



Annual Report 2016

Annual Report for January 1st - December 31st 2016

The Annual Report was presented and adopted at the Annual General Meeting of the Company on May 4th 2017

Niels Lenander Jensen

Niels Lenander Jensen
Chairman

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

 Siteimprove

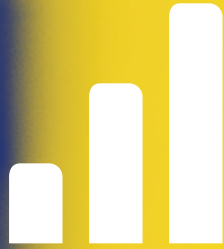
**Imagine the day when
every aspect of your
digital presence is
operating as intended**

...everywhere you operate





2016



**Annual Recurring
Revenue DKK 260
million +50%**

**Revenue DKK 200
million +49%**



**4,957
Customers
+39%**

**+80,000
Users**



**381
Employees
+47%**

2015



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Letter From the CEO

I am pleased to report that 2016 marked yet another year of strong progress for Siteimprove.

In 2016, we expanded our position as the leading global provider of intelligent automation software. The Siteimprove Intelligence Platform transforms the way organizations manage and deliver a high quality, consistent digital presence to users across all relevant platforms. At Siteimprove, we have coined this “act with digital certainty,” which is the new tagline of our company.

In 2016, for the fifth year in a row, we lifted our annual recurring revenue by 50% to DKK 260 million. This reflects the strong performance of our sales teams across the world. Our US and Canadian offices were particularly successful, contributing to more than 70% of this growth, but early success in entirely new markets such as Italy and Spain also helped us move forward.

We invested more than DKK 100 million in 2016 in order to continue growing at the same speed. Over the last three years alone, we have started sales activities in 13 new markets and established sales offices in seven

new countries. By year-end 2016, our total number of employees reached 381, an increase of 47% compared to 2015. Meanwhile, we increased our R&D expenditure significantly.

We will continue to invest heavily in the coming years, both in terms of geographical expansion and product innovation, but also go-to-market strategy and growth investments in all departments. While doing this, we will continue running a healthy and scalable organization.

Our employees are drawn to working for a fast-growing company that values people, passion, and innovation. We are committed to investing in our employees’ competencies and have created career paths across Sales and Marketing, R&D, and Customer Experience, giving our employees the opportunity to grow within the company. Also in 2016, Gartner selected us as one among a small group of companies to be included in their Market Guide for Web Analytics, a clear sign of the maturity and functional strength of our software platform. Yet another important and very visible event was the launch of our new corporate brand. The new brand is more than a

new visual identity. It marks a shift to a more customer-centric approach and communicates our commitment to delivering solutions that transform the way organizations manage and deliver their digital presence. Looking ahead, we hope this will differentiate us more clearly in the market.

In conclusion, 2016 has been an exciting journey with great progress in key areas of our business. I would like to thank all employees in Siteimprove for their hard work, our customers for their confidence in us, and our partners and other stakeholders for their collaboration and support.



Morten Ersbøll Ebbesen,
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Morten Ebbesen', with a long, sweeping flourish extending to the right.



Group Chart

Parent Company

Siteimprove A/S
Copenhagen, Denmark
Nom. DKK 555.126

Consolidated Subsidiaries:

Siteimprove Ltd.
United Kingdom, London
Nom. GBP 1

100%

Siteimprove SAS
France, Paris
Nom. EUR 1

100%

Siteimprove Inc.
USA, Minneapolis
Nom. USD 1,000

100%

Siteimprove SPRL.
Belgium, Brussels
Nom. EUR 6,200

100%

Siteimprove i Sverige AB
Sweden, Malmo
Nom. SEK 100,000

100%

Siteimprove S.R.L.
Italy, Milan
Nom. EUR 10,000

100%

Siteimprove GmbH
Germany, Berlin
Nom. EUR 25,000

100%

Siteimprove S.L.
Spain, Madrid
Nom. EUR 3,000

100%

Siteimprove AS
Norway, Oslo
Nom. NOK 50,000

100%

Siteimprove N.V.
Netherlands, Amsterdam
Nom. EUR 1

100%

Siteimprove Ltd.
Ireland, Dublin
Nom. EUR 100

100%

Siteimprove GmbH
Switzerland, Zürich
Nom. CHF 20,000

100%

Siteimprove Ltd.
Australia, Sydney
Nom. AUD 1

100%

Siteimprove Oy
Finland, Helsinki
Nom. EUR 2,500

100%

Siteimprove Inc.
Canada, Toronto
Nom. CAD 100

100%

Siteimprove GmbH
Austria, Vienna
Nom. EUR 35,000

100%

Company Information

The Company

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

Telephone: 33 36 93 50
E-mail: info@siteimprove.dk

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

Executive Board

Morten Ersbøll Ebbesen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup, Denmark



Who We Are

Company Profile

Siteimprove was founded in 2003 with a goal of making the web a better place for all. With 381 employees in nine offices worldwide (and more in the works), we pride ourselves on having a truly global, yet truly local approach.

Plain and simple, we love what we do. Our latest employee survey revealed that most of our employees feel passionate about their work every day. We are dedicated to helping our customers make the most of their online assets, while providing everyone with the knowledge and tools they need to help make the internet a more inclusive and effective place to operate.

Siteimprove transforms the way organizations manage and deliver their digital presence. We are a people-centric company driven by the desire to help customers act with digital certainty. The Siteimprove Intelligence Platform provides complete visibility and deep insights into what matters, empowering teams to outperform the status quo with certainty every day.

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. Siteimprove's intelligent automation software has helped nearly 5,000 organizations worldwide transform the way they manage and deliver their digital presence.

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 Core Values

- People-centric
- Innovative
- Passionate

Our Products

We consider it a privilege to 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 help make our product and service even stronger.

As our primary product, the Siteimprove Intelligence Platform is comprised of Content and Analytics Suites, which provide intuitive insights that connect digital strategy to organizational goals.

The Content Suite offers organizations complete visibility into their digital presence, streamlining the content creation process and helping to create and maintain a positive user experience. With features like Quality Assurance, Accessibility, Response, SEO, and more, customers can more effectively manage the quality, credibility, and impact of their online content.

With the Analytics Suite, organizations can define and report on relevant KPIs, and use real-time data to visualize the efficacy of their digital presence. An intuitive dashboard helps teams measure and track visitor behavior to make more informed decisions about site structure and content strategy. With Key Metrics, Behavior Maps, User Journeys, Feedback, and more, Siteimprove Analytics provides team members with actionable insights that elevate their organization's digital presence to new heights.

With tiered support that offers customers the right level of support when they need it, the complete Siteimprove Intelligence Platform is a comprehensive, intuitive way for organizations to be certain their digital presence operates exactly as intended.

Our Customers

Siteimprove has transformed the way nearly 5,000 organizations manage and deliver their digital presence. Our customers derive from a wide variety of industries, including higher education, finance, government, healthcare, retail, non-profit, and more.

The Siteimprove Intelligence Platform is adaptable to organizations big and small, from innovative startup organizations, to educational institutions and corporate giants such as Audi, Microsoft, and Oxford University Press.

Our Go-to-Market Strategy

On our mission to make the web a better place for all, we at Siteimprove pride ourselves on providing industry-leading solutions with a global perspective and a local touch. Nine international offices serve 19 markets across three continents, and deliver unparalleled services and customer experiences in 11 languages.

We are truly people-centric. Our teams strive to find the right solutions and genuinely support the well-being of

our customers. By introducing an online, self-purchase option of the Siteimprove Intelligence Platform, as well as individualized support and expert advisory services, Siteimprove has opened to an even larger customer base.

Siteimprove's customer impact is evident in its continued success:

- Continued year-over-year revenue growth of more than 50%
- Customer base growth of 39% from 2015 to 2016

Siteimprove will expand its global reach by offering organizations of all shapes and sizes the solution they need to: know everything about their digital presence, measure what matters, drive accountability amongst their team, and act with certainty. In order to do so, Siteimprove intends to:

- Continue helping organizations of all shapes and sizes transform the way they manage and deliver their digital presence.
- Expand and strengthen product solutions for customers and offer targeted product solutions for a growing number of organizations.
- Continue providing unparalleled customer experience with a large number of valuable professional services and personalized customer support.
- Introduce and expand our international network of partners, with the goal of offering their customer base a more holistic solution to their digital challenges. A primary focus is to become the partner of choice for content management systems worldwide.
- Meet organizations everywhere they are through a multi-channel market approach. This includes direct and personal channels, digital self-service and purchase of solutions, an international partner network, and seamless integration with the platforms that organizations already use on a daily basis.

Customer Experience

Gartner recently reported that around 90% of companies expect to compete on the basis of customer experience, compared to 36% just half a decade ago. In a world where customers have more options than ever before, customer loyalty is not what it used to be.

In January 2016, Siteimprove hired Mike Flanagan to the Executive Management Team as Chief Customer Officer (CCO) to make the Siteimprove customer experience a sustainable source of competitive differentiation.

In September 2016, we also hired Lars Runov to the Executive Management Team as Chief Marketing Officer (CMO) to enhance our self-service engagement with customers and strengthen our communication and the digital side of our Go-To-Market Strategy.

By mid-year, the existing Technical Support and Customer Success teams were unified under one Customer Experience (CX) department, and two new functions introduced: Digital Support and Professional Services. The newly formed CX department laid the foundation for a total end-to-end customer experience with strategic focus on visibility of behavior, predictability of performance, scalability of operations, and flexibility of services.

Visibility

We ended 2016 with nearly 5,000 customers worldwide, 39% more than 2015. Ranging from the very small to the very large, Siteimprove customers have unique business challenges and needs, and understanding these is vital to customer retention and sustaining a healthy business.

Visibility into behavior leads to better informed decisions; a key example of this is Customer Churn, a key indicator of customer “stickiness.” Of the customers that left us in 2016, more than half were smaller organizations, the majority of which were lost within the first two years of their subscription.

With minimal need for relationship management, our

smaller customers focused primarily on product cost and immediate value. This resulted in a 2017 strategy that on top of our existing service offerings, will deliver a simpler, lower-cost product better suited to the needs of smaller organizations.

Predictability

Our success in selling to larger, sometimes global, enterprise customers necessitated the need for a more predictable and higher level of customer experience. A tiered support model was introduced with the goal of funneling simpler questions to customer-oriented frontline teams and more complex/advanced questions and issues to more technically oriented support engineers. This ensured a faster initial response to customers, better utilization of our resources, and paved the way for Siteimprove’s first global Service Level Agreement (SLA) for larger customers.

We have a solid customer-centric support organization that provides a high level of customer satisfaction. At the end of 2016, over 90% of our customers surveyed on individual support cases were satisfied with the level of support received, while the average first response time was under four hours. Indeed, the Siteimprove CX team was recognized for its efforts with a Stevie® Award for Customer Service Department of the Year 2016.

Scalability

One size does not fit all. A key challenge for Siteimprove CX in 2016 was to scale its operations to ensure the appropriate customer experience through the right level of service, at the right time, and from the right resource.

Digital Self-Service

Customers today are highly connected and expect us to service and support them wherever they are. They also expect that we provide them with great online content and dynamic user communities, so they can effectively solve problems themselves instead of contacting a support agent.

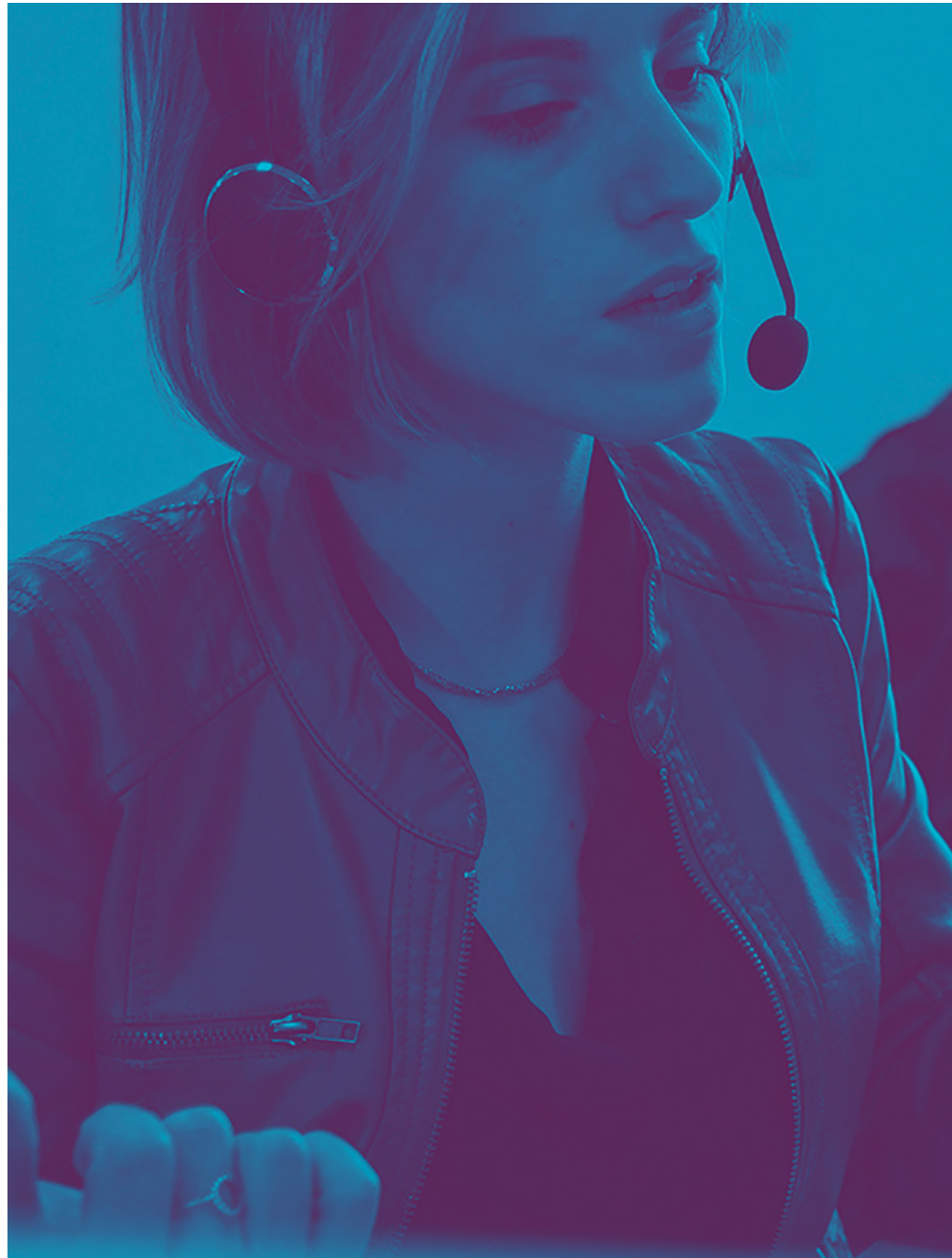
To accommodate the growing demand for digital self-service, a new Digital Service Coordinator was hired to help drive a seamless and consistent customer service experience across all digital support channels. Early results have been encouraging. The number of articles published in the Siteimprove knowledge base increased by over 200% from 2015 to 2016, while the number of visitors increased by 100% from Q1 to Q4 2016. Our user communities showed similar increased traffic. Making the Siteimprove Help Center a one-stop-shop for all customers will continue to be a focus area for the CX team.

Australia

We expanded our CX operations in APAC this year with the introduction of a Customer Success Manager and a Technical Support Engineer in Australia. This increased focus on local support will improve customer focus and retention and will open up options for future follow-the-sun support capabilities.

Flexibility

We will introduce a broad range of professional services to further help customers realize the full value of our products and optimize their return on investment. A new Director of Professional Services was hired to lead the way in delivering value-added training and advisory services primarily to the North American market. The entry into the professional service business will help Siteimprove maintain a long and ongoing relationship with customers.



Research and Development

Investments in our Research and Development (R&D) department continuously improve our existing service offerings, bring new services to the market, and improve the efficiency and scalability of the Siteimprove Intelligence Platform. To be able to continuously deliver our services, it is crucial that we can recruit and maintain employees with the right knowledge and competencies within our R&D department. Following significant investments in the R&D department, headcount grew by 68%, totaling 56 employees at the end 2016.



With a constant focus on customer demands, we launched a range of innovative solutions in 2016 that elevated our analytics solution among the best in the market and ensured our position as the leading vendor of automated content management and accessibility testing capabilities.

Among the solutions launched in 2016, the most significant include:

- **Behavior Map** for Analytics, a long-sought feature, was launched in early 2016. This allows customers to visualize visitor behavior and immediately gain insight into the effectiveness of their website's design.
- **Key Metrics**, a cornerstone in our analytics offering, was released in the fall of 2016. Key Metrics gives customers the ability to easily connect KPIs to organization goals and track the most valuable actions on their site. The ability to calculate performance using historical data is unique to the market.
- **Readability feature**, found in our Quality Assurance feature, shows how easy (or difficult) it is to read text on a web page and throughout a site. Part of this feature is automated content detection based on unique adaptive algorithms developed and owned by us.
- The **Accessibility feature** was extended with automated checks for WAI-ARIA recommendations from the World Wide Web Consortium to allow our customers to check their sites against the newest standards and recommendations.
- The entire **Siteimprove Intelligence Platform** was enhanced with a dashboard for fast overview, Single Sign-On integrations for enterprise adoption, and a Policy Library for easy setup of customer-specific content policies.

To sustain growth and allow our services to scale, we started a transition from co-located datacenters towards cloud-based hosting from premier suppliers. Our monitoring and alerting service, Response, is now entirely cloud-hosted.

Corporate Social Responsibility (CSR)

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

Our CSR strategy is executed on two levels:

1. A grass roots community level in which our local offices and employees engage in meaningful activities that directly tie in with digital accessibility, and which provide tangible benefits to their local communities.
2. A global strategic level in which we as a company support and participate in activities that support digital accessibility initiatives and have a wide-reaching impact and level of engagement.



Since 2010, we have remained proud members of the United Nation's Global Compact initiative, which sets standards and universally accepted principles for companies within human rights, labor, environment, and anti-corruption. In each of our annual CSR reports, we focus on how we can positively support each of these areas. Within human rights, we are committed to improving the accessibility of the internet so that everyone, regardless of whether they have a disability or not, can have equal access to the internet. Within labor, we work to ensure that our workforce is treated fairly and legally, and in environment we work to ensure that we minimize our carbon footprint. While the industry we work in shields us to a great degree from corruption, we ensure that all employees know how to act and what to do if a situation ever arises.

Find more information about our CSR strategy and focus areas in the digital versions of our reports at siteimprove.com/company/about-us.





Gender Balance in Leadership Positions

Our policy is not to discriminate, as we believe that representatives in all management levels must be chosen for their qualifications, knowledge and experience irrespective of gender, age, national origin, religion or political orientation.

All management levels, from entry level upwards, strive for enhanced diversity, with the aim of ensuring a strong pipeline of talent for management positions. By the end of 2016, a strong gender diversity among lower management is present with a representation of 60% men and 40% women.

By the end of the year, gender diversity among upper management was 78% men and 22% women.

At the end of 2016, no women were represented in the Board of Directors. However, we aim to diversify the gender distribution in the Board of Directors with at least one woman within a time frame of four years.

Risk Management

At Siteimprove, we value our customers and their business. To ensure that we can continue supporting our valued customers, we have taken a proactive approach to mitigate the internal and external risks that we face. In 2016, we created a Risk Governance Committee to accomplish this task. The committee is comprised of a cross-section of leaders from the finance, IT, legal, and sales departments who meet twice a year to identify, prioritize, and mitigate risks facing the business. Along with the establishment of the committee, the following actions detail the efforts we undertook in 2016. While we certainly have reduced the amount of threats posed by risks in 2016, we will remain vigilant throughout 2017 and beyond as we continue to regularly identify and mitigate risks.

Compliance - The value that compliance adds is not in what is saved but the penalties that are avoided.

- **Data Processing & Privacy Awareness** – The General Data Protection Regulation introduces new obligations for companies processing the personal data of EU citizens; failure to comply can result in substantial penalties. In 2016, we actively worked towards compliance with the GDPR, including the creation of an information security policy, implementation of breach notification procedures, identification and tracking of data workflows, and updating of data processing procedures. These efforts will continue through 2017.

Risk Mitigation - Risk mitigation adds value through greater visibility of contractual obligations and using insurance to fortify the risks those obligations pose.

- **Centralized Contract Review** – Both a lack of awareness of contractual obligations or inconsistent obligations across customers can create significant risk. In 2016, we implemented a global document review process to ensure that all customer contracts are reviewed and approved with similar levels of risk. Any exceptions to the standard levels of risk are escalated for approval by upper management.
- **Global Insurance** – A patchwork of insurance coverage in different countries can result in gaps and uninsured risks. In 2016, we switched to a master insurance policy that provides global coverage and ensures that 100% of our IP assets are protected.

Asset Accountability - A company is only as valuable as the assets it controls.

- **Harmonized Customer Contracts** – Standardized contracts across countries are essential to balancing risk; even more important is harmonizing those contracts to assume similar levels of risk. In 2016, we undertook a massive effort to update our contracts in every country we conduct business in order to ensure that not only were the contracts balanced to meet our risk requirements, but also to comply with unique local law requirements.
- **IP Portfolio** – To the extent possible, a company's name and intellectual property should be protected to prevent infringement. In 2016, we obtained trademark protection in every market of operation for our name and/or logo.

Group Five-Year Summary

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

DKK '000	2016	2015	2014	2013	2012
Income Statement					
Net revenue	200,070	134,391	77,215	51,980	33,684
Gross profit ¹⁾	130,122	88,265	57,435	39,256	17,258
EBITDA	(34,136)	(19,791)	(394)	3,906	(9,984)
EBIT	(52,027)	(28,187)	(2,117)	1,059	(6,273)
Net financial items	(1,100)	(608)	(2,119)	566	55
Income taxes	8,901	5,890	(2,731)	(2,784)	(1,555)
Net result after tax	(44,225)	(22,905)	(6,967)	(1,159)	(7,773)
Balance Sheet					
Total assets	194,934	169,540	41,862	24,139	16,527
Equity	5,389	48,192	(31,723)	(18,491)	(11,708)
Total capital expenditures	(7,614)	(4,288)	(1,975)	(371)	(2,993)
Cash Flow Statement					
Cash flow from operating activities	12,350	13,485	9,013	10,274	7,379
Cash flow from investing activities	(47,593)	(38,613)	(2,524)	(661)	(4,520)
Cash flow from financing activities	256	106,396	(6,525)	(3,516)	(2,464)
Change in cash and cash equivalents for the year	(34,987)	81,268	(36)	6,097	395
Key Ratios					
Net revenue growth	48,9%	74,0%	48,5%	54,3%	5,9%
Gross Margin	65,0%	65,7%	74,4%	75,5%	51,2%
Solvency Ratio	2,8%	28,4%	-75,8%	-76,6%	-70,8%
Return on Equity	-165,1%	-278,2%	-27,7%	-7,7%	-130,7%

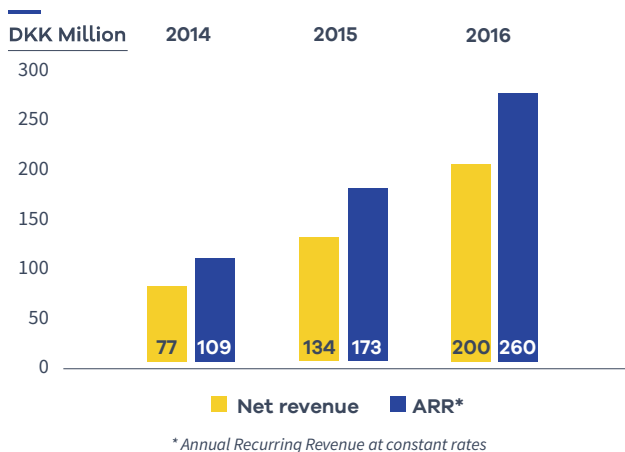
¹⁾ The elements in the Income Statement is classified by nature and not by function. Consequently Gross Profit includes cost for premises, marketing, and IT etc.

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 management's expectations in the Annual Report for 2016 total net revenue increased 49%, total annual recurring revenue increased 50%, gross profit increased 47%, net cash flow for the year amounted to negative DKK 35.0 million and net result after tax was a loss of DKK 44.2 million.

- Net revenue totaled DKK 200.1 million an increase of DKK 65.7 million compared to last year and annual recurring revenue totaled DKK 259.8 million an increase of DKK 87.0 million. The increase in revenue was driven by strong performance across all markets combined with early success in new markets of Spain and Italy. Especially US and Canada were significant contributors to our growth.
- Gross profit totaled DKK 130.1 million, marking an increase of DKK 41.9 million and keeping gross margin in line with last year at 65.0%.
- Cash flow from operating activities totaled positive DKK 12.4 million compared to positive DKK 14.3 million last year, hence proving the strong underlying base of our business model. Net cash flow for the year amounted to negative DKK 35.0 million following significant cross-departmental growth investments. Given the nature of our business, our largest investment

was in people which explains why the total number of employees increased to 381 by year-end 2016 (an increase of 47% compared to 2015). Due to our rapid expansion and the need for more space, we also moved to new locations both in Copenhagen, Denmark and Minneapolis, Minnesota in the US. Furthermore, in line with our strategy and to raise awareness of the value of "digital certainty", marketing spending was also increased.

- The net result after tax was a loss of DKK 44.2 million compared to a loss of DKK 22.9 million last year, following significant growth investments outlined above.

Change in Accounting Policies

Our net revenue is subscription based and recognized on a straight line exact day methodology. Up until 2016 the direct costs of acquiring customers were recognized in the same month as when a customer was acquired. To enhance and provide a better understanding of the underlying financial performance of our business, we changed the recognition of direct costs related to the acquisition of customers. The direct costs related to customer acquisition are now recognized over the expected life time of the customer, but no more than five years. This change was furthermore made to conform with international accounting standards and the framework specified by the Danish Financial Statements Act. The change in accounting policy has been restated in earlier years to allow for historical comparison.

Capital Resources

Following the minority investment from Summit Partners in late 2015 and the strength of our cash flow from operating activities, we consider our capital resources sufficient to achieve our ambitious targets.

Financial Risks

Our reporting currency is the Danish Kroner (DKK), while the most significant currencies for our net revenue are the US Dollar (USD), Euro (EUR), and Danish Kroner (DKK).

Fluctuating currency rates influence our reported net profit/loss, assets and liabilities, as well as the value of future cash flows. A significant part of our operations is in USD, where exchange risk is present. We do not hedge against the exchange effects of currency fluctuations, although the change 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 areas to include accounting estimates and assumptions:

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

The carrying amounts of development projects and deferred sales commissions 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 used in the valuation of the development projects. Furthermore, when assessing the value of deferred sales commissions judgements on customer life times are included.

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

Looking Ahead

To reach our ambitious 2020 growth strategy, we expect to grow our net revenue by 50% annually. We believe this is achievable through a more elaborate understanding of our customers' requirements within digital strategy and "digital certainty" leading to additional growth within our existing markets and current customer base, as well as, new customers. The net result after tax of 2017 is expected to be in line with the net result after tax of 2016.







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 2016.

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 2016 of the Company and the Group and of the results of the Company and Group operations and consolidated cash flows for 2016.

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 4th 2017

Executive Board

Morten Ersbøll Ebbesen

Board of directors

Niels Lenander Jensen
Chairman

Antony Clifford Clavel

Niels Ebbe Ebbesen

Michael Sølling

Johannes Kornelis Jan Sikkens

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 December 31st 2016, 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 January 1st - December 31st 2016 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Siteimprove A/S for the financial year January 1st - December 31st 2016, 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.

Hellerup, May 4th 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Niels Henrik B. Mikkelsen
State Authorised Public Accountant



Christian Noe Oest
State Authorised Public Accountant



Income Statement January 1st - December 31st

DKK '000	Note	Group		Parent company	
		2016	2015	2016	2015
Net revenue	1	200,070	134,391	13,963	12,366
Other operating income/costs		-	-	25,386	(11,593)
Other external costs	2	(69,948)	(46,126)	(35,541)	(20,788)
Gross profit¹⁾		130,122	88,265	3,808	(20,015)
Staff costs	3	(164,259)	(108,056)	(51,876)	(25,138)
EBITDA		(34,136)	(19,791)	(48,068)	(45,153)
Depreciations, amortizations and impairment	4	(17,890)	(8,396)	(7,400)	(3,096)
EBIT		(52,027)	(28,187)	(55,468)	(48,249)
Financial income	5	11,963	4,166	5,553	2,572
Financial costs	6	(13,063)	(4,774)	(7,176)	(1,795)
Result before tax		(53,126)	(28,795)	(57,091)	(47,472)
Income taxes	7	8,901	5,890	17,045	5,369
Net result after tax		(44,225)	(22,905)	(40,045)	(42,104)
Proposed distribution of profit					
Extraordinary dividend paid				-	7,000
Retained earnings				(40,045)	(49,104)
Total				(40,045)	(42,104)

¹⁾ The elements in the Income Statement is classified by nature and not by function. Consequently Gross Profit includes cost for premises, marketing, and IT etc.

Balance Sheet December 31st

Assets

DKK '000	Note	Group		Parent company	
		2016	2015	2016	2015
Deferred commissions		50,731	30,224	4,079	3,285
Development projects		12,147	1,748	12,147	1,748
Development projects in progress		941	5,587	941	5,587
Total intangible fixed assets	8	63,819	37,559	17,167	10,620
Leasehold improvements		2,957	2,845	2,554	2,450
Other fixtures, furniture and fittings		6,745	2,122	5,891	1,986
Total tangible fixed assets	9	9,702	4,968	8,445	4,436
Investments in subsidiaries	10	-	-	5,447	2,351
Other financial fixed assets	11	8,170	8,220	6,510	6,415
Total other non-current assets		8,170	8,220	11,957	8,766
Total non-current assets		81,691	50,747	37,569	23,822
Trade receivables		41,651	22,125	3,198	628
Receivables from subsidiaries		-	-	52,138	2,568
Receivables from associated companies		-	15	-	15
Other receivables		541	579	573	118
Deferred tax assets	7	8,088	5,689	13,450	4,908
Corporate tax receivables		5,536	648	5,500	640
Prepayments	12	5,222	2,545	4,527	914
Total receivables		61,037	31,601	79,386	9,792
Cash and cash equivalents		52,205	87,192	35,081	79,169
Total current assets		113,243	118,793	114,467	88,960
Total assets		194,934	169,540	152,036	112,782

Balance Sheet December 31st

Equity and Liabilities

DKK '000	Note	Group		Parent company	
		2016	2015	2016	2015
Share capital	13	555	555	555	555
Reserve for development projects		-	-	6,595	-
Retained earnings		4,834	47,637	19,568	65,952
Total equity		5,389	48,192	26,718	66,507
Other provisions		2,500	2,450	2,500	2,450
Total non-current liabilities		2,500	2,450	2,500	2,450
Prepayments received from customers		-	254	-	235
Trade payables		8,729	4,871	5,602	4,392
Payables to subsidiaries		-	-	96,204	30,424
Payables to associated companies		43	-	43	-
Corporate tax liabilities		1,292	799	-	-
Other liabilities		26,745	13,320	11,759	2,751
Deferred revenue		150,236	99,654	9,210	6,024
Total current liabilities		187,045	118,898	122,818	43,825
Total liabilities		189,545	121,348	125,318	46,275
Total equity and liabilities		194,934	169,540	152,036	112,782
Contingent assets, liabilities and other financial obligations	16				
Related parties, ownership and consolidated financial statements	17				
Significant events after the reporting period	18				

Statement of Changes in Equity

Equity and Liabilities

DKK '000

Group	Share Capital	Reserve for Development Projects	Retained Earnings	Total
Equity at January 1st	555		25,074	25,629
Net effect from change in accounting policy			22,563	22,563
Adjusted equity at January 1st	555		47,637	48,192
Exchange rate adjustments			1,165	1,165
Cash capital increase			256	256
Net result after tax			(44,225)	(44,225)
Equity at December 31st	555		4,834	5,389
Parent Company				
Equity at January 1st	555	-	63,390	63,945
Net effect from change in accounting policy			2,562	2,562
Adjusted equity at January 1st	555	-	65,952	66,507
Movement in reserve for development projects		8,455	(8,455)	-
Tax of development projects		(1,860)	1,860	-
Cash capital increase			256	256
Net result after tax			(40,045)	(40,045)
Equity at December 31st	555	6,595	19,568	26,718

Cash Flow Statement January 1st - December 31st

DKK '000	Note	Group	
		2016	2015
Net result after tax		(44,225)	(22,905)
Adjustments	13	11,084	(1,032)
Changes in working capital	14	45,555	38,274
Cash flow from operating activities before financial items		12,414	14,337
Financial income		11,963	4,166
Financial costs		(13,063)	(4,774)
Cash flow from operating activities before tax		11,315	13,729
Corporate tax payments		1,035	(244)
Cash flow from operating activities		12,350	13,485
Additions of intangible assets		(40,029)	(28,355)
Additions of tangible assets		(7,614)	(4,288)
Additions of other financial fixed assets		50	(5,971)
Cash flow from investing activities		(47,593)	(38,613)
Cash capital increase		256	113,396
Dividend payments		-	(7,000)
Cash flow from financing activities		256	106,396
Cash and cash equivalents, net at January 1st		87,192	5,924
Net cash flow for the year		(34,987)	81,268
Cash and cash equivalents, net at December 31st		52,205	87,192

Notes

DKK '000	Group		Parent company	
	2016	2015	2016	2015
1 Net Revenue				
The Group operates in 19 different markets located in North America, Europe and Asia Pacific. The revenue from these three individual regions is listed below:				
North America	134,567	88,593	-	-
Europe	63,241	45,798	13,963	12,366
Asia Pacific	2,261	-	-	-
Total	200,070	134,391	13,963	12,366
2 Other External Costs				
Other external costs includes fees paid to statutory auditor. The total fee can be specified as follows:				
Statutory audit	328	331	125	146
Tax advisory services	310	160	248	19
Other services	178	756	101	623
Total	816	1,247	474	788
3 Staff Costs				
Wages and salaries	182,031	124,265	58,162	30,421
Pensions	8,088	3,799	4,519	2,469
Social security costs	13,903	8,204	634	291
Total	204,022	136,269	63,315	33,181
Staff costs included in development projects	(9,656)	(5,587)	(9,656)	(5,587)
Commissions included in deferred commissions	(30,108)	(22,625)	(1,784)	(2,456)
Staff costs expensed to the income statement	164,259	108,056	51,876	25,138
Above includes remuneration to the Executive Board & Board of Directors	1,645	1,444	1,645	1,444
Average number of employees	344	257	96	71

Notes

DKK '000	Group		Parent company	
	2016	2015	2016	2015
4 Depreciations, Amortizations and Impairment				
Amortizations of intangible assets	15,044	6,198	5,159	1,494
Depreciations on tangible assets	2,846	1,489	2,241	1,126
Gains/losses on disposals	-	709	-	477
Total	17,890	8,396	7,400	3,096
5 Financial Income				
Interests received from affiliated companies	-	-	228	489
Other financial income	1	245	2	-
Exchange rate gains	11,963	3,921	5,322	2,084
Total	11,963	4,166	5,553	2,572
6 Financial Costs				
Interests paid to affiliated companies	-	-	1,526	395
Other financial costs	199	449	4	350
Exchange rate losses	12,864	4,325	5,645	1,050
Total	13,063	4,774	7,176	1,795
7 Income Taxes				
Current income tax	3,640	-	5,500	-
Deferred income tax	2,399	6,161	8,542	5,369
Adjustments concerning previous years	2,862	(271)	3,003	-
Total	8,901	5,890	17,045	5,369

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 2016 the Group has a total of DKK 9,443k as unrecognized deferred tax assets.

Notes

DKK '000

8 Intangible Assets

Group	Deferred Commissions	Development Projects	Development Projects in Progress	Total
Accumulated cost at January 1 st	39,561	2,622	5,587	47,771
Exchange rate adjustments	1,269			1,269
Additions	30,107		9,922	40,029
Transfers		14,568	(14,568)	-
Accumulated cost at December 31st	70,937	17,191	941	89,068
Accumulated amortizations and impairment at January 1 st	(9,337)	(874)	-	(10,212)
Exchange rate adjustments	6			6
Amortizations	(10,875)	(4,169)		(15,044)
Accumulated amortizations and impairment at December 31st	(20,206)	(5,043)	-	(25,249)
Carrying amount at December 31st	50,731	12,147	941	63,819
Parent Company				
Accumulated cost at January 1 st	4,422	2,622	5,587	12,631
Exchange rate adjustments				-
Additions	1,784		9,922	11,706
Transfers		14,568	(14,568)	-
Accumulated cost at December 31st	6,206	17,191	941	24,337
Accumulated amortizations and impairment at January 1 st	(1,137)	(874)	-	(2,011)
Amortizations	(989)	(4,169)		(5,159)
Accumulated amortizations and impairment at December 31st	(2,126)	(5,043)	-	(7,170)
Carrying amount at December 31st	4,079	12,147	941	17,167

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 2017, 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.

Notes

DKK '000

9 Tangible Assets

Group	Leasehold Improvements	Other fixtures, Furniture and Fittings	Total
Accumulated cost at January 1 st	2,902	7,822	10,724
Exchange rate adjustments	(11)	10	(1)
Additions	586	7,028	7,614
Disposals	(25)	(1)	(26)
Accumulated cost at December 31st	3,452	14,859	18,310
Accumulated depreciations and impairment at January 1 st	(56)	(5,700)	(5,756)
Exchange rate adjustments	5	(11)	(6)
Depreciations	(443)	(2,403)	(2,847)
Accumulated depreciations and impairment at December 31st	(495)	(8,114)	(8,608)
Carrying amount at December 31st	2,957	6,745	9,702
Parent Company			
Accumulated cost at January 1 st	2,450	6,645	9,095
Additions	516	5,735	6,251
Accumulated cost at December 31st	2,966	12,379	15,345
Accumulated depreciations and impairment at January 1 st	-	(4,660)	(4,660)
Depreciations	(412)	(1,829)	(2,241)
Accumulated depreciations and impairment at December 31st	(412)	(6,488)	(6,900)
Carrying amount at December 31st	2,554	5,891	8,445

Notes

DKK '000	2016	2015
10 Investments in Subsidiaries		
Accumulated cost at January 1 st	2,351	2,079
Adjustment to previous years	33	-
Additions	3,063	272
Accumulated cost at December 31st	5,447	2,351
Accumulated revaluation and impairment January 1 st	-	-
Accumulated revaluation and impairment December 31st	-	-
Carrying amount at December 31st	5,447	2,351

Investments in subsidiaries are specified as follows:

Name	Country	Currency	Share Capital	Ownership
Siteimprove Ltd.	United Kingdom, London	GBP	1	100%
Siteimprove Inc.	USA, Minneapolis	USD	1,000	100%
Siteimprove i Sverige AB	Sweden, Malmo	SEK	100,000	100%
Siteimprove GmbH	Germany, Berlin	EUR	25,000	100%
Siteimprove AS	Norway, Oslo	NOK	50,000	100%
Siteimprove Ltd.	Ireland, Dublin	EUR	100	100%
Siteimprove N.V.	Netherlands, Amsterdam	EUR	1	100%
Siteimprove GmbH	Switzerland, Zürich	CHF	20,000	100%
Siteimprove Inc.	Canada, Toronto	CAD	100	100%
Siteimprove GmbH	Austria, Vienna	EUR	35,000	100%
Siteimprove Oy	Finland, Helsinki	EUR	2,500	100%
Siteimprove Ltd.	Australia, Sydney	AUD	1	100%
Siteimprove SAS	France, Paris	EUR	1	100%
Siteimprove SPRL	Belgium, Brussels	EUR	6,200	100%
Siteimprove S.R.L.	Italy, Milan	EUR	10,000	100%
Siteimprove S.L.	Spain, Madrid	EUR	3,000	100%

Notes

DKK '000	Group	Parent Company
11 Other Financial Fixed Assets		
Accumulated cost at January 1 st	8,220	6,415
Additions	95	95
Disposals	(145)	
Accumulated cost at December 31st	8,170	6,510
Accumulated revaluation and impairment January 1 st	-	-
Accumulated revaluation and impairment December 31st	-	-
Carrying amount at December 31st	8,170	6,510

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	2016	2015	2014	2013	2012
Share capital at January 1 st	555,026	516,304	500,000	500,000	500,000
Capital increases	100	38,722	16,304	-	-
Capital decreases	-	-	-	-	-
Share capital at December 31st	555,126	555,026	516,304	500,000	500,000

The Company has issued a total number of 4,272 warrants entitling to subscribe 4,272 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.

Notes

DKK '000	Group		Parent company	
	2016	2015	2016	2015
14 Cash Flow Statement - Adjustments				
Financial income	(11,963)	(4,166)		
Financial costs	13,063	4,774		
Depreciations, amortizations and impairment losses	17,890	8,396		
Income taxes	(8,901)	(5,890)		
Exchange rate adjustments	995	(4,146)		
Total	11,084	(1,032)		
15 Cash Flow Statement - Changes in Working Capital				
Change in receivables	(22,165)	(9,305)		
Change in liabilities	67,662	47,379		
Change in balances with associated companies	58	200		
Total	45,555	38,274		
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	17,132	16,392	9,560	9,568
Between 1 and 5 years	53,968	59,854	41,443	40,354
After 5 years	5,191	16,071	5,191	16,072
Total	76,291	92,317	56,194	65,994

Contingent Liabilities

The Group has a joint and severally liability in relation to a lease contract made together with the associated company Kruso A/S. The total commitment under the lease contract amounts to DKK 1.3 million and the lease expires at 30 June 2017.

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

The Parent company has issued letter of comfort to subsidiaries. Total liabilities in the subsidiaries amounts to DKK 32.2 million including intercompany balances and deferred revenue.

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 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 2016 which have an impact on the annual report.

Accounting policies

Basis of Preparation

The Annual Report of Siteimprove A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C for the Group and medium-sized enterprises of reporting class C for the Parent company.

Consolidated and Parent Company Financial Statements for 2016 are presented in DKK thousands.

Changes in accounting policies

The accounting policies applied are unchanged from last year except for recognition of sales commissions in relation to both the Parent Company and the Group.

Management has decided to change the principles for recognition of incremental costs related to obtaining customer contracts as it provides a more true and fair value of the Group's financial position. The incremental costs cover sales commissions.

As the Siteimprove software is hosted on servers held by Siteimprove, the total package delivered to the customers is considered a service. Revenue is therefore recognized on a straight-line basis over the contract period. Following the revenue recognition criteria, it is expected, that the Group will recover the costs for sales commissions through future fees for the services provided by the Group.

The effect on equity at January 1st 2015 related to the change in recognition of incremental costs is DKK 12,067k (increase) for the Group and DKK 1,449k (increase) for the Parent Company. Under the new recognition compared to the statutory Financial Statements for 2015 the net result after tax is increased by DKK 10,462k for the Group and DKK 1,113k for the Parent Company. For 2016 the net result after tax and equity for the year is increased with DKK 13,822k for the Group and DKK 619k for the Parent Company. The comparison figures have been changed in accordance with the change in accounting policy.

To further enhance the true and fair view of the Group's

financial position the management has decided to alter the exchange rates used for consolidation purposes in previous periods when recognising profit/loss items in foreign currency. The change in exchange rates has not resulted in a material change. Comparison figures have been changed accordingly.

Management has decided to reclassify 'Other staff expenses' from 'Staff costs' to 'Other external costs'. This has been done due to an assessment of the nature of the type of costs. The reclassification for 2015 totals DKK 7,778k on Group level and DKK 5,177k for the Parent Company.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Siteimprove A/S, and subsidiaries in which the Parent Company directly or indirectly holds

more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realized and unrealized profits and losses on transactions between the consolidated enterprises.

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

Translation policies

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 expenses 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 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, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Parent Company or the Group.

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

Other operating income/costs

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

Other external costs

Other external costs comprise costs of premises, sales and hosting as well as office expenses, etc.

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses other than what is capitalized as development projects.

Depreciations, amortizations and impairment

Depreciations, amortizations and impairment comprise depreciations, amortizations and impairment of development projects, leasehold improvements and other fixtures, furniture and fittings.

Financial income and costs

Financial income and costs comprise interest, realized and unrealized 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.

Capitalized 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 January 1st 2016. The reserve is reduced by amortization and impairment losses on the development projects on continuing basis.

As of the date of completion, capitalized development costs are amortized on a straight-line basis over the period of the expected economic benefit from the development work, 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 no more than 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 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 realizable 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 realized, 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 realized, 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 net profit/loss for the year 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 acquisitions 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 records.

Financial Highlights

Explanation of financial key ratios

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

Gross margin = (Gross profit x 100) / (Net revenue)

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

Return on equity = (Net result after tax x 100) / (Average equity)

Annual Report For January 1st - December 31st 2016
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