Annual Report 2017

Annual Report for January 1st - December 31st 2017

The Annual Report was presented and adopted at the Annual General Meeting of the Company on May 23rd 2018

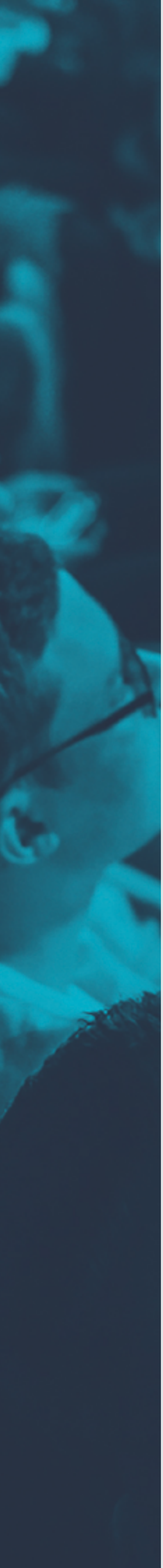
Siteimprove A/S | Sankt Annæ Plads 28 | 1250 Copenhagen, Denmark
CVR No 25 53 70 17 I siteimprove.com

Niels Lenander Jensen
Chairman of the General Meeting

Siteimprove

Imagine the day when every aspect of your digital presence is operating as intended

...everywhere you operate



2017
in numbers

No. of users/
>135,000

69% increase

Revenue /
USD 45 million

52% increase

Annual Recurring Revenue /
USD 55 million

49% increase

No. of customers /
>6,500

31% increase

No. of employees end of year /
467

23% increase

Contents

Letter
from the CEO

I am proud to present our 2017 annual report that marks yet another record-breaking year for Siteimprove, both in terms of our financial performance and the significant progress we made in improving and expanding the functionality of the Siteimprove Intelligence Platform. Our core product is now used by more than 6,500 companies and organizations worldwide to manage their digital presence.

For the sixth consecutive year, we achieved strong growth in 2017, increasing our revenue by 52% to USD 45 million. This was driven by continued strong demand for our product in established key markets such as the US and the Nordics. Our newer subsidiaries in countries such as France, Italy, Spain, and the Netherlands, however, also contributed particularly well in moving our company forward.

The strong growth we are seeing is possible thanks to a combination of passionate employees and satisfied customers. In 2017, the number of employees grew by 23% to 467 compared to 2016. Meanwhile, our customer satisfaction, which is best demonstrated by our Net Promoter Score, showed a score of 56. This places us among the best tech companies in our industry and also explains why we have customer retention that currently lies above 91%.

A main reason why we are able to expand our position as a leader in our market segment is our innovation center in central Copenhagen that now consists of nearly 100 talented employees that are engaged in core product development, testing, user experience, machine learning, and more. When you read the testimonies in this report, I hope you will get a sense of the strong passion that each and every one of them feels for creating a useful and value-adding product.

A memorable moment from 2017 was when we invited the inventor of the world wide web Sir Tim Berners-Lee to speak to 1,500 specially invited developers in the Danish Royal Theatre in Copenhagen on Global Accessibility Awareness Day in May. Berners-Lee gave us an inspiring talk on how we should tackle the issue that large companies, to a wide extent, control the web, influence what people see and do online, and have access to users' private data.

On a different note, having been part of the United Nations Global Compact since 2010, in 2017 we decided to take on even more responsibility toward a sustainable future by committing ourselves to the UN's Sustainable Development Goals. With our tools and expertise within digital accessibility, we believe we are well positioned to contribute to these goals by promoting and improving equality and inclusion across the globe.

At Siteimprove, we are passionate about making the internet a better place for all users, including the elderly and people with disabilities. By providing our customers with real-time accessibility data and the knowledge they need to address digital accessibility issues, we are proud help secure a more inclusive web every single day. In 2017 we coined the phrase "A better web for all" to summarize our efforts and mission specifically in the field of digital accessibility. It also reflects our mission to help safeguard the digital data of our own customers and help them do the same for the customers they serve.

In fact, since our company was established in 2003, we have lived by the principle that data always belongs to the customers we serve, regardless of whether they are private companies, educational institutions, or public organizations. We never share or sell data that we rightfully believe belongs to our customers, and this principle is an integral part of how we run our company. For this reason, we consider privacy as a core value and look forward to seeing the impact of the European privacy law, the GDPR (General Data Protection Regulation) that came into effect on May 25 this year.

To help our customers meet these stricter legal requirements, we launched a new Siteimprove GDPR tool in 2017 and will continue to improve and work towards making this a "one-stop" solution for organizations looking for an automated way to gain visibility and control over the personal data they store and use on their websites. So far, customer feedback on this product has been a wealth of gratitude that we can help automate compliance and provide peace-of-mind that personal data is manageable and kept safe online. After all, the web is perhaps the single most exposed and easily accessible place for any company or organization, making it critical from a compliance perspective.

Finally, I want to thank everybody who has been part of Siteimprove's journey in 2017. The support and confidence from our customers and partners have been outstanding, and I look forward to continuing our collaboration in 2018. Also, a very special thank you to all of our employees for their determination to make our company a success and a great place to work.

Morten Ersbøll Ebbesen,
Chief Executive Officer

Group Chart

Parent Company
Siteimprove A/S Copenhagen, Denmark

Consolidated Subsidiaries:

Siteimprove Ltd. United Kingdom, London	100%
Siteimprove Inc. USA, Minneapolis	100%
Siteimprove i Sverige AB Sweden, Malmo	100%
Siteimprove GmbH Germany, Berlin	100%
Siteimprove AS Norway, Oslo	100%
Siteimprove Ltd. Ireland, Dublin	100%
Siteimprove Ltd. Australia, Sydney	100%
Siteimprove Inc. Canada, Toronto	100%
Marketing Lion ApS Denmark, Copenhagen	100%

Siteimprove SAS France, Paris	100%
Siteimprove SPRL Belgium, Brussels	100%
Siteimprove S.R.L. Italy, Milan	100%
Siteimprove S.L. Spain, Madrid	100%
Siteimprove N.V. Netherlands, Amsterdam	100%
Siteimprove GmbH Switzerland, Zürich	100%
Siteimprove Oy Finland, Helsinki	100%
Siteimprove GmbH Austria, Vienna	100%
Siteimprove K.K. Japan, Tokyo	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

Board of Directors

Niels Lenander Jensen, Chairman
Niels Ebbe Ebbesen
Michael Sølling
Antony Clifford Clavel
Johannes Kornelis Jan Sikkens
Allan Charles Wade

Executive Board

Morten Ersbøll Ebbesen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup, Denmark

Who We Are

Plain and simple, we love what we do. Our latest employee surveys around the globe revealed that our employees feel passionate about their work every single day.

We are a people-centric company driven by the desire to help customers make the most of their digital presence, while providing the knowledge and tools they need to help make the internet a better, more inclusive place for all.

As the digital world becomes increasingly complex, it is more important than ever for organizations to maintain an error-free, consistent, up-to-date, and accessible digital presence. Our intelligent automation software and best-in-class customer support have helped more than 6,500 organizations worldwide transform the way they manage and deliver their digital presence.

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 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.

The intuitive, gamified dashboard centers around our recently developed Digital Certainty Index™, and allows organizations to streamline the content creation process to more effectively manage the quality, credibility, and impact of online content

2017 Customer Experience

Customer base growth **30.4%**

Customer retention **91.4%**

With our easy-to-use analytics features, teams can measure and track visitor behavior in order to make more informed decisions about site 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 an unparalleled customer experience through Professional Services and personalized 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 and deliver their digital presence exactly as intended.

Our Mission

Siteimprove's mission is to make a better web for all. Our team remains dedicated to that mission while also developing new and innovative ways to streamline the creation and management of a reliable, accessible digital presence. 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

We challenge each other and ourselves to think outside the box every day. At Siteimprove, we collaborate across departments and borders to innovate and improve our tools, and experiment with new processes to make our products and services even stronger.
Our primary product is the Siteimprove Intelligence Platform, which provides content and analytics insights that help organizations connect their digital strategy to larger goals.

Our Customers

Our customer base of more than 6,500 organizations (and counting) derives from a wide variety of industries, including higher education, finance, government, Fortune 500, healthcare, retail, nonprofit, and more.

Nine international offices serve 29 markets across four continents, and deliver unparalleled services in 13 languages.

The Siteimprove Intelligence Platform and our Professional Services are adaptable to organizations big and small, from innovative startup organizations to educational institutions of all sizes, and corporations such as Audi, Land o' Lakes, Microsoft, and Oxford University Press.

Our Go-to-Market Strategy

We aim to meet organizations everywhere they are in their digital efforts. Through constant and innovative product development, we offer industry-leading solutions to a growing list of markets. With a 2017 expansion into Japan and deeper market penetration in places like the US, the UK, Australia, 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 the areas of website performance, accessibility, privacy and security, SEO, and all other digital aspects
- 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

- February – Joins the World Wide Web Consortium (W3C), the world's leading accessibility body
- February – Launches the free Google Chrome Accessibility Checker
- April – Rebrands with the tagline "Act With Digital Certainty" and launches brand new website
- April – Introduces tiered support plans and Professional Services
- May – Hosts Global Accessibility Awareness Day in Copenhagen, featuring guest speaker Sir Tim Berners-Lee, founder of the World Wide Web
- June – Launches first CMS Plugins to create seamless content creation for customers
- September – Expands into Japan by leveraging the international partner network
- October – Unveils the Digital Certainty Index™, a unique performance indicator that measures the effectiveness of a website's SEO, accessibility, and content quality
- October – Announces participation in the WAI-Tools Project, a collaboration between the W3C, European national authorities, and other accessibility leaders
- November – Replaces existing SEO offering with 60 comprehensive SEO checks
- November - Launches GDPR solution that sets customers on the path to a compliant website under Europe's newest data privacy regulation, the General Data Protection Regulation

How Siteimprove Works

Key Resources

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

Products

- Content & Accessibility
- GDPR
- Analytics
- SEO
- E-Learning Courses
- Manual Testing
- Support

Channels

- Sales force
- Online store
- 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.

Customer-focused:
CX & Sales

At Siteimprove, one of our core values is customer focus. Not only in the development of our products but also in our sales and support processes, where we make sure that we are close to our customers. Our country offices offer sales and support from local people in their local languages in order to provide the best customer experience possible for our clients around the world. This localization approach has been successful as our local markets are growing, and as the markets grow, the local offices grow with them. You can read more about the development of some of our country offices here, where we are zooming in on two of our local markets: The United States and The Netherlands.

Torben Rytt

Role: CEO, Siteimprove Inc.

Responsibilities: All Siteimprove operations in the United States – sales, marketing, CX, and general operations

With Siteimprove Since: 2007

Favorite Perk: Donut Fridays

Favorite thing about working for Siteimprove: Getting to work with talented people that inspire and challenge each other

Siteimprove's Minneapolis Office

Established: 2007

Employees: 185

What they do for fun: Donuts and Happy Hour on Fridays. Office activities such as Trivia Night, and departmental team-building activities

Describe the development of Siteimprove in the US market since we entered back in 2007

In 2007 it was just me and the 20 customers who paid us a grand total of $21,000 a year. Safe to say we have grown quite a bit since then! When we first expanded to the US market we focused on the industries that we knew well from Denmark, and then after having done that for about a year we gained traction in a number of other industries that have proved to be very good markets for us, and later we successfully added the larger private sector. As the product and our processes have matured, so have our workforce and the industries we strive to serve.

Since Roger Fuhrman, Executive Vice President of Sales & Partnerships, joined us, it feels like Siteimprove's number of employees has almost doubled every year. His background and expertise allowed us to develop and retain people in a stronger and more sustainable way than we had been able to do in the past.

The growth we have experienced in the last four years has afforded us the ability to offer our employees benefits that would not be possible if we were a smaller company. When we were first pioneering the US market we had only hourly employees and zero health benefits. Now, we offer salaries and comprehensive health benefits including dental, vision, short-term/long-term disability, and life insurance. And, like our Copenhagen office, we offer lunch made fresh daily in the cafeteria by our in-house chef, Colin MacDonald.

How are you making a difference to our clients in the US?

The Siteimprove Intelligence Platform is at the core of everything we do with our excellent customer experience team bringing everything to life. The product brings people to use and our customer service is what makes them stay. We make sure our customers reach the goals they set out to achieve while helping them get the most out of Siteimprove and experience all it has to offer.

Which advantages do you experience in the US market?

We have a robust product that truly adds value to our clients' day-to-day job functions, which certainly is one of our biggest strengths. On a company culture level, Siteimprove is very unique to the Minneapolis market–and people are starting to know us for that. Our culture is one of the main reasons we have been able to attract and keep talented people and build a strong, hard-working, and passionate team.

What does it take to work for Siteimprove in the US?

It is crucial for every person that becomes a part of our team to have an undeniable sense of ambition. As a company, we have some lofty goals and the only way we can achieve them is with the hard work and determination of our employees.

What is the plan for 2018?

2018 is going to be a huge year for us; we have a lot of new products on the way that will change the way we are perceived in the marketplace. To be ready for the growth that the new products will bring for the company, we have established a solid roll-out plan to begin monetizing on these new opportunities.

With a more advanced product arsenal than ever before, the challenge will be in training each employee extensively so that Siteimprove can market, sell, and support our products in the most knowledgeable and informed way.

Auke Grondsma

Role: Managing Director of Siteimprove Benelux

Responsibilities: To strategically expand the activities of Siteimprove in the Benelux region

With Siteimprove Since: August 2016

Favorite Perk: The opportunity to drive change on the Dutch market, which leaves employees feeling empowered

Favorite thing about working for Siteimprove: The strong internal and external feeling of togetherness. Striving for excellence together and pushing each other to create the best solution. Our clients experience that togetherness too – they are feeling like part of Siteimprove when they are using it

Siteimprove's Amsterdam Office

Established: 2014

Employees: 12

What they do for fun:
Friday bar and going out for dinner once every two months. Celebrating "silly" events like Ugly Christmas Sweater Day

Please describe the development of Siteimprove in the Benelux markets since we entered back in 2014

We have raised the bar on a professional level and have continued to reach out to our clients, putting business processes in place and focusing on consultative selling. Siteimprove Benelux started with five employees, and I am happy to say that four of them are still here. That means our collective knowledge, which has been built up, is for the largest part still here.

We see that we are doing really well in a number of industries, which proves that the Netherlands really has an appetite for Siteimprove.

How are you making a difference to our clients in the Benelux region?

It is by the quality of our product. We claim that using Siteimprove will allow them to act with digital certainty, which really is the case in the Netherlands. The feedback that we get from our clients is that they are using Siteimprove as an integral part of their business, whether they wish to comply with accessibility guidelines, optimize their SEO, or getting clear insights of the behavior of their visitors. They really feel that we make a tangible difference.

Which advantages do you experience in the Benelux market?

Compared to our competitors, the completeness of our platform is the main advantage – there is no other platform that puts them all together like we do. That means our clients have a one-stop shop for improving their digital presence

What does it take to work for Siteimprove in the Benelux?

Passion. Passion to strive for the best product, the best customer experience, and the best way to achieve our goals. As well as eagerness. Eagerness to continuously learn from your colleagues, clients, and stakeholders.

What is the plan for 2018?

The goals are to sustainably grow the business and make sure that our employees are as happy as they possibly can be. And like we did in 2017, really put a plan in place, follow it to detail, and deliver very good results. I think at Siteimprove as a whole, we are very much in the growth phase and we are trying, at least in the Benelux region, to make sure that we can walk before we start running. If you can walk, then the running will come eventually.

Key Knowledge Resources

Our Product Development (PD) department is the birthplace of the innovative Siteimprove Intelligence Platform (SIP). PD is located in Copenhagen, occupying an entire floor of the Siteimprove headquarters. The approximately 80 Siteimprovers divided into product units and other specialized teams comprise the PD department and are of significant importance to the future income of Siteimprove as their individual and shared knowledge and skills all contribute to creating, improving, and optimizing Siteimprove's products.

It is with the SIP, our service, and additional products that we add value for our customers, and to society through our work with improving the World Wide Web and creating awareness about digital inclusion. The innovation happening within PD means that we can continue to improve and add features that help us stay ahead of the curve as a business and maintain our role as frontrunners in the industry.

The 80 person department contains five so-called product units, which are product-specific teams that each focus on one or more of the products within the SIP. In 2017, we hired 40 developers to our teams, which has added valuable knowledge and experience to PD and enabled us to get even smarter and equipped us to continue to improve our services. A wide range of profiles are working with development in Siteimprove, including software developers, data scientists, product owners, product experts, DevOps engineers, cloud and software architects, and UX designers. The majority have an education within IT, and some are self-taught, while we also employ several Ph.D.'s working in our teams.

Our employees are crucial to Siteimprove's success as a business and attracting and maintaining talented people are among our absolute top priorities. We do it through a long list of initiatives, perks, and benefits, many of which are described in our annual CSR Report and Culture Audit, which can be found on our website.

Meet some of our representatives from our talented development floor here.

Name: Kate Sygrove

Role: Director of Release Management

With Siteimprove since: December 2003

Responsibilities:
In charge of the Release Management team that covers:

- Cross-platform activities
- Copy-writing for platform and help center and localizing copy into all our supported languages
- Overseeing the Iridize tool (online tutorials, beacons, and splash boxes)
- Communicating to the rest of the organization about PD's activities
- External release notes to end users about the development of the platform

Education and experience:
Degrees in Contemporary History (BA) and Life History Research (MA)

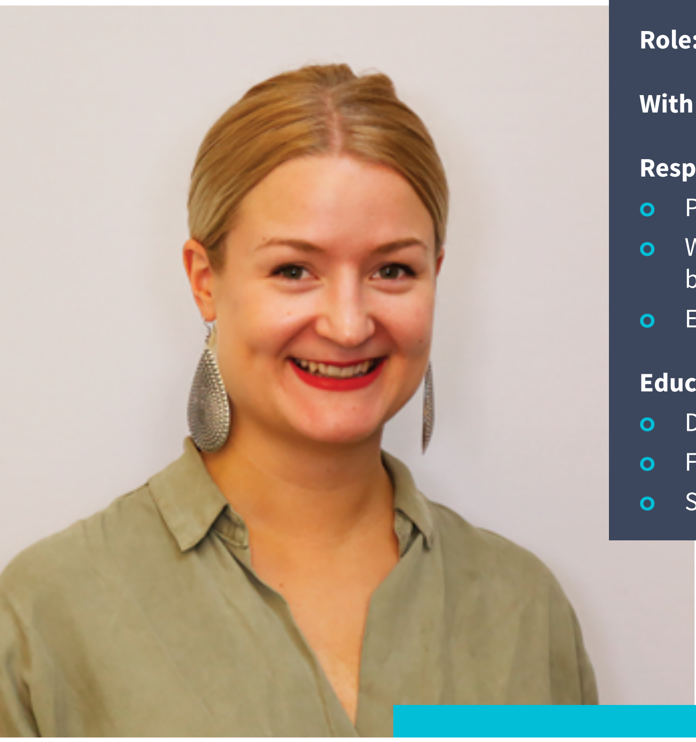
- Started out with 6 years as a Siteimprove salesperson for the UK market, and established our first customers in the U.S.
- Then continued as Project Manager in Siteimprove's development department
- Took on the role of Product Owner of QA, and the Director of Services, before jumping into her current role

How have you experienced Siteimprove's and your personal development since you started?
A lot has happened at the company since I started. It has been interesting going from being just five to start with – Morten [CEO], a few developers, and then two of us selling it – to where we are now is pretty amazing to have been part of. It is pretty cool that there is a number of us that have been on the whole journey who are still with us. The biggest change has been that we now have global offices in different time zones dealing with different markets, and all of a sudden everyone does not know everything that is going on, and you cannot just ask the person sitting next to you anymore. However, we are getting better and better at finding out how to continue the great work we are doing on a global level.

Which kind of knowledge do you contribute with?
We assist the product units by communicating their activities to the rest of the organization. We are a unified source of product information for the organization. I also share the knowledge with our country offices weekly to make sure that everyone is on the same page. So we have all the knowledge of our current and future releases and we are facilitating a unified place for it, which also gives transparency within the organization.

How is it to be part of Siteimprove's development department?
I like it very much! When I joined the department I think we were 7 or 8 people connected to it, and now new people are joining every month, which means it is no longer the case of knowing everyone anymore. That is quite new in our department! I have always enjoyed being part of it even though I am not a developer myself. I get a kick out of working with these extremely intelligent people and love being part of producing something, fixing things, and experimenting with what we can do.

What is your favorite perk?
Take-away! No shadow of a doubt. I am a mother of two kids and work full-time, so does my husband, so the take-away is just fantastic.



Name: Noora Siikaluoma

Role: Product Owner, SEO, Digital Marketing Unit

With Siteimprove since: November 2017

Responsibilities:

- Prioritizing and visioning of the product
- Writing and defining backlog items, prioritizing and maintaining backlog
- Establishing and embracing Scrum framework

Education and experience:

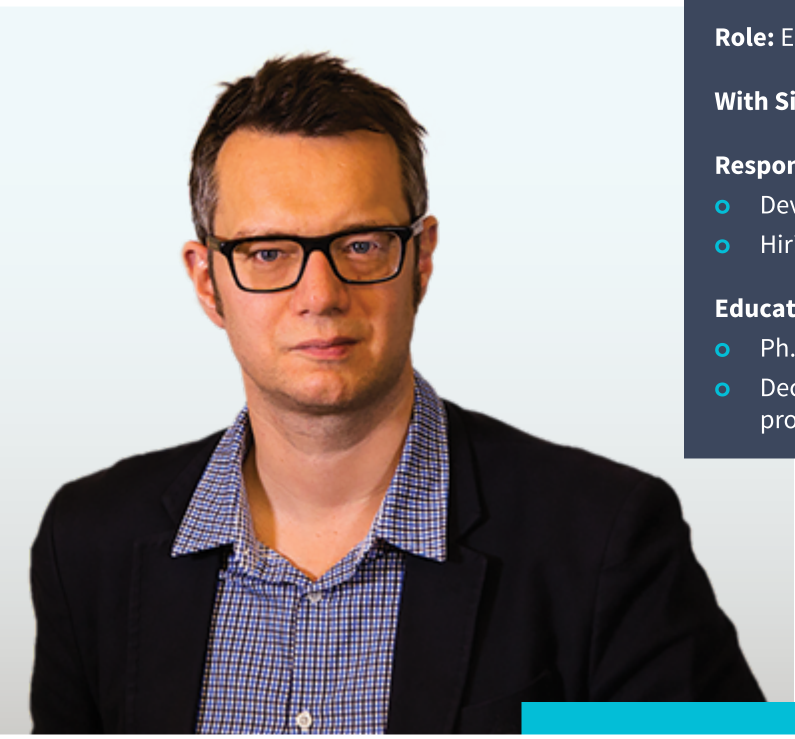
- Degree in Media and Communication Studies
- Formerly online marketing manager in Berlin doing SEO and SEA
- SEO consultant in Stockholm before joining Siteimprove

How have you experienced Siteimprove's and your personal development since you started?
I joined Product Development after the recent restructuring. For me, being a part of the development department has been a new and exciting experience as I do not have a product development background. Being a product owner has made me an even better team player, I have become better at taking decisions, collaborating and communicating with other departments and across units.

Which kind of knowledge do you contribute with?
I have strong SEO domain skills having worked with online marketing and SEO for many years. In addition to that I have great knowledge of other SEO tools and analytics products. So my knowledge covers the whole spectrum within online marketing.

How is it to be part of Siteimprove's development department?
I think Product Development is the best department! There are so many skilled people here and it is very motivating and inspirational to be part of it. People are really striving to build great, great products.

What is your favorite perk?
The canteen! And, because I live in Malmö, Sweden, I commute with the Swedish company 'bus' that takes those of us living in Malmö directly to the office every day. It is important to me to have that option, and it is a fun ride!



Name: Niels Christensen

Role: Engineering Manager, Security Product Unit

With Siteimprove since: October 2016

Responsibilities:

- Developing security, compliance, and performance products
- Hiring the right people and developing them

Education and experience:

- Ph.D. in Computer Science
- Decades within software development as a developer, IT architect, project manager, consultant, and research scientist

How have you experienced Siteimprove's and your personal development since you started?
Siteimprove is a growing company, which means I have had the joy of leading employees already here while continuously adding new talent to the team. I have gotten to know a lot of very technically skilled people and helped them get even better. I have seen the company grow rapidly and experiment with different ways of attacking the market to see what works. I have seen it adapt and reorganize as necessary as we have had to professionalize and work together across borders.

Which kind of knowledge do you contribute with?
There is the knowledge that I brought with me when I arrived, and there is the knowledge that comes with having been here for a while. Having worked in many different places, I know how we can make our product better by doing something new, or different. I also contribute by helping our people understand how the different parts of our product are linked together. It is an extensive product we offer with interconnected features, so you cannot just sit and work in one corner of the software – you need to understand the bigger picture.

How is it to be part of Siteimprove's development department?
It is really exciting! We are in a very interesting sweet spot between being a startup and a big corporation. We can take the startup approach and try new things and experiment freely, and we are big enough to have the power and resources to actually pull it off and launch some brand new, innovative solutions.

What is your favorite perk?
Easy! How can you not answer take-away from our amazing canteen?

Name: Jesper Bromose

Role: Software Developer, Digital Marketing Unit

With Siteimprove since: August 2014

Responsibilities:
- Primarily front-end development, plus some back-end
- Currently working on our SEO product

Education and experience:
- Degree in Computer Science
- Joined Siteimprove almost straight out of university more than three years ago

How have you experienced Siteimprove's and your personal development since you started?
When I graduated from university I had the mindset that I was going to show the world how to make software. Then I started at Siteimprove and found out that it was actually the world that was going to show me how to make software! I have learned a lot since starting here. I was hired to do primarily front-end development but I have been working more and more with back-end as well.

The Siteimprove journey has been a fun one because we started as a tiny startup and are now big business. I think we are quite corporate now! It has been a rapid development and it is fun being part of it.

Which kind of knowledge do you contribute with?
I have been with the company since way back so I have an extensive knowledge about how our suite works and can tell if new ideas can be implemented using our current technology. Then I contribute with a lot of code of course!

How is it to be part of Siteimprove's development department?
I like it a lot. When I finished my education and had to start in a "grown-up job" I was excited to see how it would be. There is not much of a difference between university and Siteimprove, to be honest, as there is a great sense of unity here, and it helps that it is a fairly young environment. My biggest fear was joining a company where everyone was a lot older than me!

What is your favorite perk?
The flexible work hours. It makes it a lot easier for people like me who have young kids.

Name: Stein Erik Skotkjerra

Role: Lead Accessibility Strategist

With Siteimprove since: April 2017

Responsibilities:

- Setting the course for our accessibility projects
- Internal and external accessibility training
- Making our own tool accessible
- Collaborating with other organizations such as W3C, EU, and standards organizations

Education and experience:

- Degree in IT and Communication, currently doing a Master in Technology Management
- Formerly independent consultant for 7 years
- Experience working with assistive technologies for visually impaired people
- Worked on IT projects for the Norwegian Labor and Welfare administration

How have you experienced Siteimprove's and your personal development since you started?
Every day I learn something new. Here, you have the opportunity to develop not only yourself but also your colleagues. I really enjoy working with the passionate people here, and the fact that you can make a real difference is very rewarding. Since I started, we have made our tool accessible so that people with disabilities are able to use it, which is huge. We have also organized some incredible events: Global Accessibility Awareness Day in Copenhagen with the foremost experts within digital accessibility to name one, and we have joined several working groups about the digital accessibility. We have also been granted an EU project on accessibility, which is a very big thing. We are moving super-fast and it is really positive that we have expanded the accessibility team along the way.

Which kind of knowledge do you contribute with?
I am contributing with knowledge within the field of digital accessibility, where I have a lot of experience. I can teach people how to work with accessibility on a process level as well as the technical part of coding and designing accessibly, and I know how to work with accessibility in an organization. I can really assist my colleagues and our external stakeholders with the correct methods to measuring accessibility and help them interpret guidelines, which is not exactly straightforward.

How is it to be part of Siteimprove's development department?
What is great about Siteimprove is that you work with people across the organization, so we are not just working on Development or Sales projects – we are all in it together. We also have a big group of fantastic developers, who are really interesting to collaborate with. They are inspiring to talk to for me as I am not an actual developer myself. It is just very exciting to learn all that they know. The best thing about it all is that we are all pulling in the same direction towards a common goal.

What is your favorite perk?
I have a very special perk which is dog daycare for my guide dog, Alpha, who has taken very good care of in our reception! Aside from that, our canteen is incredible and it does not hurt that we are brewing our own beer.

Corporate Social Responsibility (CSR)

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

In 2015, the United Nations agreed to 17 global Sustainable Development Goals (SDGs) to be achieved by 2030 that we are strong supporters of. We believe Siteimprove is uniquely positioned to contribute to the SDGs within digital human rights.

We are focusing on three specific goals where we can make the biggest impact as they align with our core business and expertise:

Read more about our commitment to the SDGs in our latest CSR report and on our website: https://siteimprove.com/en/company/csr/

Goal 4: Quality Education

Goal 10: Reducing Inequalities

Goal 17: Partnerships for the Goals

Policy Area 1: Human Rights

Policy

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

Activities

Our human rights activities focus on improving the accessibility of the World Wide Web. Our goal is that everyone, regardless of disabilities and impairments, are able to access the Internet on equal terms. To increase awareness of the need for digital inclusion and to educate professionals, we organize a long list of webinars, awareness raising events, and training activities, and publish content about digital accessibility, all free of charge.

In order to provide everyone with the technology to improve accessibility online, we launched the Siteimprove Accessibility Checker in 2017, a free extension for the internet browser Google Chrome. The free extension is available for everyone and it enables users to check individual pages for accessibility compliance issues.

Results

- Thousands of people have attended our events in person or online, learning about digital accessibility and getting the knowledge to make their digital presence inclusive to all users.
- More than 10,000 users have downloaded the freely available Chrome extension, which is helping increase equality on the web as everyone now has the ability to identify accessibility issues on their websites and the knowledge to fix them for the benefit of their end users.

Policy Area 2: Social and Labor Rights

Policy

Siteimprove complies with ILO's international labor standards, including the eight fundamental conventions on the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

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

3. The company should 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

Our Code of Conduct includes the policy "People are our greatest resource" which ensures equal opportunities and a safe and inclusive workplace for all employees across our offices.

Siteimprove's commitment to caring for people is manifested in the workplace through a variety of programs designed to promote and reward individual and team achievement. In the end, it is the efforts of our talented and skilled people all over the world that make the success of our business possible.

Siteimprove strives to create and maintain a safe and good working environment of mutual respect, free of all forms of harassment. We have a zero-tolerance policy towards harassment and 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 a better place, 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 apply for our jobs worldwide.

Activities

Siteimprove's commitment to caring for people is manifested in the workplace through a variety of programs designed to promote and reward individual and team achievement. In the end, it is the efforts of our talented and skilled people all over the world that make the success of our business possible.

Our work environment organization in Copenhagen consists of four working environment representatives elected by employees plus the Chief Operating Officer, who has the authority to approve all matters raised at work environment committee meetings.

As part of Siteimprove's aim to provide a healthy work-life balance, we have a continuous focus on the risk of stress in the workplace. Our goal is to have an ongoing dialogue between employees and immediate managers regarding this balance, and if assignments are piling up, we want our employees to know that it is always OK to say so. All employees are encouraged to look out for one another and help if someone seems stressed and in our headquarters, employees have been educated in identifying signs of stress and learnt how to prevent it on a stress management seminar.

To continuously monitor the well-being of our employees we have been teaming up with Great Place to Work®, a global research and consulting firm, for the past three years. Their consulting and their survey help us analyze how well we are doing and how we can improve. For our office in the United States, we take part in the Star Tribune's yearly workplace survey for the same reasons.

On top of strictly complying with all labor laws and regulations, various benefits and perks are offered in the different Siteimprove offices to maintain employees and ensure their well-being. Flexible work hours, central office locations, pension and health plans, lunch schemes, and fitness, yoga, and language classes are just some of the perks that Siteimprovers enjoy around the world.

Results

In 2017 we ran Great Place to Work's® employee satisfaction survey for a third time in three years. All six of our European offices along with our Sydney office were included in the process, and we are happy to see that we are improving as a workplace across the globe. Our Copenhagen headquarters took a big step forward in the midsize companies rankings, moving up from number 34 in 2016 to number 22 in 2017. For the third year running we were also included in the top 10 best workplaces in the IT industry in Denmark.

Our US headquarters in Minneapolis was ranked among the 150 best workplaces in the state of Minnesota in a survey produced by the consultancy firm WorkplaceDynamics for the Star Tribune. Siteimprove in the U.S. was ranked number 35 in the midsize category for companies in the state of Minnesota.

Policy Area 3: Environment and Climate

Policy

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

Siteimprove's Environmental Policy applies to all Siteimprove offices and defines the overall environmental work within the company. The policy is directly related to the principles of the Global Compact and we live up to the principles by following these three tenets: We exercise caution in relation to environmental challenges, we take steps to **promote environmental responsibility**, and we support the **development and growth of environmentally friendly initiatives.**

Activities and Results

As a software-as-a-service company, we are concerned with the amount of energy used to cool our data servers. As such, we have chosen a data center that meets our demands regarding sustainable energy consumption and optimal data security. Our data center, Interxion, has received multiple environment awards as they support and consume energy from sustainable and low-carbon sources to the greatest extent practical, and 90% of their power comes from sustainable sources and with their innovative technology they utilize groundwater as a cooling agent for the servers, which minimizes the need for traditional cooling compressors. Interxion's continuous focus on optimizing their energy efficiency, reducing carbon emissions, and cutting waste reassures us that they are the right data center for Siteimprove.

In our offices, we have procedures in place for recycling paper, cans and bottles. Employees are aware of the importance of recycling and successfully use dedicated bins for collecting paper, cans and bottles in order for it to be recycled.

Policy Area 4: Anti-corruption

Policy

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

Despite working in a low risk market, we have implemented a company-wide Code of Conduct, a document addressing the issues of bribery and corruption. Reading and complying with the document is mandatory for all Siteimprove employees. The global Code of Conduct describes what Siteimprove employees can and cannot do when they deal with suppliers and customers. Failure to comply with the Code of Conduct may have consequences for future employment in Siteimprove.

As a global company, Siteimprove follows the strictest ethical and business standards of behavior, regardless of the leniency of local standards. Complying with the Code of Conduct is based on the use of good judgment and seeking guidance when questions arise. The section "Building Business Relationships" states that "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." Furthermore, it informs employees of their responsibility in their dealings with government employees, to whom they are not allowed to offer any gifts, gratuity, or things of value.

Activities

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 risk of losing our business. Siteimprove also respects and adheres to customer or supplier policies to the extent that they do not contradict our own policies.

Results

In 2017, we implemented our Code of Conduct in all our offices, and all employees must read and comply with it.

Diversity

Our policy is not to discriminate, which is also stated in our Code of Conduct, as we believe all employees must be chosen for their qualifications, knowledge, and experience, irrespective of gender, age, national origin, religion, or political orientation.

In managerial positions we see a 68-32 percent split between male and female managers. The change compared to last year can in large part be attributed to our reorganization in our development department, where the new structure now includes more middle managers, most of which are male. We are aware of the fact that this gender split among leaders is not ideal and it is a challenge in the tech industry, however, we are focusing a lot on being an attractive workplace for both women and men, and we are also partnering with other entities to inspire women to seek employment in the industry.

At Siteimprove, we offer yoga and gym classes, healthy lunch menus, professional development, and more to attract women, as well as men. In addition, we enable and encourage a healthy work-life balance through our flexible work hours. In 2017, we initiated our partnership with the community Women in Tech and together our aim is to inspire women to pursue a career in the IT and technology industry. The women in Siteimprove have also started a networking group with women from another IT company, Wizdom, and with support from the whole company they organize activities and discuss how to get more women into tech.

Currently, we have no women on the Board of Directors. However, it is our clear intention to include a woman on the Board of Directors within the next couple of years.


Siteimprove

Risk

Management

Siteimprove understands the importance of protecting business assets –not only our own, but also those that our customers entrust to us. As a result, Siteimprove is constantly assessing and mitigating risks that can threaten those business assets.

2017 saw an expansion of Siteimprove's efforts to identify and reduce risks. The Risk Governance Committee, made up of a cross-section of leaders from key departments, continued to meet, identify, and mitigate risks threatening the business. Upper management also authorized the creation of the Privacy Steering Committee to address the risk facing personal data processed by Siteimprove. The Privacy Steering Committee meets quarterly with the goal of informing, educating, and empowering upper management to champion data privacy throughout the company.

While Siteimprove is proud of its risk identification and mitigation efforts in 2017, we will continue to remain vigilant and expand our efforts to protect our business assets throughout 2018 and beyond. Highlights of 2017 include:

Protection and Privacy in the Processing of Personal Data

- The General Data Protection Regulation becomes effective May 25, 2018 and represents a step towards greater protection of the personal data of EU citizens. Throughout 2017, we have ramped up our compliance efforts with the formation of a GDPR compliance project team, addition of an Information Security manager, creation of policies and procedures to reflect our processing of personal data, and training for employees. These efforts serve to protect customer data and business assets from losses, and mitigate the risk of penalties that can be assessed for non-compliance.

Internal Financial and Legal Controls

- Without parameters for authority to act or a centralized vendor review process, a business can expose itself to unintended risks. In 2017, Siteimprove enacted a formal Delegation of Authority (DoA) which set forth exactly which employees could commit funds and sign on behalf of it. In conjunction with the DoA, a vendor management process was also rolled out, allowing for more comprehensive oversight of all third-party vendor transactions. With this control and process, Siteimprove can better protect assets from risks posed by unfavorable contract terms or unauthorized contracts.

Business Continuity Assessment

- Understanding how to maintain the business in the face of a crisis is critical to an honest identification and prioritization of risks. During 2017, upper management actively worked to create a comprehensive business continuity plan that was successfully tested by key personnel. The test assisted Siteimprove in identifying both places of strength and areas for improvement. As a result, Siteimprove is working to enhance certain areas to ensure improved protection of business assets in 2018.

Financial Statements


rillion of 'over-borrowing' risks new

Consolidated Five-Year Summary (USD)

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

USD '000	2017	2016	2015	2014	2013
Income Statement					
Revenue	45,103	29,705	19,896	13,341	9,425
Gross profit	37,945	24,351	15,960	11,113	7,895
EBITDA[1)]	(4,593)	(5,057)	(2,898)	(89)	700
EBIT	(9,331)	(7,635)	(4,128)	(599)	346
Net financial items	477	(154)	(75)	(149)	104
Income taxes	2,047	1,260	858	(59)	(640)
Income/(loss) after tax	(6,807)	(6,528)	(3,345)	(807)	(190)
Balance Sheet					
Total assets	34,525	27,633	24,823	6,839	4,460
Equity	(6,314)	764	7,056	(5,182)	(3,416)
Total tangible capital expenditures	(817)	(1,128)	(637)	(337)	(66)
Cash Flow Statement					
Cash flow from operating activities	6,324	1,615	2,004	1,536	1,829
Cash flow from investing activities	(9,439)	(7,017)	(5,740)	(430)	(118)
Cash flow from financing activities	-	38	15,815	(1,112)	(626)
Change in cash and cash equivalents for the year	(3,115)	(5,364)	12,080	(6)	1,086
Key Ratios					
Annual recurring revenue	54,967	36,848	25,236	16,622	11,694
Revenue growth	51.8%	49.3%	49.1%	41.5%	62.1%
Gross margin	84.1%	82.0%	80.2%	83.3%	83.8%
Solvency ratio	(18.3%)	2.8%	28.4%	(75.8%)	(76.6%)
EBITDA margin	(10.2%)	(17.0%)	(14.6%)	(0.7%)	7.4%

[1)] EBITDA is calculated as EBIT cf. Income Statement adjusted for depreciations, amortizations and impairment cf. Note 5.

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.

Following changes in accounting policies the Five-Year Summary has been adjusted to reflect the new accounting policy.

Consolidated Five-Year Summary (DKK)

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

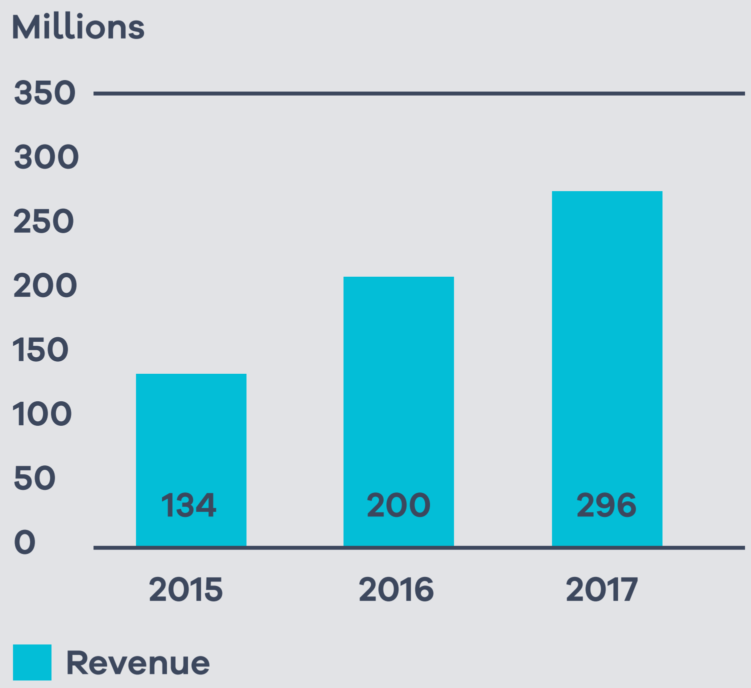
DKK '000	2017	2016	2015	2014	2013
Income Statement					
Revenue	296,202	200,070	134,391	77,215	51,980
Gross profit	249,012	164,017	107,415	65,385	44,295
EBITDA[1)]	(30,530)	(34,142)	(19,791)	(394)	3,906
EBIT	(61,526)	(52,027)	(28,187)	(2,117)	1,059
Net financial items	3,121	(1,100)	(608)	(2,119)	566
Income taxes	12,858	8,901	5,890	(2,731)	(2,784)
Income/(loss) after tax	(45,547)	(44,225)	(22,905)	(6,967)	(1,159)
Balance Sheet					
Total assets	214,318	194,934	169,540	41,862	24,139
Equity	(39,193)	5,389	48,192	(31,723)	(18,491)
Total tangible capital expenditures	(5,381)	(7,614)	(4,288)	(1,975)	(371)
Cash Flow Statement					
Cash flow from operating activities	37,774	12,350	13,485	9,013	10,274
Cash flow from investing activities	(60,366)	(47,593)	(38,613)	(2,524)	(661)
Cash flow from financing activities	-	256	106,396	(6,525)	(3,516)
Change in cash and cash equivalents for the year	(25,592)	(34,987)	81,268	(36)	6,097
Key Ratios					
Annual recurring revenue	341,219	259,884	172,364	101,752	63,295
Revenue growth	48.0%	48.9%	74.0%	48.5%	54.3%
Gross margin	84.1%	82.0%	79.9%	84.7%	85.2%
Solvency ratio	(18.3%)	2.8%	28.4%	(75.8%)	(76.6%)
EBITDA margin	(10.3%)	(17.1%)	(14.7%)	(0.5%)	7.5%

[1)] EBITDA is calculated as EBIT cf. Income Statement adjusted for depreciations, amortizations and impairment cf. Note 5.

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.

Following changes in accounting policies the Five-Year Summary has been adjusted to reflect the new accounting policy.

Financial Performance, Risks and Uncertainties



Financial Performance

In line with our expectations set out in the Annual Report for 2016, total revenue increased 48% (52%[1]); gross profit increased 52% (56%[1]); net cash flow for the year amounted to negative DKK 25.6 million (USD 3.1 million), and the result for the year was a loss of DKK 45.5 million (USD 6.8 million).

- Revenue totaled DKK 296.2 million (USD 45.0 million), an increase of DKK 96.1 million (USD 15.4 million) compared to last year. The increase in revenue was driven by strong performance across all markets. Especially US, Scandinavia and Southern Europe were significant contributors to our growth.
- Gross profit totaled DKK 249.0 million (USD 37.9 million), marking an increase of DKK 85.0 million (USD 13.6 million) compared to last year. Gross margin increased by 2.1% (2.1%[1]) following efficiency initiatives in our customer service departments.
- Net cash flow for the year amounted to negative DKK 25.6 million (USD 3.1 million) following significant cross-departmental investments and growth investments in local markets. Given the nature of our business, our largest investment was in people, which explains why the total number of employees increased to 467 by year-end 2017. Furthermore, in line with our strategy and to raise awareness of the value of "digital certainty," marketing spending was also increased.
- The result for the year was a loss of DKK 45.5 million (USD 6.8 million) compared to a loss of DKK 44.2 million (USD 6.5 million) last year, due to significant growth investments outlined above.

[1] Numbers In brackets indicate development in US figures

Change in Accounting Policies

In previous years the costs in the income statement have been presented by their nature. To enhance the true and fair view of the business of which we operate, we decided to present the costs in the income statement by their function. The change did not result in an adjustments to the income/loss after tax or equity.

Capital Resources

Based on the strength of our cash flow from operating activities which demonstrates a solid underlying foundation of the business combined with our growth plans for 2018, we consider our capital resources sufficient to achieve our ambitious targets.

Financial Risks

Our reporting currency is the DKK, while the most significant currencies for our revenue are the USD, EUR, and DKK. Fluctuating currency rates influence our reported net income/loss, assets and liabilities, as well as the value of future cash flows. A significant part of our operations is in USD, where translation risk is present. We do not hedge against the translation effects of currency fluctuations, although the development in exchange rates is closely monitored in order to react in a timely fashion and take required measures. Due to the historically fixed currency band between DKK and EUR, we consider both DKK and EUR as base currencies.

Estimation Uncertainty

Assessing the carrying amount of some assets and liabilities requires estimates and assumptions concerning future events. We consider the following financial statement lines to include accounting estimates and assumptions:

- Deferred commissions
- Development projects
- Obligation for reestablishing leased premises

The carrying amounts of deferred commissions and 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.

The impairment test includes significant judgments, such as assumption of projected future cash flows and churn rates, used in the valuation of the deferred commissions and development projects.

Obligation for reestablishing rented premises includes judgements such as assumption of expected future cash flows.

Looking Ahead

For 2018 we expect a continued growth in customers, employees and revenue and we see ourselves in a strong position to maintain our position as the world leader helping organizations and companies improving their digital presence. The result for 2018 is expected to be in line with the result of 2017.

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 2017.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at December 31st 2017 of the Company and the Group and of the results of the Company and Group operations and consolidated cash flow for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review. We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, May 23rd 2018

Executive Board

Morten Ebbesen

Board of Directors

Niels Lenander Jensen
Chairman

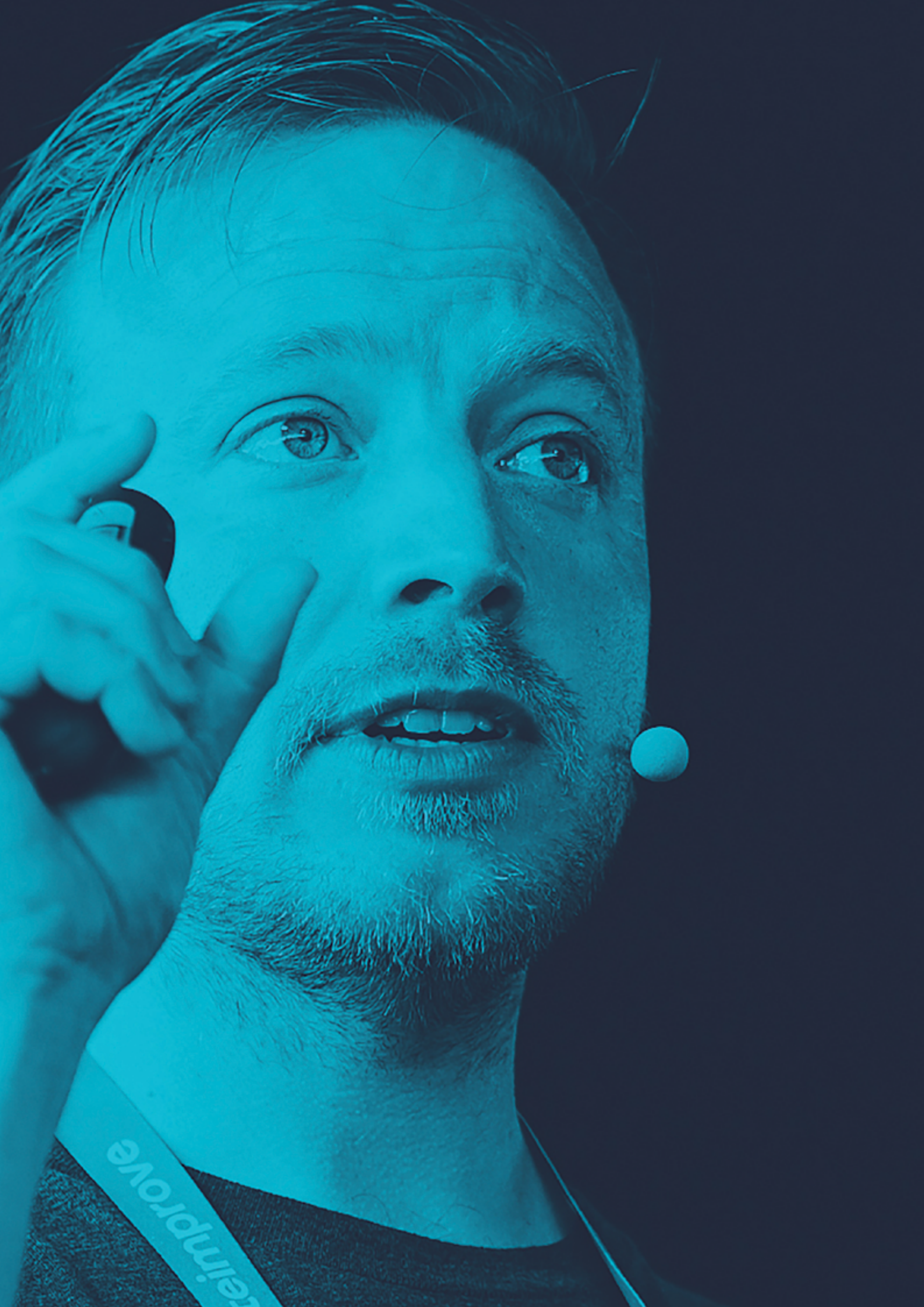
Niels Ebbe Ebbesen

Michael Sølling

Anthony Clifford Clavel

Johannes Kornellis Jan sikkens

Allan Charles Wade



Independent Auditor's Reports

To the Shareholders of Siteimprove A/S.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31st December 2017, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1st January - 31st December 2017 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 1st January - 31st December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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, 23rd May 2018
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

Consolidated Income Statement January 1st - December 31st

		DKK '000		USD '000	
	Note	**2017**	**2016**	**2017**	**2016**
Subscriptions		294,237	200,070	44,796	29,705
Professional services		1,965	-	306	-
Revenue	**2**	**296,202**	**200,070**	**45,103**	**29,705**
Cost of revenue	**3,4,5**	(47,190)	(36,053)	(7,158)	(5,354)
Gross profit		**249,012**	**164,017**	**37,945**	**24,351**
Sales & marketing	**3,4,5**	(174,226)	(132,500)	(26,474)	(19,593)
Research & development	**3,4,5**	(86,956)	(49,105)	(13,292)	(7,285)
General & admin	**3,4,5**	(50,476)	(34,438)	(7,688)	(5,108)
Other income		1,120	-	178	-
EBIT		**(61,526)**	**(52,027)**	**(9,331)**	**(7,635)**
Financial income	**6**	10,173	11,963	1,539	1,874
Financial costs	**7**	(7,052)	(13,063)	(1,062)	(2,028)
Income/(loss) before tax		**(58,405)**	**(53,126)**	**(8,854)**	**(7,789)**
Income taxes	**8**	12,858	8,901	2,047	1,260
Income/(loss) after tax		**(45,547)**	**(44,225)**	**(6,807)**	**(6,528)**

Consolidated Balance Sheet December 31st

Assets

	Note	DKK '000 2017	DKK '000 2016	USD '000 2017	USD '000 2016
Deferred commissions		68,129	50,731	10,975	7,193
Development projects		14,794	12,147	2,383	1,722
Development projects in progress		1,513	941	244	133
Goodwill		-	-	-	-
Total intangible fixed assets	**9**	**84,436**	**63,819**	**13,602**	**9,049**
Leasehold improvements		2,909	2,957	411	369
Other fixtures, furniture and fittings		7,762	6,745	1,308	1,007
Total tangible fixed assets	**10**	**10,670**	**9,702**	**1,719**	**1,376**
Other financial fixed assets	**11**	10,388	8,170	1,673	1,158
Total other non-current assets		**10,388**	**8,170**	**1,673**	**1,158**
Total non-current assets		**105,494**	**81,691**	**16,994**	**11,583**
Trade receivables		50,720	41,651	8,171	5,906
Other receivables		343	541	55	71
Deferred tax assets	**8**	19,525	8,088	3,145	1,147
Income tax receivables		5,331	5,536	859	785
Prepayments	**12**	6,291	5,222	1,013	740
Total receivables		**82,210**	**61,037**	**13,243**	**8,648**
Cash and cash equivalents		26,614	52,205	4,287	7,402
Total current assets		**108,824**	**113,243**	**17,530**	**16,050**
Total assets		**214,318**	**194,934**	**34,525**	**27,633**

Consolidated Balance Sheet December 31st

Equity and Liabilities

		DKK '000		USD '000	
	Note	2017	2016	2017	2016
Share capital	13	555	555	89	79
Retained earnings		(39,748)	4,834	(6,403)	685
Total equity		**(39,193)**	**5,389**	**(6,314)**	**764**
Other provisions		2,450	2,500	395	354
Total non-current liabilities		**2,450**	**2,500**	**395**	**354**
Trade payables		13,676	8,772	2,203	1,238
Income tax liabilities		-	1,292	-	183
Other liabilities		42,506	26,745	6,847	3,792
Deferred revenue		194,879	150,236	31,393	21,302
Total current liabilities		**251,061**	**187,045**	**40,443**	**26,515**
Total liabilities		**253,511**	**189,545**	**40,838**	**26,869**
Total equity and liabilities		**214,318**	**194,934**	**34,525**	**27,633**
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Consolidated Statement of Changes in Equity

DKK	Share Capital	Retained Earnings	Total
Equity at January 1st	**555**	**4,834**	**5,389**
Exchange rate adjustments	-	966	**966**
Income/(loss) after tax	-	(45,547)	**(45,547)**
Equity at December 31st	**555**	**(39,748)**	**(39,193)**

USD	Share Capital	Retained Earnings	Total
Equity at January 1st	**79**	**685**	**764**
Exchange rate adjustment	-	(271)	**(271)**
Income/(loss) after tax	-	(6,807)	**(6,807)**
Equity at December 31st	**79**	**(6,392)**	**(6,314)**

Consolidated Cash Flow Statement January 1st - December 31st

		DKK '000		USD '000	
	Note	2017	2016	2017	2016
Income/(loss) after tax		(45,547)	(44,225)	(6,807)	(6,528)
Adjustments	14	21,000	10,183	895	2,001
Changes in working capital	15	55,317	45,555	11,630	6,018
Cash flow from operating activities before financial items		**30,770**	**11,513**	**5,718**	**1,491**
Financial income	6	(34)	1	5	-
Financial costs	7	(228)	(199)	(35)	(30)
Cash flow from operating activities before tax		**30,576**	**11,315**	**5,688**	**1,461**
Income tax reimbursements/payments		4,198	1,035	636	154
Cash flow from operating activities		**34,774**	**12,350**	**6,324**	**1,615**
Purchase of intangible assets	9	(52,767)	(40,029)	(8,107)	(5,934)
Purchase of tangible assets	10	(5,381)	(7,614)	(817)	(1,128)
Proceeds/(loss) from/on other financial fixed assets	11	(2,218)	50	(515)	45
Cash flow from investing activities		**(60,366)**	**(47,593)**	**(9,439)**	**(7,017)**
Cash capital increase		-	256	-	38
Cash flow from financing activities		**-**	**256**	**-**	**38**
Cash and cash equivalents, net at January 1st		**52,205**	**87,192**	**7,402**	**12,766**
Net cash flow for the year		(25,592)	(34,987)	(3,115)	(5,364)
Cash and cash equivalents, net at December 31st		**26,614**	**52,205**	**4,287**	**7,402**

Consolidated Notes

Consolidated Accounting Policies

Note 1

Basis of Preparation

The Financial Statements of Siteimprove A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C for the consolidated figures.

The consolidated Financial Statements for 2017 are presented in DKK and USD thousands.

Changes in accounting policies

The accounting policies applied are unchanged from last year except for the classification of costs in the income statement.

In previous years the costs in the income statement have been presented by their nature. To enhance the true and fair view of the consolidated financial position and the business of which it operates, the management has decided to present the costs in the income statement by their function. The change has not resulted in an adjustments to the income/loss after tax or equity.

Recognition and Measurement

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, 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 realised and unrealised profits and losses on transactions between the consolidated enterprises.

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are 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.

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

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.

The income statement, balance sheet and cash flow statement is shown in USD. Exchange rate applied for 100 USD from a DKK perspective is 621 as of 31st December 2017. As of 31st December 2017 the USD exchange rate applied is DKK 705.

Income Statement

Revenue

Revenue from the sale of software services (subscriptions) is recognized on a straight-line basis over the contract period when the risks and rewards relating to the services have been transferred to the purchaser, and the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue from the sale of professional services is recognized when the risks and rewards relating to the services have been fully or partially transferred to the purchaser, and the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

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

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 CX and Technical Support.

Sales & marketing

Sales & marketing comprise direct salaries, office costs, depreciations, amortizations etc. as well as allocated overhead costs for sales & marketing departments.

Research & development

Research & development comprise direct salaries (other than what is capitalized as development projects), office costs, depreciations, amortizations etc. as well as allocated overhead costs for research & development departments.

General & admin

General & admin comprise direct salaries, office costs, depreciations, amortizations etc. as well as allocated overhead costs for general & admin departments.

Other income

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

Financial income and costs

Financial income and costs comprise interest, realised and unrealised exchange adjustments. Financial income and costs are recognized in the income statement at the amounts relating to the financial year.

Income taxes

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

Balance Sheet

Development projects

Costs of development projects comprise salaries, amortization and other expenses directly or indirectly attributable to the Group’s development activities.

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.

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

As of the date of completion, capitalised development costs are amortized on a straight-line basis over the period of the expected economic benefit from the development work, but not exceeding 5 years.

Deferred commissions

Deferred commission comprise incremental sales commissions directly associated with obtaining a contract with a new customer and deemed realizable through the future revenue streams under the contract. Deferred commission are initially recognized at cost at the contract acquisition date and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. Deferred commission is amortized on a straight-line basis, based on the estimated lifetime (historical churn rate) of the contract, but not exceeding 5 years.

Goodwill

Goodwill represents any cost in excess of identifiable net assets, measured at fair value, in the acquired company. Goodwill is measured at cost less any accumulated amortization and impairment losses. Goodwill is amortized over a period of 3 years following an assessment of the acquired company's market position and earnings profile as well as general business conditions. Goodwill is tested annually, or upon indication, for impairment.

Tangible assets

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
- ther fixtures furniture and fittings 3-5 years

Other financial fixed assets

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.

Receivables

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

Equity

Dividend

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

Deferred tax assets and liabilities

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

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

Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.
Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Other provisions

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.

Financial liabilities

Debts are measured at amortized cost, substantially corresponding to nominal value.

Deferred revenue

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

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the 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

Cash flows from investing activities comprise cash flows from purchase and disposals of intangible assets, tangible assets as well as fixed asset investments.

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise "Cash and cash equivalents" and "Overdraft facilities".

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

Five-Year Summary

Explanation of key financial ratios

Annual recurring revenue: Equals the total contract value at the balance sheet end date

Revenue growth = (Change in revenue from last period x 100) / (Revenue last period)

Gross margin = (Gross profit x 100) / (Revenue)

Solvency ratio = (Equity at year end x 100) / (Total assets at year-end)

EBITDA margin = (EBITDA x 100) / (Revenue)

Consolidated Notes

DKK '000		2017	2016
2	**Revenue**		
	The Group operates in different markets located in North America, Europe and Asia Pacific. The revenue from these three individual regions is listed below:		
	North America	199,493	134,567
	Europe	89,984	63,241
	Asia Pacific	6,725	2,261
	Total	**296,202**	**200,070**
3	**Auditor's Fee**		
	The total fee for the statutory auditor can be specified as follows:		
	Statutory audit	511	328
	Tax advisory services	242	310
	Other services	83	178
	Total	**836**	**816**
4	**Staff Costs**		
	Wages and salaries	238,384	182,031
	Pensions	11,340	8,088
	Social security costs	17,973	13,903
	Total	**267,697**	**204,022**
	Staff costs included in development projects	(9,697)	(9,656)
	Commissions included in deferred commissions	(38,961)	(30,108)
	Staff costs expensed to the income statement	**219,039**	**164,259**
	Above includes remuneration to the Executive Board & Board of Directors	1,929	1,645
	Average number of employees	433	344

Consolidated Notes

	DKK '000	2017	2016
5	**Depreciations, Amortizations and Impairment**		
	Amortizations of intangible assets	26,665	15,044
	Depreciations on tangible assets	4,328	2,846
	Gains/losses on disposals	3	-
	Total	**30,996**	**17,890**
6	**Financial Income**		
	Other financial income	34	1
	Exchange rate gains	10,139	11,963
	Total	**10,173**	**11,963**
7	**Financial Costs**		
	Other financial costs	228	199
	Exchange rate losses	6,824	12,864
	Total	**7,052**	**13,063**
8	**Income and Deferred Income Taxes**		
	Income Taxes		
	Current income tax	3,632	3,640
	Deferred income tax	10,528	2,399
	Adjustments concerning previous years	(1,302)	2,862
	Total	**12,858**	**8,901**
	Deferred Income Taxes		
	Defered income tax January 1st	8,088	5,689
	Exchange rate adjustments	910	-
	Movement for the year	10,528	2,399
	Deferred income tax at December 31st	**19,525**	**8,088**

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.

At December 31st 2017 the Group has a total of DKK 9,443k (2016: DKK 9,443k) as unrecognized deferred tax assets.

Consolidated Notes

DKK '000

9 Intangible Assets

	Deferred Commis-sions	Develop-ment Projects	Develop-ment Projects in Progress	Goodwill	Total
Accumulated cost at January 1st	70,937	17,190	941	-	**89,068**
Exchange rate adjustments	(7,864)	-	-	-	**(7,864)**
Additions	38,961	-	10,865	2,940	**52,767**
Disposals	(13)	-	-	-	**(13)**
Transfers	-	10,293	(10,293)	-	**-**
Accumulated cost at December 31st	**102,021**	**27,483**	**1,513**	**2,940**	**133,958**
Accumulated amortizations and impairment at January 1st	(20,206)	(5,043)	-	-	**(25,249)**
Exchange rate adjustments	2,421	-	-	-	**2,421**
Amortizations	(16,109)	(6,948)	-	(2,940)	**(25,997)**
Impairment	-	(698)	-	-	**(698)**
Disposals	1	-	-	-	**1**
Accumulated amortizations and impairment at December 31st	1	**-**	**-**	**(2,940)**	**(49,522)**
Carrying amount at December 31st	**68,129**	**14,794**	**1,513**	**-**	**84,436**

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 2018, 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.

Consolidated Notes

DKK '000

10 Tangible Assets

	Leasehold Improvements	Other Fixtures, Furniture and Fittings	Total
Accumulated cost at January 1st	3,452	14,859	**18,310**
Exchange rate adjustments	(2)	(223)	**(225)**
Additions	796	4,585	**5,381**
Disposals	-	(3,440)	**(3,440)**
Accumulated cost at December 31st	**4,246**	**15,780**	**20,026**
Accumulated depreciations and impairment at January 1st	(495)	(8,114)	**(8,608)**
Exchange rate adjustments	2	168	**170**
Depreciations	(844)	(3,513)	**(4,357)**
Disposals	-	3,440	**3,440**
Accumulated depreciations and impairment at December 31st	**(1,337)**	**(8,018)**	**(9,356)**
Carrying amount at December 31st	**2,909**	**7,762**	**10,670**

Consolidated Notes

DKK '000	2017	2016
11 Other Financial Fixed Assets		
Accumulated cost at January 1st	8,170	8,220
Exchange rate adjustments	(83)	-
Additions	3,820	95
Disposals	(1,519)	(145)
Accumulated cost at December 31st	**10,389**	**8,170**
Accumulated revaluation and impairment January 1st	-	-
Accumulated revaluation and impairment December 31st	**-**	**-**
Carrying amount at December 31st	**10,389**	**8,170**

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 (141,982), class B shares (413,044) and class C shares (100).

The share capital has developed as follows:

DKK	2017	2016	2015	2014	2013
Share capital at January 1st	555,126	555,026	516,304	500,000	500,000
Capital increases	-	100	38,722	16,304	-
Capital decreases	-	-	-	-	-
Share capital at December 31st	**555,126**	**555,126**	**555,026**	**516,304**	**500,000**

Consolidated Notes

	DKK '000	2017	2016
14	**Cash Flow Statement - Adjustments**		
	Financial income	(10,173)	(11,963)
	Financial costs	7,052	13,063
	Depreciations, amortizations and impairment losses	30,996	17,890
	Income taxes	(12,858)	(8,901)
	Exchange rate adjustments	5,983	94
	Total	**21,000**	**10,183**

15	**Cash Flow Statement - Changes in Working Capital**		
	Change in receivables	(9,940)	(22,150)
	Change in liabilities	65,258	67,705
	Total	**55,317**	**45,555**

16 Contingent Assets, Liabilities and Other Financial Obligations

Lease Obligations

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

Within 1 year	18,708	17,132
Between 1 and 5 years	55,061	53,968
After 5 years	-	5,191
Total	**73,769**	**76,291**

Contingent Liabilities

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

Consolidated Notes

17 Related Parties, Ownership and Consolidated Financial Statements

Controlling Interest
MEE Holding ApS, Frederiksberg (Majority shareholder)

Ownership
The following shareholders are recorded in the Parent 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.

18 Significant Events after the Reporting Period

The Group has not experienced any significant events after December 31st 2017 which have an impact on the annual report.

Financial Statements for the Parent Company

Parent Company Income Statement January 1st - December 31st

DKK '000

	Note	2017	2016
Subscription		101,757	55,115
Revenue	**2**	**101,757**	**55,115**
Cost of revenue	**3,4,5**	(20,026)	(13,248)
Gross profit		**81,730**	**41,867**
Sales & marketing	**3,4,5**	(43,994)	(34,620)
Research & development	**3,4,5**	(82,250)	(44,449)
General & admin	**3,4,5**	(28,757)	(18,267)
Other income		1,124	-
EBIT		**(72,147)**	**(55,468)**
Financial income	**6**	9,817	5,553
Financial costs	**7**	(10,632)	(7,176)
Income/(loss) before tax		**(72,962)**	**(57,091)**
Income taxes	**8**	13,240	17,045
Income/(loss) after tax		**(59,723)**	**(40,045)**

Proposed Distribution of Result

Retained earnings	(59,723)	(40,045)
Total	**(59,723)**	**(40,045)**

Parent Company Balance Sheet December 31st

Assets

DKK '000	Note	2017	2016
Deferred commissions		5,494	4,079
Development projects		14,794	12,147
Development projects in progress		1,513	941
Total intangible fixed assets	**9**	**21,801**	**17,167**
Leasehold improvements		2,125	2,554
Other fixtures, furniture and fittings		7,216	5,891
Total tangible fixed assets	**10**	**9,341**	**8,445**
Investments in subsidiaries	**11**	5,510	5,447
Other financial fixed assets	**12**	7,382	6,510
Total other non-current assets		**12,891**	**11,957**
Total non-current assets		**44,033**	**37,569**
Trade receivables		4,130	3,198
Receivables from subsidiaries		5,037	52,138
Other receivables		187	573
Deferred tax assets	**8**	23,990	13,450
Income tax receivables		4,000	5,500
Prepayments	**13**	2,801	4,527
Total receivables		**40,144**	**79,386**
Cash and cash equivalents		5,591	35,081
Total current assets		**45,735**	**114,467**
Total assets		**89,769**	**152,036**

Parent Company Balance Sheet December 31st

Equity and Liabilities

DKK '000	Note	2017	2016
Share capital	14	555	555
Reserve for development projects		11,220	6,595
Retained earnings		(44,780)	19,568
Total equity		**(33,005)**	**26,718**
Other provisions		2,450	2,500
Total non-current liabilities		**2,450**	**2,500**
Trade payables		9,182	5,645
Payables to subsidiaries		79,576	96,204
Other liabilities		19,982	11,759
Deferred revenue		11,584	9,210
Total current liabilities		**120,324**	**122,818**
Total liabilities		**122,774**	**125,318**
Total equity and liabilities		**89,769**	**152,036**
Contingent Assets, Liabilities and Other Financial Obligations	15		
Related Parties, Transactions, Ownership and Consolidated Financial Statements	16		
Significant Events after the Reporting Period	17		
Going Concern	18		

Parent Company Statement of Changes in Equity

DKK '000	Share Capital	Reserve for Development Projects	Retained Earnings	Total
Equity at January 1st	**555**	**6,595**	**19,568**	**26,718**
Movement in reserve for development projects	-	5,929	(5,929)	**-**
Tax of development projects	-	(1,304)	1,304	**-**
Income/(loss) after tax	-	-	(59,723)	**(59,723)**
Equity at December 31st	**555**	**11,220**	**(44,780)**	**(33,005)**

Parent Company Notes

Parent Company Accounting Policies

Note 1

Basis of Preparation

The Financial Statements of Siteimprove A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying medium-sized enterprises of reporting class C.

The Financial Statements for 2017 are presented in DKK thousands.

Changes in accounting policies

The accounting policies applied are unchanged from last year except for the classification of costs in the income statement.

In previous years the costs in the income statement have been presented by their nature. To enhance the true and fair view of the Company's financial position and the business of which it operates, the management has decided to present the costs in the income statement by their function. The change has not resulted in an adjustments to the income/loss after tax or equity.

Recognition and measurement

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

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are 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.

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

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.

Income Statement

Revenue

Revenue from the sale of software services (subscriptions) is recognized on a straight-line basis over the contract period when the risks and rewards relating to the services have been transferred to the purchaser, and the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue from the sale of professional services is recognized when the risks and rewards relating to the services have been fully or partially transferred to the purchaser, and the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

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 CX and Technical Support.

Sales & marketing

Sales & marketing comprise direct salaries, office costs, depreciations, amortizations etc. as well as allocated overhead costs for sales & marketing departments.

Research & development

Research & development comprise direct salaries (other than what is capitalized as development projects), office costs, depreciations, amortizations etc. as well as allocated overhead costs for research & development departments.

General & admin

General & admin comprise direct salaries, office costs, depreciations, amortizations etc. as well as allocated overhead costs for general & admin departments.

Other income

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

Financial income and costs

Financial income and costs comprise interest, realised and unrealised exchange adjustments. Financial income and costs are recognized in the income statement at the amounts relating to the financial year.

Income taxes

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

Balance Sheet

Development projects

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

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.

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

As of the date of completion, capitalised development costs are amortized on a straight-line basis over the period of the expected economic benefit from the development work, but not exceeding 5 years.

Deferred commissions

Deferred commission comprise incremental sales commissions directly associated with obtaining a contract with a new customer and deemed realizable through the future revenue streams under the contract. Deferred commission are initially recognized at cost at the contract acquisition date and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. Deferred commission is amortized on a straight-line basis, based on the estimated lifetime (historical churn rate) of the contract, but not exceeding 5 years.

Tangible assets

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

Depreciation period and residual value are reassessed annually.

Other financial fixed assets

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.

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.

Receivables

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

Equity

Dividend

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

Deferred tax assets and liabilities

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

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

Deferred tax is measured based on 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 materialize as current tax.

Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Other provisions

Provisions are recognized when – in consequence of an event occurred before or on the balance sheet date – the Company 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 Company's leased premises.

Financial liabilities

Debts are measured at amortized cost, substantially corresponding to nominal value.

Deferred revenue

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

Cash Flow Statement

With reference to §86, para. 4 of the Danish Financial Statements Act no Cash Flow Statement is disclosed.

Five-Year Summary

Explanation of financial key ratios

Annual recurring revenue: Equals the total contract value at the balance sheet end date

Revenue growth = (Change in revenue from last period x 100) / (Revenue last period)

Gross margin = (Gross profit x 100) / (Revenue)

Solvency ratio = (Equity at year end x 100) / (Total assets at year-end)

EBITDA margin = (EBITDA x 100) / (Revenue)

Parent Company Notes

	DKK '000	2017	2016
2	**Revenue**		
	The Company operates in different markets located in North America and Europe. The revenue from these two individual regions is listed below:		
	North America	64,689	31,958
	Europe	37,067	23,157
	Total	**101,757**	**55,115**
3	**Auditor's Fee**		
	The total fee to the statutory auditorcan be specified as follows:		
	Statutory audit	227	125
	Tax advisory services	143	248
	Other services	-	101
	Total	**370**	**474**
4	**Staff Costs**		
	Wages and salaries	90,550	58,162
	Pensions	6,055	4,519
	Social security costs	914	634
	Total	**97,519**	**63,315**
	Staff costs included in development projects	(9,697)	(9,656)
	Commissions included in deferred commissions	(2,722)	(1,784)
	Staff costs expensed to the income statement	**85,100**	**51,876**
	Above includes remuneration to the Executive Board & Board of Directors	1,929	1,645
	Average number of employees	140	96

Parent Company Notes

	DKK '000	2017	2016
5	**Depreciations, Amortizations and Impairment**		
	Amortizations of intangible assets	11,893	5,159
	Depreciations on tangible assets	3,804	2,241
	Total	**15,697**	**7,400**

	DKK '000	2017	2016
6	**Financial Income**		
	Interests received from affiliated companies	304	228
	Other financial income	2	2
	Exchange rate gains	9,510	5,322
	Total	**9,817**	**5,553**

	DKK '000	2017	2016
7	**Financial Costs**		
	Interests paid to affiliated companies	4,151	1,526
	Other financial costs	31	4
	Exchange rate losses	6,449	5,645
	Total	**10,632**	**7,176**

	DKK '000	2017	2016
8	**Income Taxes and Deferred Income Taxes**		
	Income Taxes		
	Current income tax	4,000	5,500
	Deferred income tax	10,540	8,542
	Adjustments concerning previous years	(1,300)	3,003
	Total	**13,240**	**17,045**
	Deferred Income Taxes		
	Deferred income taxes January 1st	13,450	4,908
	Movement for the year	10,540	8,542
	Deferred income tax December 31st	**23,990**	**13,450**

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.

At December 31st the Company has a total of DKK 9,443k (2016: DKK 9,443k) as unrecognized deferred tax assets.

Parent Company Notes

DKK '000

9 Intangible Assets

	Deferred Commissions	Development Projects	Development Projects in Progress	Total
Accumulated cost at January 1st	6,206	17,190	941	**24,337**
Additions	2,722	-	10,865	**13,587**
Transfers	-	10,293	(10,293)	**-**
Accumulated cost at December 31st	**8,927**	**27,483**	**1,513**	**37,924**
Accumulated amortizations and impairment at January 1st	(2,126)	(5,043)	-	**(7,170)**
Amortizations	(1,307)	(6,948)	-	**(8,255)**
Impairment	-	(698)	-	**(698)**
Accumulated amortizations and impairment at December 31st	**(3,433)**	**(12,690)**	**-**	**(16,123)**
Carrying amount at December 31st	**5,494**	**14,794**	**1,513**	**21,801**

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 2018, 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.

Parent Company Notes

DKK '000

10 Tangible Assets

	Leasehold Improvements	Other Fixtures, Furniture and Fittings	Total
Accumulated cost at January 1st	2,966	12,379	**15,345**
Additions	366	4,334	**4,700**
Disposals	-	(3,440)	**(3,440)**
Accumulated cost at December 31st	**3,332**	**13,273**	**16,605**
Accumulated depreciations and impairment at January 1st	(412)	(6,488)	**(6,900)**
Depreciations	(795)	(3,008)	**(3,804)**
Disposals	-	3,440	**3,440**
Accumulated depreciations and impairment at December 31st	**(1,208)**	**(6,056)**	**(7,264)**
Carrying amount at December 31st	**2,125**	**7,216**	**9,341**

Parent Company Notes

DKK '000		2017	2016
11	**Investments in Subsidiaries**		
	Accumulated cost at January 1st	5,447	2,351
	Adjustment to previous years	-	33
	Additions	3,003	3,063
	Accumulated cost at December 31st	**8,450**	**5,447**
	Accumulated revaluation and impairment January 1st	-	-
	Impairment	(2,940)	-
	Accumulated revaluation and impairment December 31st	**(2,940)**	**-**
	Carrying amount at December 31st	**5,510**	**5,447**

Positive differences on initial recognition of investments in subsidiaries amounts to DKK 2,9 million in 2017.

Investments 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 Ltd.	United Kingdom, London	GBP	1	100%
Siteimprove Ltd.	Ireland, Dublin	EUR	100	100%
Siteimprove Ltd.	Australia, Sydney	AUD	1	100%
Siteimprove N.V.	Netherlands, Amsterdam	EUR	1	100%
Siteimprove Oy	Finland, Helsinki	EUR	2,500	100%
Siteimprove S.L.	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%

Parent Company Notes

DKK '000	2017	2016
12 Other Financial Fixed Assets		
Accumulated cost at January 1st	6,510	6,415
Additions	2,000	95
Disposals	(1,128)	-
Accumulated cost at December 31st	**7,382**	**6,510**
Accumulated revaluation and impairment January 1st	-	-
Accumulated revaluation and impairment December 31st	**-**	**-**
Carrying amount at December 31st	**7,382**	**6,510**

13 Prepayments

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

14 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 (141,982), class B shares (413,044) and class C shares (100).

The share capital has developed as follows:

DKK	2017	2016	2015	2014	2013
Share capital at January 1st	555,126	555,026	516,304	500,000	500,000
Capital increases	-	100	38,722	16,304	-
Capital decreases	-	-	-	-	-
Share capital at December 31st	**555,126**	**555,126**	**555,026**	**516,304**	**500,000**

The Company has issued a total number of 8,881 warrants entitling to subscribe 8,881 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.

Parent Company Notes

DKK '000	2017	2016

15 Contingent Assets, Liabilities and Other Financial Obligations

Lease Obligations

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

Within 1 year	10,398	9,560
Between 1 and 5 years	39,134	41,443
After 5 years	-	5,191
Total	**49,532**	**56,194**

Contingent Liabilities

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. Total liabilities in the subsidiaries amounts to DKK 1.3 million excluding deferred revenue.

Parent Company 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.

17 Significant Events after the Reporting Period

The Company has not experienced any significant events after December 31st 2017 which have an impact on the annual report.

18 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 capital resources of the Company is sufficient for planned activities until 31st December 2018 so that the company is to be regarded as going concern.

Annual Report For January 1st - December 31st 2017

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