to our blog in 2018, bringing it to a total of 64 educational blog posts about the topic. - We now offer 20 courses on digital accessibility in the Siteimprove Academy. - 7,205 Siteimprove users and 189 Siteimprove employees completed one of our accessibility courses in the Siteimprove Academy.	- Our Google Chrome extension users increased by 80%. - 97% of our revenue comes from customers with our Accessibility product as part of their Siteimprove suite. - Our Stories from the Digital Divide campaign videos have more than 17,000 views on YouTube and Vimeo, and reached more than 21,000 people on social media.	- Siteimprove established a formal sponsorship agreement with the European Disability Forum (EDF) - Along with our partners we made great progress in the WAI-Tools project.

You will find more details about our work with the Sustainable Development Goals and our CSR policies, activities, and procedures in Siteimprove's latest CSR report on our website: https://siteimprove.com/en/company/csr/

Human Rights

Policies

Siteimprove follows principle 1 and 2 of the Global Compact regarding human rights:

1. The company should support and respect the protection of intentionally declared human rights
2. Ensure that the company does not contribute to the violation of human rights

Siteimprove's commitment to human rights is also stated in our Code of Conduct. The section "Contributing to the Global Community" contains two clauses, which all Siteimprove employees must respect and adhere to:

- We Oppose Exploitive, Inhumane Labor Practices
- We Are Committed to Universal Human Rights

Activities

Siteimprove's business model poses little risk to universal human rights. The area where we see a potential risk of violating human rights is in our choice of providers and suppliers. To mitigate this risk, Siteimprove seeks to work with business partners that promote and follow set standards within human rights, including offering equal rights, providing safe and healthy work conditions, respecting lawful freedoms, and paying a respectable wage. These standards are explained in detail in Siteimprove's Code of Conduct.

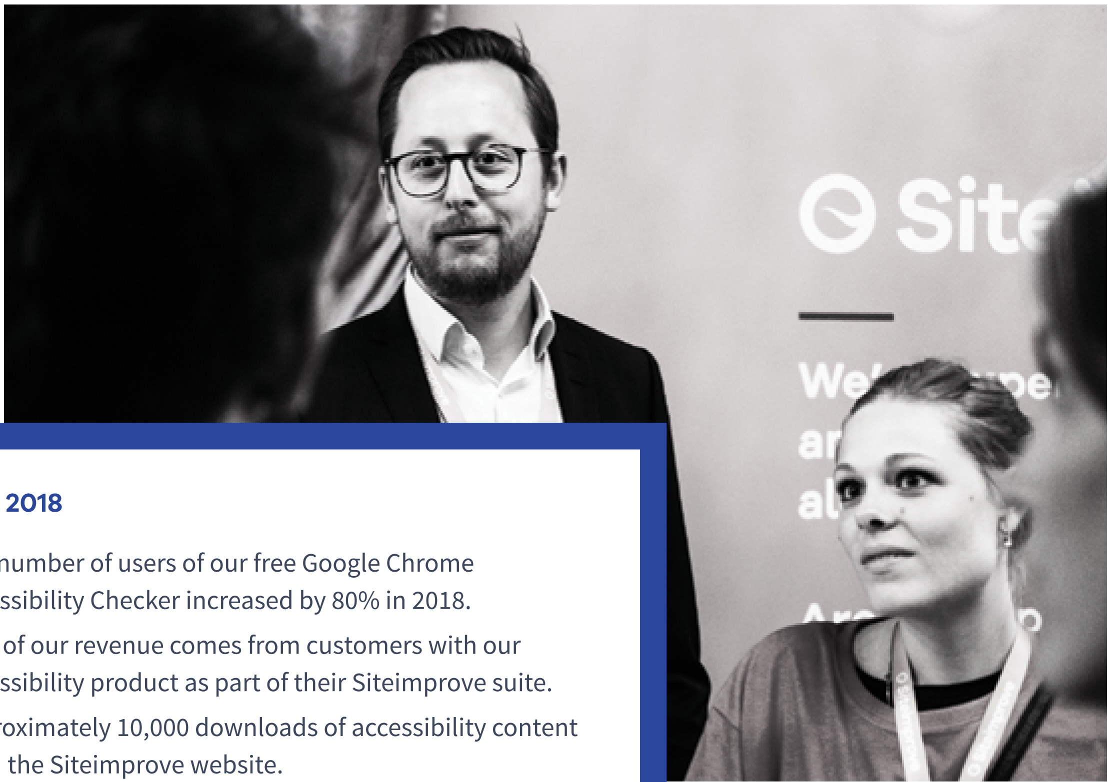
Siteimprove's contribution to human rights is focused on improving internet accessibility. Our goal is to enable everyone, regardless of disabilities and impairments, to access the internet on equal terms. We work toward this goal by increasing awareness for digital inclusion and educating other organizations about how they can become digitally accessible, while also providing the tools needed to achieve it.

In 2018, Siteimprove had a range of initiatives with the purpose of creating awareness about digital accessibility and inclusion. As part of our annual contribution to Global Accessibility Awareness Day (GAAD) we taught 20 Groves Academy students about the importance of web accessibility. Additionally, we produced a number of videos showcasing people with disabilities living out their passions and how technology can present barriers to them. These "Stories from the Digital Divide" were shared all over our social media and showed at our various accessibility events.

We also wrote a large number of content pieces and blog posts about digital accessibility, including an open letter to LinkedIn in which we asked them to implement more accessibility functionality, such as alt text for images. On International Day of Persons with Disabilities, we "broke" the internet by disabling all style sheets, images, and JavaScript across our websites. The purpose was to show everyone visiting our website how a website 'looks' to screen reader users.

Siteimprove also made big strides in educating both our users, partners, employees, and the general public about accessibility. We hosted a number of educational webinars and events around the world where hundreds of professionals learned how to work with accessibility in their daily jobs. In October, we took a big step when we made the Siteimprove Academy's Accessibility courses free to access, giving the public free, quality education about accessibility.

Finally, to influence the companies we partner with, we introduced a new step in our vendor management process. Now accessibility is a criteria in our selection process for software vendors. If a particular solution is not accessible, we will either disqualify the vendor or work with them to improve their accessibility.



Results in 2018

- The number of users of our free Google Chrome Accessibility Checker increased by 80% in 2018.
- 97% of our revenue comes from customers with our Accessibility product as part of their Siteimprove suite.
- Approximately 10,000 downloads of accessibility content from the Siteimprove website.
- Approximately 3,000 people read our accessibility blog posts, which now number 64 articles.
- Our Stories from the Digital Divide campaign videos received more than 17,000 views on YouTube and Vimeo and reached more than 21,000 people on social media.
- We offer 20 courses on digital accessibility in the Siteimprove Academy. In 2018, 7,205 customers and 189 Siteimprove employees completed one or more of our accessibility courses in the Siteimprove Academy.
- LinkedIn added alt text functionality for images, an accessibility feature, a few months after our Open Letter to LinkedIn was published.
- We continued to improve the Siteimprove accessibility software, delivering better tools and services to our customers.
- We continued to support GAAD, strengthen our accessibility partnerships, and organize events focusing on digital accessibility.

Social and Labor Rights

Policies

Siteimprove follows principles 3, 4, 5, and 6 of the Global Compact regarding labor rights:

3. Support the right to unionize and effectively recognize the right of collective bargaining
4. Support the eradication of all forms of forced labor
5. Support the effective eradication of all forms of child labor
6. Eradicate discrimination in respect to employment and occupation

Siteimprove's commitment to proper labor practices and being socially responsible is also described in the section "Working Together" of our Code of Conduct. The company and all employees are committed to the following clauses:

- Open and Honest Communication
- People Are Our Greatest Resource

As Siteimprove strives to create and maintain a safe, mutually respectful working environment, free of all forms of harassment, we have a zero-tolerance policy towards harassment. It is considered a collective problem and responsibility to intervene, should it take place. A safe and respectful working environment contributes to employee retention and is a precondition for productive and happy employees.

Siteimprove is an Equal Opportunity Employer. We preach inclusion externally in our efforts to make the web better for all, and we find it only natural not to discriminate in our hiring process or in the way we treat employees. We are very focused on fostering a workplace culture where everyone is included and treated fairly and equally, and we take pride in being a workplace for people of all abilities. We encourage minorities, women, disabled, and veterans to apply for our jobs worldwide.

Activities

At Siteimprove, our employees are our greatest resource. Without them, there would be no innovative top-of-the-line software, no happy customers, no Siteimprove. That means one of the biggest risks for Siteimprove is dissatisfied employees and not doing our due diligence in regards to employee health, safety, and well-being.

This risk is mitigated through a variety of activities and procedures that are in line with the policies stated above. Specifically, to monitor the well-being and satisfaction of employees, Siteimprove runs annual employee satisfaction surveys, an initiative that is evolving to include more regular surveys in 2019. The results are shared with the Executive Management Team, and each manager receives the results for their team, while the global results are shared with the whole organization.

To ensure that we maintain a safe and healthy work environment for all employees, Siteimprove has a work environment organization in place, which consists of employee representatives elected by their colleagues. In 2018, the organization arranged, among other things, first aid courses for employees.

While our employees are our greatest asset, they are also great inclusion ambassadors. At Siteimprove, we have a lot of passionate people who want to engage with the community and promote inclusion. To facilitate employee involvement, we have several formalized processes and initiatives for employees, including our volunteering programs: Act to Include and Give Back Days, which each grant employees one working day that they can spend on volunteering.

It goes without saying that Siteimprove does not use child or any form of forced labor. In the 15 countries in which we have employees, we adhere to all local labor laws.

While we continue to make sure to prevent discrimination in our hiring and internal processes, we also actively promote inclusion and the right to be yourself in the workplace. We ran or supported a number of diversity initiatives in 2018, including our celebration of LGBTQ Pride and Global Accessibility Awareness Day, along with events where we teamed up with HackYourFuture, a coding school for refugees, and Women in Tech. Furthermore, we didn't think twice about extending our partnership with Women in Tech into 2019 to work together on getting more women to pursue a career in tech and IT.

If employees see any violations of our Code of Conduct, including harassment, discrimination, or unsafe or unhealthy working conditions, they must reach out to their manager, Human Resources, the Legal Department, or higher levels of management.

Results in 2018

- For the fourth consecutive year, Siteimprove was named one of Minnesota's best workplaces by *Star Tribune*.
- Through the global Great Place to Work® survey, our employees express that the following statements characterize Siteimprove as a workplace:
  - This is a physically safe place to work.
  - People here are treated fairly regardless of their race/disability/sex/age/sexual orientation.
  - When you join the organization, you are made to feel welcome.
  - I am able to take time off from work when I think it's necessary.
  - I'm proud to tell others I work here.
- Siteimprove employees donated more than 400 hours to charitable causes through Give Back Days.

Environment

Policies

Siteimprove follows principle 7, 8, and 9 of the Global Compact in regards to the environment:

7. The company should support a precautionary approach to environmental challenges.
8. Take initiatives to promote increased environmental responsibilities.
9. Encourage the development and dispersion of environmentally friendly technologies.

In addition to the Global Compact Siteimprove has established an Environmental Policy that applies to all Siteimprove offices and defines the overall environmental work within the company. The policy contains three overall tenets:

- We exercise caution in relation to environmental challenges.
- We take steps to promote environmental responsibility.
- We support the development and growth of environmentally friendly initiatives.

Activities

The biggest risk that Siteimprove's business model poses to the environment is the negative climate impact that our energy usage can cause. As we process large amounts of data for our customers, we rely on data centers, which consume a lot of energy. Siteimprove has high demands for our data centers, specifically related to security and environmental impact. We have chosen to use Interxion, a data center that has received multiple environmental awards and supports energy from sustainable sources. We are proud to report that 100% of the power consumed by Interxion's data center in Denmark, which is the one Siteimprove uses, comes from sustainable sources.
While Interxion is our main data center, Siteimprove also relies on Amazon Web Services (AWS) to process data in the United States. AWS is committed to using

100% renewable energy in the future. In January 2018, they reported that 50% of their energy consumption came from renewable sources.

We have also done our due diligence in terms of our hardware provider. We receive all our hardware equipment globally from Atea, who holds an ISO 14001 certification and screen their manufacturing suppliers by using specific environmental criteria.

Finally, we work toward minimizing the amount of waste in our offices. In 2018, we upped our recycling efforts significantly when we introduced individual recycling containers in our Minneapolis office and eliminated single-serving packaging in the canteen in our Copenhagen office, where we also saw a big reduction in the use of non-recyclable plastic containers.

Results in 2018

- The power of our main data center, Interxion, came from 100% sustainable sources, which is a 10% improvement compared to past years.
- We were able to increase our recycling by 330% in the US in 2018 after introducing individual recycling containers.

Anti-corruption

Policies

Siteimprove follows principle 10 of the Global Compact in regards to anti-corruption:

10. Businesses should work against all forms of corruption, including extortion and bribery

Siteimprove's Code of Conduct includes a section called "Building Business Relationships" that states: "Honest dealing with customers and suppliers is essential to Siteimprove's relationships. Giving or receiving any kickbacks, bribes, or similar payments of any sort is prohibited." The company and all employees are committed to the following clause:

- We do not give or accept inappropriate gifts

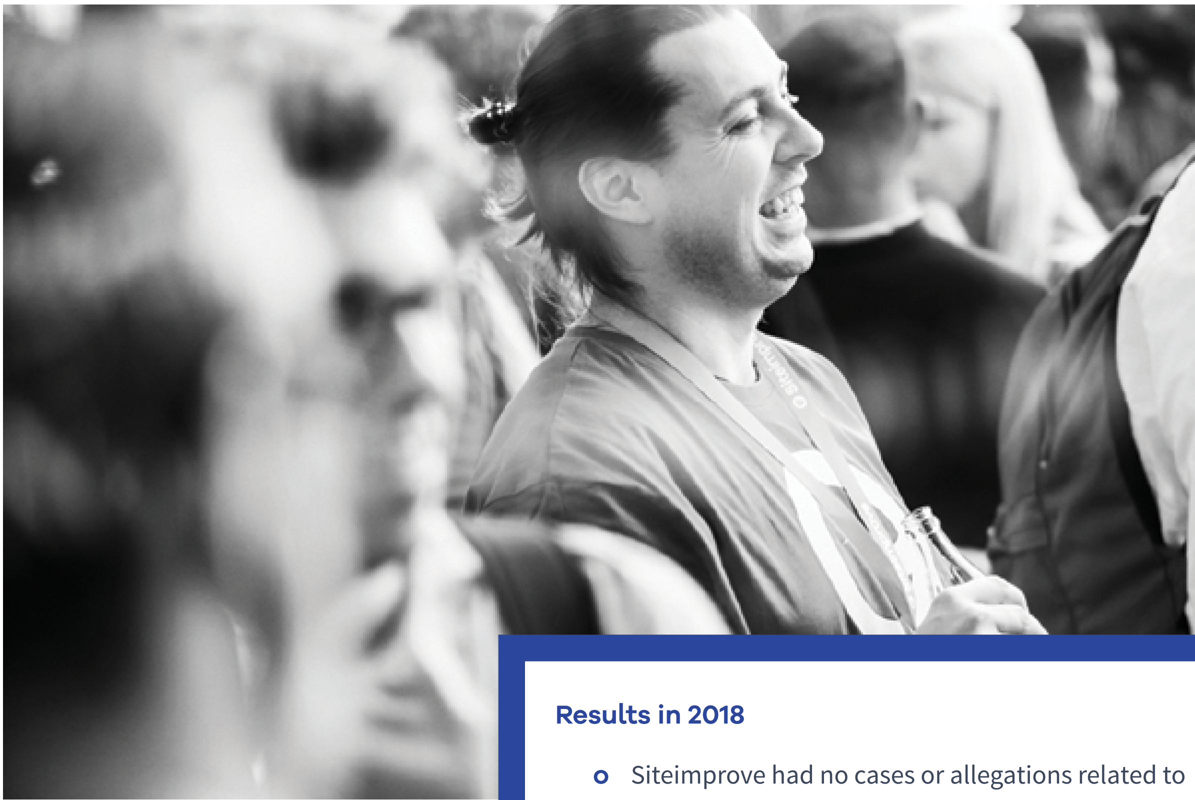
Employees must contact the Legal Department or Human Resources if they witness any breaches suspect violations of the company-wide Code of Conduct.

Activities

While Siteimprove operates in a low-risk market and solely in countries perceived as "less corrupt" by Transparency International's Corruption Perceptions Index, we are doing our due diligence to prevent any form of bribery with our Code of Conduct.

The Code of Conduct informs employees that they cannot keep gifts from customers, providers, vendors, or partners, and they are not allowed to offer anything of value to government employees without explicit approval from the Legal Department. The consequence of violating the Code of Conduct can be a warning or termination.

Siteimprove always advises vendors of the requirement to adhere to the Code of Conduct when working with us. If vendors fail to comply, they face the possibility of losing our business. Siteimprove also respects and adheres to customer and supplier policies to the extent that they do not contradict our own policies.



Results in 2018

- Siteimprove had no cases or allegations related to bribery or corruption in 2018.

Accessibility Focus

Siteimprove's global CSR strategy and vision is to positively contribute to digital accessibility, with a specific emphasis on making the web better for individuals of all abilities and disabilities.

In 2015, the United Nations agreed to 17 global Sustainable Development Goals (SDGs) to be achieved by 2030. We believe Siteimprove is uniquely positioned to contribute to three SDGs where we can make the biggest impact, as they align with our core business and expertise: quality education, reducing inequalities, and partnerships.

Below is an overview of key CSR activities undertaken by Siteimprove.

Siteimprove Promotes from Within, Names Global Head of Accessibility Relations

In September 2018, Siteimprove announced the promotion of Stein-Erik Skotkjerra, previously Lead Accessibility Strategist, to Global Head of Accessibility Relations. This promotion further strengthened Siteimprove's strategic focus to champion global inclusion by empowering people to do more, regardless of their abilities.

Siteimprove Breaks the Internet for a Good Cause

On December 3rd 2018, Siteimprove, in support of 'International Day of Persons with Disabilities' (IDPD), turned off style sheets, images, and JavaScript across its websites. The purpose was to give website visitors and customers a powerful, effective view of how a website 'looks' to screen reader users. A screen reader is a form of assistive technology that conveys what is on a screen through software applications. The software application renders the page content via non-visual means, such as text-to-speech, sound icons, or Braille devices.

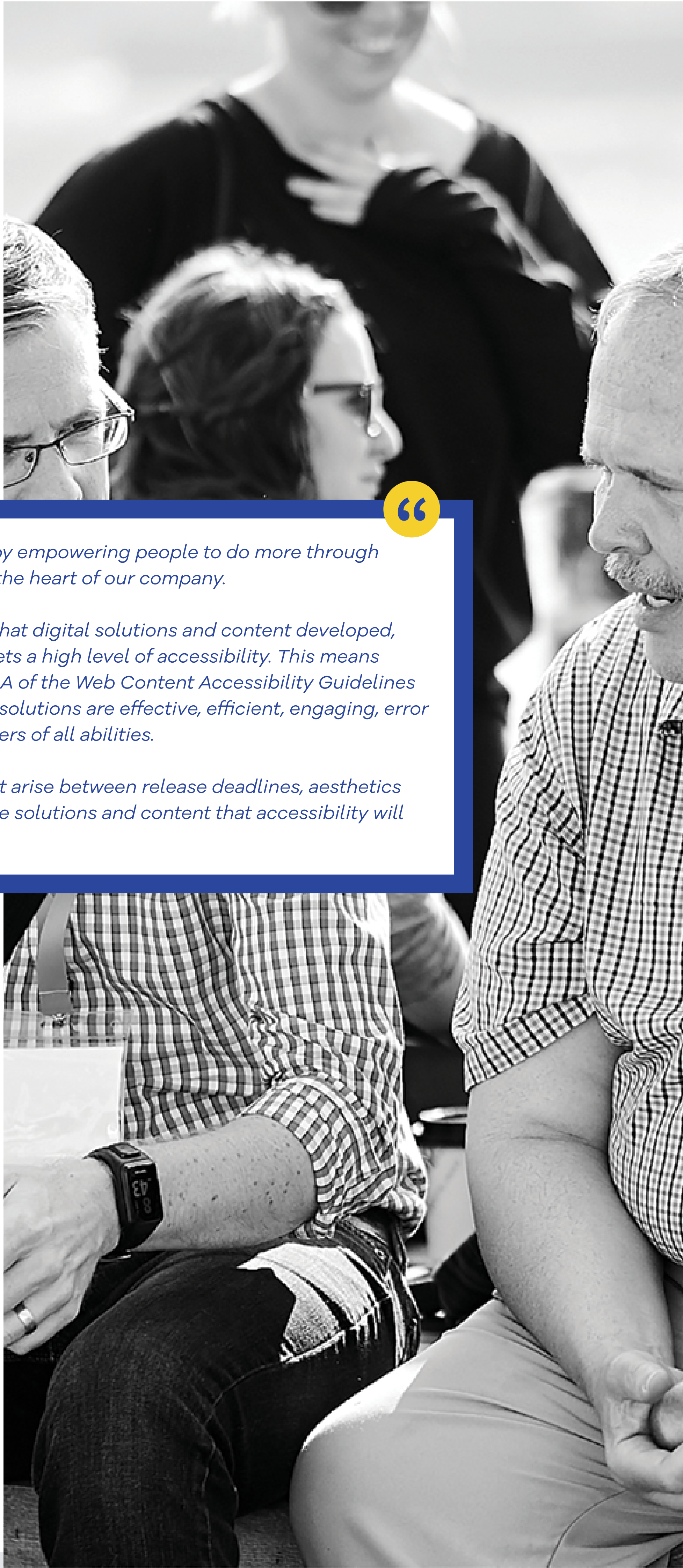
Siteimprove and European Disability Forum Co-Release Report about Web Accessibility of EU Parliament websites

In February 2019, the European Disability Forum (EDF) and Siteimprove released a new report 'Democracy, Accessibility and the European Union' that assessed the accessibility of EU parliament websites using Siteimprove's Digital Certainty Index® (DCI).

Of the 28 countries assessed, 25 scored poorly, with only Denmark and the Netherlands found to be providing a good accessibility experience. The official European Parliament website was also reviewed, and with a DCI score of just 55.8, is the most inaccessible of all. The report found 89% of EU member states fail to meet Web Accessibility Directive requirements.

Siteimprove Presents Global Accessibility Pledge

In March 2019 Siteimprove presented all employees world-wide with the company's new accessibility pledge which is intended to guide employees and reenforce for everyone how important accessibility is to the company.



> *We champion global inclusion by empowering people to do more through digital accessibility, which is at the heart of our company.*
>
> *We are committed to ensuring that digital solutions and content developed, or acquired, by Siteimprove meets a high level of accessibility. This means either conformance with level AA of the Web Content Accessibility Guidelines (WCAG) 2.1 or ensuring that the solutions are effective, efficient, engaging, error tolerant and easy to learn for users of all abilities.*
>
> *We pledge that should a conflict arise between release deadlines, aesthetics and the production of accessible solutions and content that accessibility will remain a priority.*

Empowering Employees Through Internal Accessibility Training

In March 2019, Siteimprove unveiled its new Accessibility Pledge which outlines how accessibility is a guiding principle for the company and employees. As part of this the decision was made to roll out mandatory accessibility courses for all existing and new employees.

All employees are now required to complete Siteimprove's 'Web Accessibility Fundamentals' course. The course was designed by our in-house accessibility experts and provides a great foundation for employees to build their accessibility knowledge upon.

Incorporating Accessibility into the Vendor Management Request Process

Siteimprove uses many different software solutions within our day to day work. As a provider and champion of accessibility solutions, it is therefore essential that we focus on procuring accessible solutions from third party vendors. To do this, Siteimprove decided to incorporate accessibility requirements into the vendor management request process that now sits alongside the security and legal requirements.

Partnership with the European Disability Forum

Siteimprove has signed a corporate sponsorship agreement with the European Disability Forum (EDF), an independent NGO that defends the interests of 80 million Europeans with disabilities. Siteimprove and the EDF jointly decided to formalize and strengthen their efforts by signing the commitment statement. This corporate sponsorship agreement is the first of this nature for the EDF.

Siteimprove to launch Accessibility World Map Website

Siteimprove is currently working on an exciting new accessibility project that will revolutionize the accessibility monitoring landscape. The project will go live on May 14, 2019.

The project benchmarks how accessible the websites of different countries around the world are utilizing Siteimprove's Digital Certainty Index™ score which is based on a 1 to 100 scale, with 1 being the worst and 100 being the best. Users will have the ability to drill down for each country and view the average web accessibility scores for different key industries and sectors such as banking, finance, and education.

This nonprofit project supports Siteimprove's commitment to the overarching Sustainable Development Goal theme of 'Leaving No One Behind'.

Diversity

As stated in our Code of Conduct, we are committed to universal human rights. That entails offering equal opportunities for all employees and candidates regardless of sex, age, race, color, national origin, religion, disability, marital status, veteran status, gender identity, sexual or political orientation, or any other characteristic protected by law in any of the terms or conditions of employment. It is Siteimprove policy not to discriminate, as we believe all employees must be chosen for their qualifications, knowledge, and experience.

Siteimprove employs more than 40 different nationalities across our global locations, and the company benefits hugely from the variety of backgrounds, experiences, and knowledge that our employees bring to the table. Similarly, Siteimprove benefits from the unique expertise within accessibility and inclusion that a number of our employees with a visual impairment provide, and we take great pride in being an inclusive workplace.

Gender Diversity

Operating in the generally male-dominated IT industry, Siteimprove is committed to working toward increasing the share of the underrepresented gender, women, in all levels of the company. This goal is stated in our Diversity Policy, which is a company policy that applies to all employees, functions, and units of Siteimprove. The purpose of the Diversity Policy is to promote equality and inclusion for our employees in order to ensure that Siteimprove offers equal opportunities and that no one will be discriminated.

Goals

Specifically, we have a goal of adding one woman to the Board of Directors by 2021 and we recently set ourselves the goal of adding an additional women to the Executive Management Team by the year 2021 and to have an overall gender-split of at least 40-60 (female-male) in other management levels by 2022.

At the end of 2018 the gender split of the total workforce of Siteimprove was 37-63 (female-male), which is above the industry average for Danish IT companies (according to IT-Branchen, the average split in Danish IT companies is 24-76) and above major tech companies in the US such as Facebook, Google, and Microsoft (source: 2017 company reports). Promotions within Siteimprove align with the overall gender split as we saw the same

division among employees who received a promotion in 2018, 37-63 (female-male) specifically.

On the Executive Management Team, 1 of 9 members are female. For the remaining management levels, the gender split is 31-69 (female-male). Currently, we have no women on the Board of Directors because we have not found the ideal candidate. As the numbers indicate, we are some way off of reaching our goals but we are confident that we can achieve them within the given time period.

Developments in 2018 and future plans

As we underwent an organizational restructuring in 2018 adding more management positions, particularly in Product Development, we saw a slightly higher percentage of male managers compared to last year. However, with our newly established Diversity Policy, the goals included in the policy, and the fact that we will run a dedicated diversity project in 2019, we expect to increase the number of women on all organizational levels in Siteimprove in the years to come.
Siteimprove continues to support Women in Tech, a community that aims to inspire more women to pursue a career in tech. While we are well aware of the benefits diversity brings, we realize that Siteimprove and other players in the IT and industry must do better when it comes to attracting female candidates. We see our partnership with Women in Tech, which we initiated in 2017, as a key initiative to make that happen as they organize diversity-focused events, run a mentor program, and generally create awareness of the opportunities that tech can offer women. Together we aim to show that IT is a great place to work for everyone and eventually get more women to pursue a career in the industry, ideally with Siteimprove.

Risk Management

Siteimprove understands the importance of continuously protecting business assets— not only our own, but also those that our customers entrust to us. As a result, Siteimprove constantly assesses and mitigates risks that can threaten those business assets.

Effective risk management requires strong and sustained commitment by management, as well as a commitment to manage risk at all levels of the organization. Siteimprove has established a Risk Governance Committee comprised of the relevant key stakeholders in senior management to provide oversight of internal risk management procedures.

The Siteimprove risk management framework is reviewed and updated on an annual basis to maintain effectiveness and appropriateness within the organization. The process is iterative, so risk can be identified, managed, resolved, and reported according to Siteimprove's risk tolerance. The process is formally conducted on a bi-annual basis; however, risk management is an ongoing process that involves all business activities at all levels of the organization.

While Siteimprove is proud of its risk identification and mitigation efforts in 2018, we will remain vigilant and expand our efforts throughout 2019.

Highlights of 2018 include:

Strengthened Information Security

Siteimprove's Information Security team continued to expand the scope of internal security audits. In 2018, we ran company-wide risk assessments where we assessed risk across multiple offices, business critical processes, and applications. We introduced new internal processes and initiatives throughout 2018 to improve proactive risk identification through daily inspections of security alerts and weekly retrospective meetings.

To strengthen the involvement of our product development department and senior management in Siteimprove's information security efforts, our VP of Engineering was included in all risk and security related reporting concerning our software development processes and IT infrastructure.

Increased Protection and Privacy When Processing Personal Data

Throughout 2018, we increased our compliance efforts by expanding our headcount on the GDPR compliance team, as well as strengthening our policies and procedures for processing personal data and personal data training for employees. To document our high level of data privacy compliance, we successfully completed our first ISAE3000 audit by PwC in November 2018. These efforts serve to protect customer data and business assets from loss and mitigate the risk of penalties.

Bolstered Internal Financial and Legal Controls

In 2018, Siteimprove expanded the scope of our formal Delegation of Authority (DoA) which creates authority for different roles within Siteimprove that have the power to creating binding sales contracts, vendor purchases, and other expenditures. We also strengthened our third-party vendor management process by requiring more internal due diligence.

Business Continuity Assessment

Senior management and other key personnel were tested in Siteimprove's business continuity plan in 2018. This ensures that we strengthen the company's resilience and ability to carry out daily business operations despite potential negative effects from external events.

Financial Review

Transition to IFRS

Starting in 2018, Siteimprove will present its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU and additional requirements in the Danish Financial Statements Act. Reference is made to note 6.1 in the Consolidated Financial Statements. Furthermore, Siteimprove has changed the presentation currency from DKK to USD. Comparative figures have been restated accordingly.

Income Statement

Siteimprove's double-digit revenue growth continued in 2018, while improving our EBITDA margin despite our ambitious growth initiatives.

Revenue in 2018 totaled USD 61.4 million compared to USD 45.1 million in 2017, marking an increase of 36.1%. Revenue increased at least 30% across all reported markets, with North America as the most noteworthy driver of growth.

Revenue growth came from multiple sources, both in terms of adding new customers, but also supplementary sales to existing customers and working closely with partners. Following a continuous and extensive investment in research & development activities, resulting in additional products and features to the Siteimprove Intelligence Platform, meant a more than 12% increase in the average customer contract value measured year over year.

Gross profit totaled USD 51.5 million compared to USD 37.9 million in 2017, an increase of USD 13.6 million. Gross margin of 83.9% in 2018 remained stable compared to 2017 following further efficiency initiatives in the support functions.

EBITDA totaled negative USD 4.2 million corresponding to an EBITDA margin of negative 6.9% in 2018 compared to an EBITDA of negative USD 4.8 million corresponding to an EBITDA margin of negative 10.7% in 2017.

The positive impact on EBITDA margin was mainly due to increasing revenue and scale benefits impacting research & development costs, as well as general and administrative costs; however, partly offset by higher growth in sales & marketing costs following growth investments globally. Further growth investments also came from increased headcount, which increased from 433 in 2017 to 526 in 2018, with the most significant increase in the research & development department.

In order to further expand the reach and market penetration of Siteimprove's Intelligence Platform into APAC, two new offices in Singapore and Sweden were established during 2018. Siteimprove's global network now spans 21 companies across 20 countries with 15 local offices, including development, sales, and support functions.

Net financial items in 2018 equals a cost of USD 1.1 million, compared to an income of USD 0.5 million in 2017. This was primarily due to interest costs from borrowings and currency losses due to local currency fluctuations.

Net profit/loss equals a loss of USD 11.8 million in 2018 compared to a loss of USD 7.1 million in 2017. Expectations for 2018, as stated in the 2017 annual report, was a net profit in line with 2017. Due to the above circumstances, results came in as described.

Balance sheet

The **balance sheet** totaled USD 42.5 million as of December 31st 2018 compared to USD 35.6 million as of December 31st 2017. The increase of USD 6.9 million was primarily due to continued capitalization of development costs and an increase in contract assets and trade receivables following increase in revenue.

Total equity as of December 31st 2018 totaled negative USD 17.1 million, compared to negative USD 6.3 million as of December 31st 2017 as a result of the loss of the year offset by positive impact from currency fluctuations from other comprehensive income.

Net interest-bearing debt was negative USD 5.8 million as of December 31st 2018 compared to USD 4.3 million as of December 31st 2017. The interest-bearing debt increased mainly due to further investments in growth initiatives in research & development as well as sales where total average employees increased 23%.

USD million	2018	2017	2016
Cash and cash equivalents	3.3	4.3	7.4
Interest-bearing borrowings	-9.1	0.0	0.0
NIBD (Net Interest Bearing Debt)	**-5.8**	**4.3**	**7.4**

Cash Flow

Cash flow from operating activities in 2018 was USD 1.9 million compared to USD 5.6 million in 2017. The decrease was mainly impacted by the year's loss and lower impact from working capital but offset by an increased impact from non-cash items.

Cash flow from investing activities totaled USD 12.0 million in 2018 compared to USD 8.8 million in 2017. The increase was mainly due to increased investments in property, plant and equipment relating to IT hardware. Furthermore, capitalization of development projects increased in 2018 as a result of further development of the Siteimprove Intelligence Platform. Contract assets increased following added subscriptions for new customers and supplementary sales to existing customers.

Cash flow from financing activities in 2018 was USD 9.1 million compared to USD 0.0 million in 2017, as a result of increased borrowings.

As a combination of the above, **net cash flow for the year** 2018 was negative USD 1.0 million compared to negative USD 3.1 million in 2017.

Capital Resources

Based on the strength of the cashflow from operating activities which demonstrates a solid underlying foundation of the business combined with growth plans for the coming year, it is considered that the capital resources are sufficient to achieve the ambitious targets.

Outlook for 2019

In 2019 Siteimprove expects to see a continued growth in total customers following an increased demand for Siteimprove's Intelligence Platform. Siteimprove will maintain its position as the world leader in helping organizations improve their digital presence through continuous innovative solutions. The net profit/loss for 2019 is expected to be in line with 2018 as a consequence of continued market and product expansion combined with an increased focus to strive for scalable solutions.

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Siteimprove A/S for the financial year January 1st – December 31st 2018. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act. The Financial Statements of the Parent Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements of the Parent Company give a true and fair view of the financial position at December 31st 2018 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year January 1st – December 31st 2018.

In our opinion, Management's Report includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Copenhagen, May 7th 2019

Executive Board

Morten Ebbesen

Board of Directors

Niels Lenander Jensen
Chairman

Niels Ebbe Ebbesen

Mickael Solling

Anthony Clifford Clavel

Johannes Kornelis Jan sikkens

Independent Auditor's Report

To the Shareholders of Siteimprove A/S.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position on December 31st 2018 and of the results of the Group's operations and cash flows for the financial year January 1st to December 31st 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position on December 31st 2018 and of the results of the Parent Company's operations for the financial year January 1st to December 31st 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Siteimprove A/S for the financial year January 1st – December 31st 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 Statement 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 that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the

Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 judgment and maintain professional skepticism 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.

Copenhagen, May 7th 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen State Authorised Public Accountant mne16675	Simon Vinberg Andersen State Authorised Public Accountant mne35458

Consolidated Financial Statements

FIVE-YEAR SUMMARY

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

USD '000	2018	2017	2016	2015	2014
Income statement					
Revenue	61,377	45,103	29,705	19,896	13,341
Gross profit	51,499	37,945	24,353	15,960	11,113
EBITDA*	(4,247)	(4,845)	(5,057)	(2,898)	(89)
EBIT	(10,496)	(9,583)	(7,635)	(4,128)	(599)
Net financial items	(1,075)	477	(154)	(75)	(149)
Income taxes	(209)	2,047	1,260	858	(59)
Net profit/(loss)	(11,780)	(7,059)	(6,529)	(3,345)	(807)
Balance sheet					
Total assets	42,509	35,647	28,764	24,823	6,839
Equity	(17,100)	(6,314)	764	7,056	(5,182)
Investment in property, plant and equipment	(1,237)	(270)	(1,128)	(637)	(337)
Cash flow statement					
Cash flow from operating activities	1,925	5,636	1,615	2,004	1,536
Cash flow from investing activities	(12,038)	(8,751)	(7,017)	(5,740)	(430)
Cash flow from financing activities	9,086	-	38	15,815	(1,112)
Change in cash and cash equivalents for the year	(1,027)	(3,115)	(5,364)	12,080	(6)
Key ratios					
Annual recurring revenue	69,150	54,967	36,848	25,236	16,622
Average revenue per customer	9.3	8.5	7.4	7.1	6.9
Revenue growth	36.1%	51.8%	49.3%	49.1%	41.5%
Gross margin	83.9%	84.1%	82.0%	80.2%	83.3%
EBITDA margin	(6.9%)	(10.7%)	(17.0%)	(14.6%)	(0.7%)

* EBITDA is calculated as EBIT cf. Income Statement adjusted for depreciations, amortizations and impairment cf. Note 2.5.

Except for 'Annual recurring revenue' and 'Average revenue per customer' the Key Ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis. For definitions refer to Accounting Policies.

INCOME STATEMENT JANUARY 1ST - DECEMBER 31ST

USD '000	Note	2018	2017
Revenue	2.1	61,377	45,103
Cost of revenue	2.2 / 2.3 / 2.5	(9,879)	(7,158)
Gross profit		**51,499**	**37,945**
Sales & marketing costs	2.2 / 2.3 / 2.5	(37,864)	(26,474)
Research & development costs	2.2 / 2.3 / 2.5	(14,405)	(13,293)
General & admin costs	2.2 / 2.3 / 2.5	(9,726)	(7,940)
Other income		-	178
EBIT		**(10,496)**	**(9,583)**
Financial income	4.4	1,157	1,539
Financial costs	4.4	(2,232)	(1,062)
Net profit/(loss) before tax		**(11,571)**	**(9,106)**
Income taxes	2.6	(209)	2,047
Net profit/(loss)		**(11,780)**	**(7,059)**

OTHER COMPREHENSIVE INCOME JANUARY 1ST - DECEMBER 31ST

Net profit/(loss)	**(11,780)**	**(7,059)**
Items that will be reclassified to profit & loss		
Exchange differences on translation of foreign operations	642	(274)
Other comprehensive income for the period, net of tax	**642**	**(274)**
Total comprehensive income for the period	**(11,138)**	**(7,333)**

Net profit/loss and total comprehensive income for the period is fully attributable to the owners of the Parent company Siteimprove A/S.

BALANCE SHEET DECEMBER 31st

Assets

USD ‘000	Note	2018	2017	2016
Development projects		3,655	2,383	1,723
Development projects in progress		1,061	244	133
Goodwill		-	-	-
Total intangible assets	3.1	**4,716**	**2,627**	**1,856**
Leasehold improvements		634	463	421
Other fixtures, furniture and fittings		1,282	1,256	955
Total property, plant and equipment	3.2	**1,917**	**1,719**	**1,376**
Contract assets	3.3	14,050	10,975	7,193
Deferred tax assets	2.6	3,936	4,268	2,278
Other financial fixed assets	4.3	1,417	1,673	1,158
Total other non-current assets		**19,403**	**16,916**	**10,629**
Total non-current assets		**26,035**	**21,262**	**13,860**
Trade receivables	3.4 / 4.2	10,662	8,171	5,906
Other receivables	4.2	18	55	71
Income tax receivables	2.6	713	859	785
Prepayments	3.5	1,820	1,013	740
Cash and cash equivalents	4.2	3,260	4,287	7,402
Total current assets		**16,474**	**14,385**	**14,904**
Total assets		**42,509**	**35,647**	**28,764**

BALANCE SHEET DECEMBER 31st

Equity and liabilities

USD '000	Note	2018	2017	2016
Share capital	4.5	93	93	93
Reserve for currency translation		817	175	449
Retained earnings		(18,009)	(6,581)	222
Total equity		**(17,100)**	**(6,314)**	**764**
Deferred tax liabilities	2.6	1,589	1,122	1,131
Other provisions	3.6	376	395	354
Borrowings	4.1 / 4.2	9,086	-	-
Total non-current liabilities		**11,051**	**1,517**	**1,485**
Trade payables	4.2	1,830	2,203	1,238
Income tax liabilities	2.6	-	-	183
Other liabilities	4.2	8,896	6,847	3,792
Contract liabilities	3.7	37,832	31,393	21,302
Total current liabilities		**48,558**	**40,443**	**26,515**
Total liabilities		**59,609**	**41,961**	**28,000**
Total equity and liabilities		**42,509**	**35,647**	**28,764**

STATEMENT OF CHANGES IN EQUITY

2018	Share capital	Reserve for currency translation	Retained earnings	Total
Equity on January 1st 2018	**93**	**175**	**(6,581)**	**(6,314)**
Comprehensive income				
Income/loss after tax			(11,780)	**(11,780)**
Other comprehensive income				
Exchange rate adjustments		642		**642**
Total other comprehensive income	-	**642**	-	**642**
Transactions with shareholders				
Share based payments			351	**351**
Total transactions with shareholders	-	-	**351**	**351**
Equity on December 31st 2018	**93**	**817**	**(18,009)**	**(17,100)**

2017	Share capital	Reserve for currency translation	Retained earnings	Total
Equity on January 1st 2017	**93**	**449**	**222**	**764**
Comprehensive income				
Income/loss after tax			(7,059)	**(7,059)**
Other comprehensive income				
Exchange rate adjustments		(274)		**(274)**
Total other comprehensive income	-	**(274)**	-	**(274)**
Transactions with shareholders				
Share based payments			256	**256**
Total transactions with shareholders	-	-	**256**	**256**
Equity on December 31st 2017	**93**	**175**	**(6,581)**	**(6,314)**

CASH FLOW STATEMENT JANUARY 1st - DECEMBER 31st

USD '000	Note	2018	2017
Net profit/(loss)		(11,780)	(7,059)
Non-cash items	5.1	8,670	460
Changes in working capital	4.6	4,835	11,630
Cash flow from operating activities before financial items		**1,725**	**5,030**
Financial income	4.4	2	5
Financial costs	4.4	(500)	(35)
Cash flow from operating activities before tax		**1,227**	**5,000**
Income tax reimbursements/(payments)		698	636
Cash flow from operating activities		**1,925**	**5,636**
Payments for intangible assets	3.1	(3,898)	(2,116)
Payments for property, plant and equipment	3.2	(1,237)	(270)
Payments for contract assets		(7,078)	(5,991)
Payments for other financial fixed assets	4.3	(32)	(615)
Proceeds from other financial fixed assets	4.3	206	241
Cash flow from investing activities		**(12,038)**	**(8,751)**
Proceeds from borrowings		9,086	-
Cash flow from financing activities		**9,086**	-
Cash and cash equivalents, net on January 1st		**4,287**	**7,402**
Net cash flow for the year		(1,027)	(3,115)
Cash and cash equivalents, net on December 31st		**3,260**	**4,287**

NOTES OVERVIEW

NOTES

1.1 Summary of significant accounting policies

The Consolidated Financial Statements of the Siteimprove Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) and further requirements in the Danish Financial Statements Act.

These Consolidated Financial Statements are the first financial statements for the Group, which are prepared in accordance with IFRS. IFRS 1, which deals with the first-time application of IFRS, has been used for the transition. The transition date is January 1, 2017, and in accordance with IFRS 1, all agreed standards and interpretations per. December 31, 2018 have implemented retroactively in the preparation of the Consolidated Financial Statements.

Recognition and measurement

The Consolidated Financial Statements have been prepared under the historical cost basis except when IFRS explicitly requires the use of fair value. The principal accounting policies set out below have been applied consistently in the preparation of the Consolidated Financial Statements for all the years presented.

The Consolidated Financial Statements are presented in USD thousands.

Principal accounting policies

The Group's accounting policies are described in relation to the individual notes to the Consolidated Financial Statements. Considering all the accounting policies applied in the preparation of the Consolidated Financial Statements, Management regards the following as the most significant accounting policies for the recognition and measurement of reported amounts as well as relevant to an understanding of the Consolidated Financial Statements:

- Revenue (note 2.1)
- Research & development costs incl. intangible assets (notes 2.4 and 3.1)
- Income taxes and deferred taxes (note 2.6)
- Trade receivables (note 3.4)
- Contract liabilities (note 3.7)

Critical accounting estimates and judgments

In preparing the Group's Consolidated Financial Statements, Management makes various accounting estimates, judgments and assumptions which form the basis of presentation, recognition and measurement of the Group's assets and liabilities. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. In some circumstances a change in the estimates may be necessary because of changes in the underlying assumptions.

Estimation Uncertainty

Determining the carrying amount of some assets and liabilities requires estimates and assumptions concerning future events.

The judgments, estimates and assumptions made are based on historical experience and other factors which Management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

Management regards the following areas to include the key accounting estimates and assumptions used in the preparation of the Consolidated Financial Statements:

- Income taxes and deferred taxes (note 2.6)
- Intangible assets (note 3.1)
- Contract assets (note 3.3)
- Trade receivables (note 3.4)

Please refer to the specific notes for further information on the key accounting estimates and assumptions applied.

Defining materiality

The Consolidated Financial Statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the Consolidated Financial Statements.

If a line item is not individually material, it is aggregated with other items of a similar nature in the Consolidated Financial Statements or in the notes. There are substantial disclosure requirements throughout IFRS. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not applicable.

NOTES

1.2 Other accounting policies

New or amended IFRS that have been issued but have not yet come into effect and have not been early adopted

IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into effect. The following are the most significant:

- IASB has issued IFRS 16 'Leasing' with effective date January 1st 2019. The standard was endorsed by the EU in 2017, and Siteimprove A/S adopts it on the effective date. The standard will change accounting for leases, as it requires the capitalization of the majority of the Group's operational lease contracts. To assess the impact from implementing the standard a review and an analysis of the Group's contracts containing leases has been completed. The impact of the new standard will increase Property, plant and equipment and other liabilities by approximately USD 10.0 million or 24% of total assets/liabilities on January 1st 2019. Furthermore, an improvement in EBITDA of approximately USD 2.6 million for 2019 compared to 2018 is expected as lease costs will be classified as depreciations. Net profit is not expected to be materially impacted. As a result, the related key ratios such as solvency ratio and EBITDA margin will be impacted.

- IASB has issued IFRIC 23 'Uncertainty over income tax treatment' with effective date January 1st 2019. It was endorsed by EU in 2018. The interpretation clarifies the accounting for uncertainties in income taxes and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The full impact of the new standard has not yet been determined.

There are no other IFRSs or IFRIC interpretations that are not yet effective that is expected to have a material impact on the Group.

1.3 Other general accounting policies

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Siteimprove 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 realized and unrealized 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.

Translation policies

<u>Functional and presentation currency</u>

Items included in the financial statements of Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). Given the majority of the Group's transactions are in USD the Consolidated Financial Statements is presented in USD.

<u>Translation of transactions and balances</u>

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 recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized 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 recognized in financial income and costs in the income statement. 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 recognized in financial income and costs in the income statement.

NOTES

1.3 Other accounting policies (Continued)

Translation of Group companies

Income statements of foreign subsidiaries and associated companies are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognized directly in equity.

Cost of revenue

Cost of revenue comprise hosting, direct salaries, office costs, depreciations, amortizations etc. as well as allocated overhead costs for cost of revenue departments, such as Customer Success and Technical Support.

Sales & marketing costs

Sales & marketing costs include costs associated with sales, marketing and product marketing personnel and consist of compensation and benefits, commissions and bonuses, share-based compensation costs, depreciation and amortization, promotional and advertising expenses, travel and entertainment expenses related to these personnel.

General & admin costs

General & admin costs include costs for executive, finance, human resources, information technology, legal and administrative support functions. This includes compensation and benefits, share-based compensation, professional services, depreciation and amortization costs.

Other income

Other income and other costs comprise items of a secondary nature to the main activities of the Group.

Government grants are recognized in the income statement on a straight-line basis and is presented as other income. Government grants not fully recognized in the income statement are presented as part of other liabilities.

Equity

Proposed dividend is recognized as a liability at the time of approval by the general meeting. Dividend which is expected to be distributed for the year is disclosed in the statement of changes in Group equity.

The reserve for currency translation in the Consolidated Financial Statements comprises foreign exchange differences arising from translation of financial statements of foreign enterprises from their functional currencies to the presentation currency of the Group (USD). On full or partial disposal of the net investment, the foreign exchange adjustments are recognized in the income statement.

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 are calculated as the Income/loss after tax adjusted for changes in working capital and non-cash operating items such as depreciation, amortization 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 comprise cash flows from purchase and disposals of intangible assets, property, plant & equipment as well as fixed asset investments.

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 comprise "Cash and cash equivalents".

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

NOTES

1.3 Other accounting policies (Continued)

Consolidated Five-Year Summary

The key figures and financial ratios have been prepared on a consolidated basis. Except for 'Annual recurring revenue' and 'Average revenue per customer' the Key Ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis.

- **Annual recurring revenue:** Equals the total contract value at the balance sheet end date
- **Average revenue per customer:** (Annual recurring revenue) / (No. of customers)
- **Revenue growth:** (Change in revenue compared to previous period x 100) / (Revenue previous period)
- **Gross margin:** (Gross profit x 100) / (Revenue)
- **EBITDA margin:** (EBITDA x 100) / (Revenue)

2.1 Revenue

Accounting policies

Revenue is mainly derived from subscription fees charged for the Siteimprove Intelligence Platform, support fees and, professional services. For software contracts which are comprised of several components, the total contract sum is allocated to the separate performance obligations for the purpose of revenue recognition.

Revenue recognition requires an agreement with the client which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue is recognized when the client has obtained control of the subscription or service and has the ability to use and obtain substantially all the benefits from the subscription or service.

For multi-element contracts, the basis for revenue recognition is an assessment of the standalone selling prices for the identified performance obligations, including rebates, discounts, allowances, and inherent interest.

Subscription fees

Fixed term subscription agreements give the right to use the software for a determined period of time, which can be extended at the end of the initial term. Clients obtain control of the subscription in a cloud-based infrastructure.

The main possible performance obligation related to subscription agreements has been identified as the right to use the software. The right to use software subscription is considered a separate performance obligation when it satisfies the following conditions: can be delivered separately from other services, can be accessed by a third party, and is functional with access to technical support.

Siteimprove has assessed that the client obtains control of the subscription when all of the following criteria are met: a binding contract is entered into; the subscription period is initiated; and the client has the right to use it. Subscription revenue is therefore recognized over the course of the subscription period. The consideration attributable to subscription-based agreements are discounted to net present value when the value of the financing element is deemed significant.

Support fees

Fees related to contracts made on perpetual and subscription-based terms. Performance obligations include maintenance and helpline support. Revenue from support agreements is recognized on a straight-line basis over the contract period.

Professional services fees

Professional services agreements can include multiple performance obligations. The main possible performance obligations are implementation services related to the implementation of new and existing contracts irrespective of the terms of the contract. Time and material implementation contracts are recognized based on work performed. Fixed fee agreements are recognized based on percentage of completion.

NOTES

2.1 Revenue (continued)

The Group derives the following types of revenue:

USD '000	2018	2017
Subscriptions	60,991	44,796
Professional services	386	306
Total revenue	**61,377**	**45,103**

Geographic information

In the table below, sales to external customers are attributable to the country of the customers' domicile and non-current assets are based on the country of the entities' domicile. External sales and non-current assets are distributed by geographic region as follows:

USD '000	2018	2017
Revenue		
North America	41,099	30,375
Europe	18,949	13,704
Asia Pacific	1,330	1,024
Total revenue	**61,377**	**45,103**

Individual, material countries (>10% of total net sales) is the US with USD 37.9 million (USD 27.9 million).

USD '000	2018	2017
Total Non-current assets		
North America	10,025	7,973
Europe	11,862	8,857
Asia Pacific	213	165
Total operating non-current assets [1)]	**22,099**	**16,994**
Deferred tax assets	3,936	4,268
Total non-current assets	**26,035**	**21,262**

[1)] Non-current assets other than deferred tax assets.

Individual, material countries (>10% of non-current assets) is the US with USD 9.3 million (USD 7.4 million).

NOTES

2.2 Staff costs

Accounting policies

Staff costs comprise wages and salaries as well as other payroll related expenses. Staff costs are included in sales & marketing costs, research & development costs as well as general & admin costs.

USD ‘000	2018	2017
Wages and salaries	50,807	36,265
Pensions (defined contribution plans)	2,440	1,727
Social security costs	3,685	2,723
Share-based payments	361	252
Total	**57,293**	**40,967**
Staff costs included in development projects	(3,868)	(1,487)
Commissions included in contract assets	(7,081)	(5,940)
Staff costs expensed to the income statement	**46,344**	**33,540**
Average number of employees	**526**	**433**

Total staff costs have been recognized in the income statement as follows:

USD ‘000	2018	2017
Cost of revenue	6,241	4,713
Sales & marketing costs	25,288	16,998
Research & development costs	8,612	7,009
General & admin costs	6,203	4,819
Total	**46,344**	**33,540**

Remuneration to key management can be specified as follows:

USD ‘000	2018	2017
Salary and bonus	3,419	1,842
Pension	197	104
Share-based payments	361	252
Total	**3,977**	**2,198**
Remuneration to the Executive Board & Board of Directors	**724**	**317**

Employment contracts for members of the Executive Board contain terms and conditions that are common to those of their peers in similar companies including terms of notice and non-competition clauses.

NOTES

2.3 Share-based payments

Accounting policies

The Group operates an equity-settled share based compensation plan for management and key employees.

The value of services received in exchange for warrants is measured at fair value at the grant date and recognized in the income statement under staff costs over the vesting period with a corresponding increase in equity.

The fair value of granted warrants is measured using a generally accepted valuation model (Black-Scholes) taking into consideration the terms and conditions upon which the warrants were granted. The volatility has been estimated using a benchmark volatility based on a peer group identified consisting of small-cap and mid-cap SaaS companies that have been listed for three years or longer.

The warrants were granted in May 2017 and each warrants provides the right to subscribe for one C-share. The vesting period runs from May 2017 until December 31st 2027 where the warrants may be exercised if the Group achieves an IPO, or more than 50% of the Group or its assets are transferred to a third party.

The following assumptions were applied at the time of grant:

	2018	2017
Share price (USD)	360.3 - 582.7	360.3
Exercise price (USD)	360.3 - 582.7	360.3
Maturity	3.0	3.0
Volatility	37.4% - 44.0%	44.0%
Risk-free interest rate	1.4% - 2.9%	1.4%
Dividend yield	0.0%	0.0%

Value of the programs and impact on the income statement

	2018	2017
Total warrants to be vested throughout the vesting period	12,944	7,250
Recognized in the income statement (USD '000)	361	252
Not yet recognized in respect of warrants expected to vest (USD '000)	1,086	1,447

Outstanding and exercisable warrants

	2018	2017
Vested on January 1st	1,095	-
Vested during the year	870	1,095
Vested on December 31st	**1,965**	**1,095**
Exercisable on December 31st	**-**	**-**

NOTES

2.4 Research & development costs

Accounting policies

Sitemprove's research & development focuses on the development of the Siteimprove Intelligence Platform.

Research & development costs include costs associated with the development of new products, enhancements of existing products for which technological feasibility has not been achieved, and quality assurance activities. This includes compensation and benefits, share-based compensation costs, consulting costs, depreciation and amoritization costs, the cost of software development equipment, and allocated overhead.

Research & development costs that are not eligible for capitalization have been expensed in the period and they are recognized in research & development costs.

USD '000	2018	2017
This year's incurred research & development costs	16,236	13,016
Amortization of intangible assets	1,608	1,433
Depreciation of property, plant & equipment	428	331
Development costs included in development projects	(3,868)	(1,487)
Total	**14,405**	**13,293**

NOTES

2.5 Depreciations, amortizations and impairment

USD '000	2018	2017
Amortizations and impairment of intangible assets	5,369	4,080
Depreciations and impairment on property, plant & equipment	921	658
(Gains)/losses on disposals	(4)	-
Total	**6,286**	**4,738**

Amortizations, impairment and (gains)/losses on intangible assets and contract assets have been recognized in the income statement as follows:

USD '000	2018	2017
Cost of revenue	-	38
Sales & marketing costs	3,761	2,538
Research & development costs	1,608	1,433
General & admin costs	-	71
Total	**5,369**	**4,080**

Depreciations, impairment and (gains)/losses on property, plant & equipment have been recognized in the income statement as follows:

USD '000	2018	2017
Cost of revenue	83	59
Sales & marketing costs	281	170
Research & development costs	428	331
General & admin costs	126	98
Total	**917**	**658**

Impairment on intangible assets, contract assets, and property, plant & equipment have been recognized in the income statement as follows:

USD '000	2018	2017
Cost of revenue	-	-
Sales & marketing costs	102	-
Research & development costs	-	112
General & admin costs	-	-
Total	**102**	**112**

Deferred commissions have been impaired with a total of USD 0.1 million due to unsatisfactory customer retention in specific immature markets. The recoverable amount of the impaired assets totals USD 0.3 million on December 31st 2018 and is carried at cost less accumulated amortization and impairment ('Value In Use').

NOTES

2.6 Income taxes and deferred income taxes

Accounting policies

Income taxes

The tax expense for the period comprises current and deferred tax including adjustments to previous years. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income. Any changes in deferred tax due to changes in tax rates are recognized in the income statement or in other comprehensive income depending on the original recognition.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognized in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and prior year adjustments. 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.

Deferred tax assets and liabilities

Deferred tax is recognized in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. 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 crystallize as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively. 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 realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Key accounting estimates

The Group is subject to income taxes around the world. Significant judgement and estimates are required in determining the worldwide accrual for income taxes, deferred income tax assets and liabilities, and provision for uncertain tax positions.

The Group has a total tax asset of USD 3.9 million (USD 4.3 million). The Group recognizes only deferred income tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income and used judgement in assessing whether deferred income tax assets should be recognized.

NOTES

2.6 Income taxes and deferred income taxes (continued)

USD '000	2018	2017
Income taxes		
Current income tax	461	599
Deferred income tax	(590)	1,653
Adjustments concerning previous years	(80)	(205)
Total	**(209)**	**2,047**
Deferred tax on other comprehensive income	-	-
Income tax reconciliation		
Breakdown of tax on profit for the year:		
Net profit/(loss) before tax from continuing operations	(11,571)	(9,106)
Tax calculated using the Danish corporation tax rate (22%)	2,546	2,003
Tax effect of:		
Other tax percentages in foreign jurisdictions	(95)	10
Non-deductable costs	40	2
Unrecognized tax asset	(2,491)	-
Other	(209)	32
Taxes in the income statement	**(209)**	**2,047**

NOTES

2.6 Income taxes and deferred income taxes (continued)

USD '000	2018	2017
Deferred income taxes		
Deferred income tax on January 1st	3,145	1,147
Exchange rate adjustments	(208)	346
Movement for the year	(590)	1,653
Deferred income tax on December 31st	**2,347**	**3,145**
Recognized in the balance sheet as follows:		
Deferred tax assets	3,936	4,268
Deferred tax liabilities	(1,589)	(1,122)
Deferred tax, net	**2,347**	**3,145**
Deferred income tax breakdown		
Intangible assets	(1,037)	(578)
Property, plant & equipment	334	192
Receivables	12	-
Other assets	(1,934)	(1,531)
Other liabilities	149	144
Tax losses to be carried forward	4,684	4,816
Other	139	102
Total	**2,347**	**3,145**

The deferred tax asset primarily consists of losses carried forward, that are expected to be utilized within 5 years. When assessing the utilization of the tax asset an emphasis is put on the Group's significant growth rates on existing markets as well as entry into new markets and product launches. Combined with increased focus on scalable solutions and tax planning initiatives.

As on December 31st 2018 the Group has no unrecognized tax liabilities.

As on December 31st 2018 the Group has a total of USD 4.8 (USD 1.5 million) as unrecognized deferred tax assets. There is no expiry date on the deferred tax assets.

NOTES

3.1 Intangible assets

Accounting policies

Development projects

Costs of development projects comprise salaries, amortization, and other expenses directly or indirectly attributable to the Group's development activities. The costs for development projects are all internally generated.

Development projects that are clearly defined and identifiable, 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 market or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales activities 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 recognized as expenses in the income statement as incurred.

Capitalized development costs are measured at cost less accumulated amortization and impairment losses or a lower recoverable amount.

Development costs that do not meet the criteria above are recognized as an expense in the income statement as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

As of the date of completion, capitalized development costs are amortized on a straight-line basis over the period of the expected economic benefit from the development work.

Goodwill

Goodwill represents any cost in excess of identifiable net assets, measured at fair value, in the acquired company. Goodwill is valued at acquisition value less any accumulated impairment losses. Goodwill is tested annually, or upon indication, for impairment.

Key accounting estimates

The carrying amounts of development projects are reviewed on an annual basis to assess whether there is any indication of impairment other than that expressed by amortization. If so, an impairment test is carried out to assess whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. Goodwill and development projects in progress are tested for impairment annually and whenever there is an indication of impairment.

The impairment test includes significant judgments, such as assumption of projected future cash flows used in the valuation of the intangible assets. Future events could cause Management to conclude that impairment indicators exist and that intangible assets are impaired. Any resulting impairment loss could have a material impact on the financial condition and result of operations.

When carrying out the impairment test for development projects, development projects in progress and goodwill, the Group is seen as several cash generating units split according to the internal segment reporting. The carrying values of the individual cash generating units are compared to the values in use. If the carrying values are higher, the difference is charged to the income statement.

The values in use are calculated using a valuation model based on discounted expected future cash flows (DCF-model covering a 5-year budget period) based on Management's projections.

The terminal growth is based on adjusted historical development taking into account the general level of inflation. Discount rates are based on the risk-free rate adjusted for the inherent risk and industry comparisons for each individual cash generating unit.

The discount rates are based on the risk inherent in the related activity's current business model and industry comparisons.

NOTES

3.1 Intangible assets (continued)

2018

USD '000	Devel-opment projects	Devel-opment projects in progress	Goodwill	Total
Accumulated cost on January 1st	4,427	244	474	**5,145**
Exchange rate adjustments	(345)	-	(23)	**(368)**
Additions (internally generated)	-	3,898	-	**3,898**
Transfers	3,081	(3,081)	-	**-**
Accumulated cost on 31st December	**7,163**	**1,061**	**451**	**8,675**
Accumulated amortizations and impairment on January 1st	(2,044)	-	(474)	**(2,518)**
Exchange rate adjustments	144	-	23	**167**
Amortizations	(1,608)	-	-	**(1,608)**
Accumulated amortizations and impairment on December 31st	**(3,508)**	**-**	**(451)**	**(3,959)**
Carrying amount on December 31st	**3,655**	**1,061**	**-**	**4,716**

NOTES

3.1 Intangible assets (continued)

2017

USD '000	Devel-opment projects	Devel-opment projects in progress	Goodwill	Total
Accumulated cost on January 1st	2,438	133	-	**2,571**
Exchange rate adjustments	429	-	30	**458**
Additions	-	-	444	**444**
Additions (internally generated)	-	1,672	-	**1,672**
Transfers	1,561	(1,561)	-	**-**
Accumulated cost on December 31st	**4,427**	**244**	**474**	**5,145**
Accumulated amortizations and impairment on January 1st	(715)	-	-	**(715)**
Exchange rate adjustments	(165)	-	(9)	**(174)**
Amortizations	(1,052)	-	(465)	**(1,517)**
Impairment	(112)	-	-	**(112)**
Accumulated amortizations and impairment on December 31st	**(2,044)**	-	**(474)**	**(2,518)**
Carrying amount on December 31st	**2,383**	**244**	**-**	**2,627**

Development projects relates to the continuous development of new tools and features for the Group's Intelligence Platform. The projects are expected to be finalized over the course of 2019, where after the marketing of the new software services can begin.

The projects are progressing as planned and it is expected that the software will be sold in current and new markets. The continued product development of the Intelligence Platform is expected to result in a considerable competitive advantage and, hence, a significant further increase in the level of activity and results of operations.

3.2 Property, plant & equipment

Accounting policies

Leasehold improvements, other fixtures, furniture and fittings 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:

Leasehold improvements	**3-8 years**
Other fixtures furniture and fittings	**3-5 years**

Assessment of residual value and useful life is performed annually for assets under property, plant and equipment.

Gains and losses arising from disposal of property, plant & equipment are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains and losses are recognized in the profit and loss.

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount.

NOTES

3.2 Property, plant & equipment (continued)

2018

USD '000	Leasehold improvements	Other fixtures, furniture and fittings	Total
Accumulated cost on January 1st	676	2,550	**3,226**
Exchange rate adjustments	(56)	(152)	**(208)**
Additions	362	875	**1,237**
Disposals	(4)	-	**(4)**
Accumulated cost on December 31st	**978**	**3,273**	**4,251**
Accumulated depreciations and impairment on January 1st	(212)	(1,295)	**(1,507)**
Exchange rate adjustments	15	74	**89**
Depreciations	(147)	(770)	**(917)**
Disposals	1	-	**1**
Accumulated amortizations and impairment on December 31st	**(344)**	**(1,991)**	**(2,335)**
Carrying amount on December 31st	**634**	**1,282**	**1,917**

2017

USD '000	Leasehold improvements	Other fixtures, furniture and fittings	Total
Accumulated cost on January 1st	488	2,107	**2,595**
Exchange rate adjustments	67	294	**361**
Additions	120	150	**270**
Accumulated cost on December 31st	**676**	**2,550**	**3,226**
Accumulated depreciations and impairment on January 1st	(67)	(1,153)	**(1,221)**
Exchange rate adjustments	9	362	**371**
Depreciations	(154)	(503)	**(657)**
Accumulated amortizations and impairment on December 31st	**(212)**	**(1,295)**	**(1,507)**
Carrying amount on December 31st	**463**	**1,256**	**1,719**

NOTES

3.3 Contract assets

Accounting policies

Contract assets stem from subscription agreements with payments in the future. Contract assets comprise incremental sales commissions directly associated with obtaining a contract with a new client and deemed realizable through the future revenue streams under the contract.

Contract assets are recognized at cost, as part of sales & marketing costs, when control over goods or services is transferred to a client. Subsequently contract assets are measured at cost less accumulated amortization and any accumulated impairment losses. Contract assets are amortized on a straight-line basis, based on the expected lifetime of the contract.

Contract assets are amortized on a straight-line basis, based on the expected lifetime (historical churn rate) of the contract, but not exceeding 5 years.

Contract assets are within the scope of impairment requirements in IFRS 9. For contract assets the simplified approach is used and the expected loss provision is measured at the estimate of the lifetime expected credit losses.

Key accounting estimates

The expected lifetime of contracts assets are based upon assumptions on churn rates. When evaluating the expected churn rates for contracts historical performance on a specific markets and verticals is considered. The analysis is furthermore based upon current economic trends in the specific market and vertical.

USD '000	2018	2017
Accumulated cost on January 1st	16,435	10,060
Exchange rate adjustments	(392)	434
Additions	7,078	5,991
Disposals	-	(50)
Accumulated cost on December 31st	**23,121**	**16,435**
Accumulated amortizations and impairment on January 1st	(5,460)	(2,865)
Exchange rate adjustments	150	(144)
Amortizations	(3,659)	(2,451)
Impairment	(102)	-
Accumulated amortizations and impairment on December 31st	**(9,071)**	**(5,460)**
Carrying amount on December 31st	**14,050**	**10,975**

NOTES

3.4 Trade receivables

Accounting policies

Trade receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

Provisions for bad debts are determined by using the simplified expected credit loss model (ECL). The ECLs on trade receivables are estimated by using a matrix by reference to geography, past default experience, analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions in which the debtors operate and an assessment of the forecast direction of developments at the reporting date.

Key accounting estimates

Management makes allowance for doubtful trade receivables in anticipation of estimated losses resulting from customers unable to make required payments. When evaluating the adequacy of the allowance for doubtful trade receivables, management analyzes trade receivables and examines historical bad debt, customer creditworthiness and payment history, current economic trends and changes in customer payment terms.

USD '000	2018	2017
Trade receivables (gross)	10,773	8,171
Allowance for doubtful trade receivables	(111)	-
Total	**10,662**	**8,171**
Age analysis of trade receivables:		
- Not yet due	7,121	5,457
- Overdue by up to 30 days	3,028	2,106
- Overdue by between 31 and 90 days	435	173
- Overdue by more than 90 days	77	435
Trade receivables with credit risk exposure	**10,662**	**8,171**
Movement in allowance for doubtful trade receivables:		
Balance on January 1st	-	-
Reversal of allowance on realized losses	-	-
Mutation in allowance for possible losses during the year	(110)	-
Exchange rate adjustments	(1)	-
Balance on December 31st	**(111)**	**-**

3.5 Prepayments

Accounting policies

Prepayments are measured at cost and comprise prepaid costs concerning rent, licences, insurance premiums, and subscriptions, etc.

NOTES

3.6 Other provisions

Accounting policies

Provisions are recognized when – in consequence of an event occurred before or on the balance sheet date – the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation based on Management's best estimate.

Other provisions cover obligation to re-establish the Group's leased premises.

USD '000	2018	2017
Balance on January 1st	395	354
Exchange rate adjustments	(19)	5
Additions	-	36
Balance on December 31st	**376**	**395**

3.7 Contract liabilities

Accounting policies

Contract liabilities represent prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to subscriptions, services and technical support.

The majority of the transaction price allocated to the unsatisfied contracts on December 31st 2017 was recognized as revenue during 2018. The remaining amounts will be recognized in the 2019-2020 financial years. As on December 31st 2018 the majority of the transaction price allocated to unsatisfied contracts will be recognized during the next reporting period. The remaining amounts will be recognized in the 2020-2021 financial years.

USD '000	2018	2017
Balance on January 1st	31,393	21,302
Exchange rate adjustments	(107)	88
Revenue recognized in the period	(24,108)	(16,762)
Revenue deferred to subsequent periods	30,654	26,765
Balance on December 31st	**37,832**	**31,393**

NOTES

4.1 Financial institutions

Accounting policies

Borrowings are recognized initially at fair value. Borrowings are subsequently measured at amortized cost. Borrowing costs are expensed in the income statement in the period they incur.

USD '000	2018	2017
Financial institutions are recognized in the balance sheet as follows:		
Non-current liabilities	9,086	-
Total	**9,086**	**-**

The Group has a committed revolving credit facility of USD 20.0 million (USD 0.0 million), which matures in 2021 with USD 20.0 million. The undrawn amount of the credit facility on December 31st 2018 was USD 10.9 million (USD 0.0 million). Under the terms of the borrowing facility, the Group is required to comply with several covenants.

4.2 Financial risks and instruments

Accounting policies

The Group manages financial risks based on directions from the Board of Directors.

As a general direction, the Group does not engage in financial transactions or manage risk exposures that are not related to the underlying business driven risks. This means that the Group does not enter into any speculative transactions.

The Group's financial risks must be managed with the aim of protecting the value and financial stability of the Group, taking into consideration the cost and accounting consequences of such transactions.

The risk management activities of the Group are managed centrally by Group Finance and primarily involve the following different financial risks.

Foreign Exchange Risk

The Group's reporting currency is USD, while the most significant currencies for revenue and cost are the USD, DKK and EUR. Fluctuating currency rates influence the reported net income/loss, assets and liabilities, as well as the value of future cash flows. A significant part of the Group's operations are in DKK and EUR, where translation risk is present.

The Group does not hedge its exposure to foreign currency fluctuations. A hedging strategy might not be possible to execute as hedging instruments may not be available for all currencies, or may not always offset losses resulting from currency exchange rate fluctuations. Moreover, the use of hedging instruments can itself result in losses if the Group is unable to structure effective hedges with such instruments.

A 5% increase/decrease in the USD rate versus local currencies would impact EBIT positively/negatively by USD 1.3 million.

Interest Rate Risk

The Group's total borrowings amounts to USD 9.1 million (USD 0.0 million) on December 31st.

Fluctuating interest rates influence the Group's income statement, balance sheet and the present value of future cash flows resulting from changes in interest rates.

The objective of actively managing the Group's interest rate exposure is to maintain the interest rate risk at a known and acceptable level and to minimize the Group's cost of borrowing requirements.

The Group does not hedge against the interest rate risk as it is assessed to be insignificant, although the development in interest rates are closely monitored in order to react in a timely fashion and taking required measures.

A 1% increase/decrease in the interest rate would impact net financial items positively/negatively by USD 0.1 million.

NOTES

4.2 Financial risks and instruments (continued)

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily trade receivables), including deposits with banks and other financial instruments.

Operational Credit Risk

The Group's balance sheet on December 31st 2018 included trade receivables with a net book value of USD 10.7 million (USD 8.2 million).

The allowance for doubtful trade receivables is estimated by analyzing trade receivables and examining historical bad debt, customer creditworthiness and payment history, current economic trends and changes in customer payment terms. Refer to note 3.4.

If the Group is unable to collect receivables from customers, the Group could incur write-offs for bad debt, which could have a material adverse effect on the Group's results of operations for the periods in which the write-offs occur. In the future, bad debt may exceed reserves for such contingencies and its bad debt exposure may increase over time. An increase in write-offs for bad debt could have a materially negative effect on the Group's business, financial condition, and operating results.

The Group's revenue primarily comprise the sale of subscriptions to the Group's Intelligence Platform to different companies and institutions within the private and public sector. The Group has historically experienced limited risk with regard to the solvency of its customers and therefore limited losses. As part of the Group's internal procedures regarding risk management, the operational credit risk relating to customers is monitored on a monthly basis. The Group has no significant concentration of credit exposure as the exposure has been spread amongst different sectors.

In addition, total other receivables including deposits totals USD 1.4 million (USD 1.7 million). Management deems no significant risk in relation to these amounts.

Financial Credit Risk

Financial credit risk management has the objective of minimizing financial loss through a financial distress or the default of a financial counterparty whether due to the financial insolvency of the counterparty, the inability of the counterparty to perform due to changed national legislation or any other circumstance.

The Group's exposure to counterparty risk is managed by establishing approved counterparty limits detailing the maximum exposure that the Group is prepared to accept with respect to the individual counterparty.

Financial credit risk from balances with banks and financial institutions is managed by Management on a regular basis. Based on external credit ratings, no material risk has been identified in respect to the Group's cash balances.

Liquidity risk

The Group ensures the availability of the required liquidity through a combination of cash management and committed credit facilities. To centralize and optimize liquidity the Group utilizes cash pooling in addition to inter-company lending and borrowing.

The Group has a committed revolving credit facility of USD 20.0 million (USD 0.0 million), which matures in 2021 with USD 20.0 million. The undrawn amount of the credit facility on December 31st 2018 was USD 10.9 million (USD 0 million).

Under the terms of the borrowing facility, the Group is required to comply with several covenants. The Group has complied with these covenants throughout the reporting period.

To reduce refinancing risk the Group ensures that maturity dates for committed credit facilities are diversified.

NOTES

4.2 Financial risks and instruments (continued)

The table below summarizes the maturity profile of the Group's financial liabilities and assets based on contractual undiscounted payments:

USD '000

Maturity on December 31st 2018	**Carrying amount**	**Contractual maturity incl. interest**			
		Total	**0-1 year**	**1-5 years**	**>5 years**
Measured at amortized cost					
Cash and cash equivalents	3,260	3,260			
Trade receivables	10,662	10,662			
Other receivables	18	18			
Total financial assets	**13,940**	**13,940**	**-**	**-**	**-**
Measured at amortized cost					
Borrowings	9,086	10,224		10,224	
Trade payables	1,830	1,830	1,830		
Other liabilities	8,896	8,896	8,896		
Total financial liabilities	**19,812**	**20,950**	**10,726**	**10,224**	**-**

USD '000

Maturity on December 31st 2017	**Carrying amount**	**Contractual maturity incl. interest**			
		Total	**0-1 year**	**1-5 years**	**>5 years**
Measured at amortized cost					
Cash and cash equivalents	4,287	4,287			
Trade receivables	8,171	8,171			
Other receivables	55	55			
Total financial assets	**12,513**	**12,513**	**-**	**-**	**-**
Measured at amortized cost					
Borrowings	-	-			
Trade payables	2,203	2,203	2,203		
Other liabilities	6,847	6,847	6,847		
Total financial liabilities	**9,050**	**9,050**	**9,050**	**-**	**-**

NOTES

4.3 Other financial fixed assets

Accounting policies

Other financial fixed assets primarily consists of deposits paid for the Groups leased premises.

Other financial fixed assets are measured at cost less accumulated impairment losses in the balance sheet. Where cost exceeds the recoverable amount, write-down is made to this lower value.

USD '000	2018	2017
Accumulated cost on January 1st	1,673	1,158
Exchange rate adjustments	(82)	141
Additions	32	615
Disposals	(206)	(241)
Accumulated cost on December 31st	**1,417**	**1,673**
Accumulated revaluation and impairment on January 1st	-	-
Accumulated revaluation and impairment on December 31st	-	-
Carrying amount on December 31st	**1,417**	**1,673**

4.4 Financial income & financial costs

Accounting policies

Financial income and costs comprise interests, realized and unrealized exchange adjustments and other financial income and costs.

USD '000	2018	2017
Financial income		
Other financial income	2	5
Exchange rate gains	1,155	1,534
Total	**1,157**	**1,539**
Financial costs		
Other financial costs	500	35
Exchange rate losses	1,732	1,027
Total	**2,232**	**1,062**

NOTES

4.5 Share capital

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The share capital consists of 555,126 shares of nominal value of DKK 1. The share capital has been paid in full and is divided into three classes.

	Number of shares	Nominal value (DKK)
A-shares	141,982	141,982
B-shares	413,044	413,044
C-shares	100	100
Share capital on December 31st	**555,126**	**555,126**

Each share carry different preference rights in regards to payout of dividends, but no preference voting rights. Furthermore Class A shares carry drag along-right in event of divesture of all Class A shares.

The share capital has developed as follows:

USD	2018	2017	2016	2015	2014
Share capital on January 1st	92,627	92,627	92,613	86,987	83,958
Capital increases	-	-	14	5,626	3,029
Capital decreases	-	-	-	-	-
Share capital on December 31st	**92,627**	**92,627**	**92,627**	**92,613**	**86,987**

4.6 Changes in working capital (cash flow statement)

Accounting policies

Working capital is defined as current assets less current liabilities. It measures how much in liquid assets the Group has available for its operations.

USD '000	2018	2017
Change in receivables	(3,261)	(2,522)
Change in liabilities	8,096	14,152
Total	**4,835**	**11,630**

NOTES

5.1 Cash flow adjustments

For the purpose of presenting the cash flow statement, non-cash items with effect on the income statement must be reversed to identify the actual cash flow effect from the income statement. The adjustments are specified as follows:

USD ‘000	2018	2017
Financial income	(1,157)	(1,539)
Financial costs	2,232	1,062
Depreciations, amortizations and impairment losses	6,286	4,738
Provision movement	498	725
Allowance for doubtful trade receivables	110	-
Share based payments	361	252
Income taxes	209	(2,047)
Exchange rate adjustments	131	(2,732)
Total	**8,670**	**460**

NOTES

5.2 Contingent assets, liabilities and other financial obligations

Accounting policies

All leases are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

Lease obligations

The Group has entered into operating lease agreements for offices and cars. The lease terms are between 1 and 10 years, and the majority of the lease agreements are renewable at the end of the lease period at market rate.

Future minimum lease payments under operating lease contracts and rent commitments totals:

USD '000	2018	2017
Within 1 year	2,647	2,347
Between 1 and 5 years	4,899	6,538
After 5 years	-	-
Total	**7,547**	**8,885**
Lease expenditures charged to the income statement during the year	3,138	2,829

Guarantee obligations

The Group has provided corporate pledges to banks totalling USD 15.0 million (USD 0.0 million). The corporate pledge includes current and non-current tangible and intangible assets. No limitations in the use of assets apply.

The Group has issued letter of comfort to all its subsidiaries.

Contingent liabilities

Through participation in joint taxation schemes, the Group is jointly and severally liable for the tax payables.

NOTES

5.3 Related party transactions

Related parties comprise companies controlled by MEE Holding ApS, Nescon Software ApS, Summit Partners (SMP) Sarl and key management. Key management are Siteimprove A/S' Board of Directors and Executive Board as well as management in the controlling companies.

The Group has had the following transactions with related parties:

USD '000	2018	2017
MEE Holding ApS		
Repayment of loan	683	674

For information on remuneration to the management of Siteimprove A/S, please refer to note 2.2 and note 2.3.

5.4 Ownership and consolidated financial statements

Controlling interest

MEE Holding ApS, Frederiksberg (majority shareholder)

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

MEE Holding ApS, Frederiksberg
Nescon Software ApS, Copenhagen
Summit Partners (SMP) Sarl, Luxembourg

Consolidated financial statements

The ultimate parent company is MEE Holding ApS, Frederiksberg, Denmark.

Siteimprove A/S is included in the Consolidated Financial Statements of MEE Holding ApS, Frederiksberg, Denmark.

5.5 Significant events after the reporting period

The Group has not experienced any significant events after December 31st 2018 which have an impact on the annual report.

5.6 Fee to statutory auditor

The total fee for the statutory auditor which is included in general & admin costs can be specified as follows:

USD '000	2018	2017
Statutory audit	81	77
Tax advisory services	181	37
Other services	53	13
Total	**315**	**127**

NOTES

5.7 Entities in the Siteimprove Group

Name	Country	Currency	Share capital	Ownership
Siteimprove A/S	Denmark, Copenhagen	DKK	555,126	Parent
Siteimprove AS	Norway, Oslo	NOK	50,000	100%
Siteimprove GmbH	Germany, Berlin	EUR	25,000	100%
Siteimprove GmbH	Switzerland, Zürich	CHF	20,000	100%
Siteimprove GmbH	Austria, Vienna	EUR	35,000	100%
Siteimprove i Sverige AB	Sweden, Malmo	SEK	100,000	100%
Siteimprove Inc.	USA, Minneapolis	USD	1,000	100%
Siteimprove Inc.	Canada, Toronto	CAD	100	100%
Siteimprove K.K.	Japan, Tokyo	JPY	50,000	100%
Siteimprove Pte. Ltd.	Singapore	SGD	100,000	100%
Siteimprove Føroyar Sp/f	Faroe Islands, Tórshavn	DKK	50,000	100%
Siteimprove Ltd.	United Kingdom, London	GBP	1	100%
Siteimprove Ltd.	Ireland, Dublin	EUR	100	100%
Siteimprove Ltd.	Australia, Sydney	AUD	1	100%
Siteimprove B.V.	Netherlands, Amsterdam	EUR	1	100%
Siteimprove Oy	Finland, Helsinki	EUR	2,500	100%
Siteimprove S.L.U.	Spain, Madrid	EUR	3,000	100%
Siteimprove S.R.L.	Italy, Milan	EUR	10,000	100%
Siteimprove SAS	France, Paris	EUR	1	100%
Siteimprove SPRL	Belgium, Brussels	EUR	6,200	100%
Marketing Lion ApS	Denmark, Copenhagen	DKK	60,000	100%

NOTES

6.1 Impact of transition to IFRS

The Consolidated Financial Statements for the year ended December 31st 2018 with comparative figures are the first set of financial statements prepared in accordance with IFRS as adopted by the EU and additional requirements in the Danish Financial Statements Act.

For periods up to and including the year ended December 31st 2017, the Group prepared its Consolidated Financial Statements in accordance with the Danish Financial Statements Act. Accordingly, the Group has prepared Consolidated Financial Statements which comply with IFRS applicable for periods ending on or after December 31st 2018, together with the comparative period at and for the year ended December 31st 2016 and December 31st 2017, as described in the accounting policies.

In preparing these Consolidated Financial Statements, the Group's opening balance sheet was prepared on 1st January 2016, the Group's date of transition to IFRS. This note explains the adjustments made by the Group in restating its Consolidated Financial Statements prepared in accordance with the Danish Financial Statements Act, including the financial position as on January 1st 2016 and the Consolidated Financial Statements for the year ended 31st December 2016 and 2017.

Effect of Transition
The transition to IFRS has not had any effect on the Group's total equity. The effect on Other Comprehensive Income is shown below:

USD '000	**DK GAAP**	**Effect of transition to IFRS**	**IFRS 2016**
Income/loss after tax	(6,528)	-	**(6,528)**
Items that will be reclassified to profit & loss			
Exchange differences on translation of foreign operations	-	199	**199**
Other comprehensive income for the period, net of tax	**-**	**199**	**199**
Total comprehensive income for the period	**(6,528)**	**199**	**(6,329)**

Reclassifications

The following reclassifications and layout changes have been made with the adjustment of comparative figures.

- Deferred tax is classified as non-current assets or liabilities. Previously deferred tax was classified as current assets or current liabilities.
- Reserve for currency translation included to the statement of changes in equity.
- Assets are presented as either non-current or current assets compared to fixed assets and current assets previously. As part of the transition some balances have been presented together and details have been included in the individual note disclosures.

Cash Flow Statement

The transition from Danish GAAP to IFRS has not had a material impact on the statements of cash flow. In 2018, comparative figures for 2017 have been updated based on the reclassifications of the balance sheet items etc.

Financial Statements for the Parent Company

INCOME STATEMENT JANUARY 1st - DECEMBER 31st

DKK '000	Note	2018	2017
Revenue	2	138,504	101,757
Cost of revenue	3 / 4	(25,079)	(20,026)
Gross profit		**113,425**	**81,730**
Sales & marketing costs	3 / 4	(64,110)	(43,994)
Research & development costs	3 / 4	(86,780)	(82,250)
General & admin costs	3 / 4	(40,224)	(30,344)
Other income		-	1,124
EBIT		**(77,689)**	**(73,734)**
Write-down of financial assets	10	(827)	-
Financial income	5	7,237	9,817
Financial costs	6	(18,456)	(10,632)
Net profit/(loss) before tax		**(89,735)**	**(74,549)**
Income taxes	7	4,495	13,240
Net profit/(loss)		**(85,240)**	**(61,309)**

BALANCE SHEET DECEMBER 31st

Assets

DKK '000	Note	2018	2017
Deferred commissions		6,850	5,494
Development projects		23,828	14,794
Development projects in progress		6,917	1,513
Goodwill		-	-
Total intangible fixed assets	8	**37,594**	**21,801**
Leasehold improvements		1,732	2,125
Other fixtures, furniture and fittings		7,171	7,216
Total tangible fixed assets	9	**8,903**	**9,341**
Investments in subsidiaries	10	5,850	5,510
Other financial fixed assets	11	6,487	7,382
Total other non-current assets		**12,337**	**12,891**
Total non-current assets		**58,835**	**44,033**
Trade receivables		6,840	4,130
Receivables from subsidiaries		2,952	5,037
Other receivables		-	187
Deferred tax assets	7	23,990	23,990
Income tax receivables		4,000	4,000
Prepayments	12	8,597	2,801
Total receivables		**46,379**	**40,144**
Cash and cash equivalents		2,582	5,591
Total current assets		**48,961**	**45,735**
Total assets		**107,796**	**89,769**

BALANCE SHEET DECEMBER 31st

Equity and liabilities

DKK '000	Note	2018	2017
Share capital	13	555	555
Reserve for development projects		23,981	11,220
Reserve for warrants		3,957	1,587
Retained earnings		(144,368)	(46,367)
Total equity		**(115,875)**	**(33,005)**
Provision for financial assets	14	639	-
Other provisions	14	2,450	2,450
Total non-current liabilities		**3,089**	**2,450**
Borrowings		59,235	-
Trade payables		6,762	9,182
Payables to subsidiaries		108,811	79,576
Other liabilities		29,658	19,982
Deferred revenue		16,115	11,584
Total current liabilities		**220,582**	**120,324**
Total liabilities		**223,670**	**122,774**
Total equity and liabilities		**107,796**	**89,769**
Contingent assets, liabilities and other financial obligations	15		
Related parties, transactions, ownership and consolidated financial statements	16		
Distribution of result	17		
Significant events after the reporting period	18		
Going concern	19		

STATEMENT OF CHANGES IN EQUITY

DKK '000	Share capital	Reserve for development projects	Reserve for warrants	Retained earnings	Total
Equity on January 1st	**555**	**11,220**	**-**	**(44,780)**	**(33,005)**
Net effect from change in accounting policy			1,587	(1,587)	-
Adjusted equity on January 1st	**555**	**11,220**	**1,587**	**(46,367)**	**(33,005)**
Development costs for the year		24,619		(24,619)	-
Depreciation, amortization and impairment for the year		(8,259)		8,259	-
Tax of development projects		(3,599)		3,599	-
Movement in reserve for warrants			2,370		**2,370**
Net profit/(loss)				(85,240)	**(85,240)**
Equity on December 31st	**555**	**23,981**	**3,957**	**(144,368)**	**(115,875)**

NOTES

1 Accounting policies

Basis of Preparation

The Financial Statements of Siteimprove A/S for 2018 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying medium-sized enterprises of reporting class C.

The Financial Statements are presented in DKK thousands.

The Consolidated Financial Statements have been prepared in accordance with IFRS. The accounting policies applied for the Consolidated Financial Statements regarding recognition and measurement have also been applied for the Parent Company with the below exceptions.

With reference to §86, para. 4 of the Danish Financial Statements Act no Cash Flow Statement for the Parent Company is disclosed. Please refer to the Consolidated cash flow statement for the Group.

With reference to §101, para. 4 of the Danish Financial Statements Act no separate 5-year summary for the Parent Company is disclosed. Please refer to the Consolidated 5-year summary for the Group.

With reference to §96, para. 3 of the Danish Financial Statements Act no separate disclosure of auditor's fee for the Parent Company is disclosed. Please refer to the Consolidated Financial Statements.

Changes in accounting policies

The accounting policies applied are unchanged expect from what is outlined below.

- In relation to share-based payments, the provisions in IFRS have been adopted with retrospective effect. The total effect on equity and net profit/(loss) for 2017 was DKK 1,587k. The equity on December 31st 2017 totalled negative DKK 33,005k compared to negative DKK 30,005k and the net profit/(loss) for 2017 totalled negative DKK 59,722k compared to negative DKK 61,309k after the change in accounting policies.

Investments in subsidiaries

Investment in subsidiaries are measured at cost less accumulated impairment losses and amortizations on positive differences on initial recognition in the balance sheet. Where cost exceeds the recoverable amount, write-down is made to this lower value.

On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts of the investments is taken to the income statement.

Share-based payments

In relation to share-based payments, the provisions in IFRS 2 have been adopted as the Danish Financial Statements Act does not regulate share-based payments settled via equity instruments, but only cash-settled share-based payments.

Derogation from the Danish Financial Statements Act for share based payments means that the year's cost for share-based payments are not recognized as a liability in the balance sheet, but directly in the statement of equity. For the monetary impact, please refer to the statement of changes in equity and note 4 'Staff costs'.

DKK '000	2018	2017

2 Revenue

The Company operates in different markets located in North America and Europe. The revenue derived from these two individual regions is listed below:

North America	92,776	64,689
Europe	45,727	37,067
Total	**138,504**	**101,757**

NOTES

DKK '000		2018	2017
3	**Staff costs**		
	Wages and salaries	135,893	90,550
	Pensions	8,868	6,055
	Social security costs	1,522	914
	Share based payments	2,370	1,587
	Total	**148,653**	**99,105**
	Staff costs included in development projects	(24,434)	(9,697)
	Commissions included in deferred commissions	(3,214)	(2,722)
	Staff costs expensed to the income statement	**121,005**	**86,687**
	Above includes remuneration to the Executive Board & Board of Directors	4,571	2,090
	Average number of employees	192	141
4	**Depreciations, amortizations and impairment**		
	Amortizations of intangible assets	12,045	11,893
	Depreciations on tangible assets	4,859	3,804
	Total	**16,905**	**15,697**
5	**Financial income**		
	Interests received from affiliated companies	99	304
	Other financial income	1	2
	Exchange rate gains	7,137	9,511
	Total	**7,237**	**9,817**

NOTES

DKK '000	2018	2017

6 Financial costs

Interests paid to affiliated companies	4,757	4,151
Other financial costs	3,237	31
Exchange rate losses	10,461	6,449
Total	**18,456**	**10,632**

7 Income and deferred income taxes

Income taxes		
Current income tax	4,000	4,000
Deferred income tax	-	10,540
Adjustments concerning previous years	495	(1,300)
Total	**4,495**	**13,240**

Deferred income taxes		
Deferred income tax on January 1st	23,990	13,450
Movement for the year	-	10,540
Deferred income tax on December 31st	**23,990**	**23,990**

The deferred tax asset primarily consists of losses carried forward, that are expected to be utilized within 5 years. When assessing the utilization of the tax asset an emphasis is put on the Company's significant growth rates on existing markets as well as entry into new markets.

On December 31st 2018 the Company has a total of DKK 31,124k (2017: 9,443k) as unrecognized deferred tax assets.

NOTES

8 Intangible assets

DKK '000	Deferred commis-sions	Devel-opment projects	Devel-opment projects in progress	Total
Accumulated cost on January 1st	8,927	27,483	1,513	**37,924**
Additions	3,219	-	24,619	**27,839**
Transfers	-	19,216	(19,216)	**-**
Accumulated cost on December 31st	**12,147**	**46,699**	**6,917**	**65,762**
Accumulated amortizations and impairment on January 1st	(3,433)	(12,690)	-	**(16,123)**
Amortizations	(1,863)	(10,182)	-	**(12,045)**
Accumulated amortizations and impairment on December 31st	**(5,297)**	**(22,871)**	**-**	**(28,168)**
Carrying amount on December 31st	**6,850**	**23,828**	**6,917**	**37,594**

Development projects relates to the continuous development of new tools and features for the Company's Intelligence Platform. The projects are expected to be finalized over the course of 2019, where after the marketing of the new software services can begin. The projects are progressing as planned and it is expected that the software will be sold in current and new markets.

9 Tangible assets

DKK '000	Leasehold improve-ments	Other fixtures, furniture and fittings	Total
Accumulated cost on January 1st	3,332	13,273	**16,605**
Additions	112	4,310	**4,422**
Accumulated cost on December 31st	**3,444**	**17,582**	**21,027**
Accumulated depreciations and impairment on January 1st	(1,208)	(6,056)	**(7,264)**
Depreciations	(504)	(4,355)	**(4,859)**
Accumulated depreciations and impairment on December 31st	**(1,712)**	**(10,411)**	**(12,123)**
Carrying amount on December 31st	**1,732**	**7,171**	**8,903**

NOTES

DKK '000	2018	2017

10 Investments in subsidiaries

	2018	2017
Accumulated cost on January 1st	8,450	5,447
Additions	528	3,003
Accumulated cost on December 31st	**8,978**	**8,450**
Accumulated amortizations and impairment on January 1st	(2,940)	-
Impairment	(188)	(2,940)
Accumulated amortizations and impairment on December 31st	**(3,128)**	**(2,940)**
Carrying amount on December 31st	**5,850**	**5,510**

Investment in subsidiaries are specified as follows:

Name	Country	Currency	Share capital	Ownership
Siteimprove AS	Norway, Oslo	NOK	50,000	100%
Siteimprove GmbH	Germany, Berlin	EUR	25,000	100%
Siteimprove GmbH	Switzerland, Zürich	CHF	20,000	100%
Siteimprove GmbH	Austria, Vienna	EUR	35,000	100%
Siteimprove i Sverige AB	Sweden, Malmo	SEK	100,000	100%
Siteimprove Inc.	USA, Minneapolis	USD	1,000	100%
Siteimprove Inc.	Canada, Toronto	CAD	100	100%
Siteimprove K.K.	Japan, Tokyo	JPY	50,000	100%
Siteimprove Pte. Ltd.	Singapore	SGD	100,000	100%
Siteimprove Føroyar Sp/f	Faroe Islands, Tórshavn	DKK	50,000	100%
Siteimprove Ltd.	United Kingdom, London	GBP	1	100%
Siteimprove Ltd.	Ireland, Dublin	EUR	100	100%
Siteimprove Ltd.	Australia, Sydney	AUD	1	100%
Siteimprove B.V.	Netherlands, Amsterdam	EUR	1	100%
Siteimprove Oy	Finland, Helsinki	EUR	2,500	100%
Siteimprove S.L.U.	Spain, Madrid	EUR	3,000	100%
Siteimprove S.R.L.	Italy, Milan	EUR	10,000	100%
Siteimprove SAS	France, Paris	EUR	1	100%
Siteimprove SPRL	Belgium, Brussels	EUR	6,200	100%
Marketing Lion ApS	Denmark, Copenhagen	DKK	60,000	100%

NOTES

DKK '000	2018	2017

11 Other financial fixed assets

	2018	2017
Accumulated cost on January 1st	7,382	6,510
Additions	105	2,000
Disposals	(1,000)	(1,128)
Accumulated cost on December 31st	**6,487**	**7,382**
Accumulated revaluation and impairment onJanuary 1st	-	-
Accumulated revaluation and impairment on December 31st	**-**	**-**
Carrying amount on December 31st	**6,487**	**7,382**

12 Prepayments

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

13 Share capital

The share capital consists of 555,126 shares of nominal value of DKK 1. The share capital is divided into class A-shares (14,982), class B-shares (413,044) and class C-shares (100).

The share capital has developed as follows:

DKK	2018	2017	2016	2015	2014
Share capital on January 1st	555,126	555,126	555,126	555,026	516,304
Capital increases	-	-	100	38,722	16,304
Capital decreases	-	-	-	-	-
Share capital on December 31st	**555,126**	**555,126**	**555,226**	**593,748**	**532,608**

The Company has issued a total number of 13,656 warrants entitling to subscribe 13,656 C-shares with a nominal value of DKK 1 at USD 360.34 per share. Warrants may be utilized until December 31st 2027 and only if the Company achieves an IPO, or more than 50% of the Company or its assets are transferred to a third party.

14 Provisions

Provision for financial assets covers write-downs on the Company's subsidiaries. Other provisions covers obligation to re-establish the Company's leased premises.

NOTES

DKK '000	2018	2017

15 Contingent assets, liabilities and other financial obligations

Lease obligations

Future minimum lease payments under operating lease contracts and rent commitments totals:

	2018	2017
Within 1 year	12,354	10,398
Between 1 and 5 years	32,669	39,134
After 5 years	-	-
Total	**45,022**	**49,532**

Contingent liabilities

The Company has provided corporate pledges to banks totalling DKK 97.5 million (DKK 0.0 million). The corporate pledge includes current and non-current tangible and intangible assets. No limitations in the use of assets apply.

Through participation in joint taxation schemes, the Company is jointly and severally liable for the tax payables.

The Company has issued letter of comfort to subsidiaries.

NOTES

16 Related parties, transactions, ownership and consolidated financial statements

Controlling interest
MEE Holding ApS, Frederiksberg (majority shareholder)

Transactions with related parties
With reference to §98c, para. 7 of the Danish Financial Statements Act no transactions are disclosed.

Ownership
The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

MEE Holding ApS, Frederiksberg
Nescon Software ApS, Copenhagen
Summit Partners (SMP) Sarl, Luxembourg

Consolidated financial statements

The ultimate parent company is MEE Holding ApS, Frederiksberg, Denmark.

Siteimprove A/S is included in the Consolidated Financial Statements of MEE Holding ApS, Frederiksberg, Denmark.

DKK '000	2018	2017
17 Distribution of result		
Retained earnings	(85,240)	(61,309)
Total	**(85,240)**	**(61,309)**

18 Significant events after the reporting period

The Company has not experienced any significant events after December 31st 2018 which have an impact on the annual report.

19 Going concern

The Company has lost more than 50% of its share capital and is thus subject to the provisions regarding capital loss. Management expects to re-establish the equity via positive results in the coming years. The Management assess that the capital resources of the Company is sufficient for planned activities until December 31st 2019 so that the company is to be regarded as going concern.

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AN NUAL RE- PORT 2018