Siteimprove A/S

Sankt Annæ Plads 28
DK-1250 Copenhagen, Denmark
CVR No. 25 53 70 17

Annual Report 2020

The Annual Report was presented and adopted at the Annual General Meeting on 29th April 2021

Chairman
Morten Marc Hübbe

Content

Letter from the CEO

Dear reader,

2020 has been a challenging year for all of us. Not only for Siteimprove but our customers and employees have been affected by the COVID-19 pandemic. Siteimprove has managed to steer well through the challenges and again deliver double digit growth and new products to the market.

As always, we have focused on customer experience and success. In 2020 we launched our new web security, which has been received well in the market. We believe that web security will have an increased focus going forward. We have continued to work on our NextGen accessibility engine, which we expect a lot from in the coming years giving further functionalities to our ever-expanding portfolio of services.

Forrester named our SEO Advanced best strategic fit in 2020 and we received the highest possible scores in the user interface, market approach, past performance, number of customers and breadth of offering criteria. This shows that Siteimprove's position is unique, and we continue to deliver value to our customers.

During the year Nordic Capital became our partner for our future journey as they acquired the majority of Siteimprove. Nordic Capital have a long history of developing technology companies and enabling and driving global growth. Their investment is an endorsement of our success to date and a validation of our software, which can help overcome today's most demanding digital challenges regardless of a company's size or industry. I am looking forward to further developing Siteimprove in partnership with Nordic Capital.

I would like to personally thank our customers, our partners, our leadership team and especially our employees, for their hard work throughout the year and under the difficult circumstances that the COVID-19 pandemic has caused. It has been outstanding.

We are looking forward to the progress that Siteimprove will make as we continue our journey forward as a truly global SaaS company.

Kind regards
Morten Ebbesen
Founder & CEO, Siteimprove

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 2020. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act. The Financial Statements of the Parent Company are prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements of the Parent Company give a true and fair view of the financial position at December 31st 2020 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year January 1st – December 31st 2020.

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

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

Copenhagen, 29 April 2021

Executive Board

Morten Ersbøll Ebbesen

Board of Directors

Morten Marc Hübbe *Chairman*	James Robert Howard	Jess Ørgaard Libak Tropp
Erik Jonas Fredrik Näslund		

Independent Auditor’s Report

To the shareholders of Siteimprove A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group’s financial position at 31 December 2020 and of the results of the Group’s operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company’s financial position at 31 December 2020 and of the results of the Parent Company’s operations for the financial year 1 January to 31 December 2020 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 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group (“financial statements”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management’s Review

Management is responsible for Management’s Review.

Our opinion on the financial statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management’s Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

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

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

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 29 April 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Friis Jørgensen	Niels Henrik B. Mikkelsen
State Authorised Public Accountant mne28705	State Authorised Public Accountant mne16675

Company details

Company	Siteimprove A/S Sankt Annæ Plads 28 DK-1250 Copenhagen Denmark
Cvr. No.:	CVR No. 25 53 70 17
Fiscal year	1 January – 31 December 2020
Municipality of registration office	Copenhagen
Board of directors:	Morten Marc Hübbe, chairman James Robert Howard Jess Ørgaard Libak Tropp Erik Jonas Fredrik Näslund
Executive Board:	Morten Ersbøll Ebbesen
Auditor	PricewarhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's Review

Welcome

Siteimprove helps organizations achieve their digital potential by cutting through complexity and making it easier to prioritize work that drives value across digital disciplines. Siteimprove's platform empowers teams with actionable insights that eliminate guesswork and prioritize the most impactful tasks. Siteimprove has 550 employees across offices in 15 countries, helping over 7,200 customers achieve their digital potential from a single solution. The company is part of the World Wide Web Consortium (W3C), the leading group of organizations, thought leaders, and community members developing international web standards, and one of only twelve exclusive Adobe Premier partners.

During 2020 Nordic Capital acquired the majority of the shares in Siteimprove. Morten Ebbesen, CEO and founder will continue as significant minority shareholder in the Company and remain as CEO.

Nordic Capital is a leading private equity investor with a resolute commitment to creating stronger, sustainable businesses through operational improvement and transformative growth. Nordic Capital focuses on selected regions and sectors where it has deep experience and a long history.

Financial review

Income statement

2020 marked another year with double-digit revenue growth for Siteimprove despite challenges caused by the COVID-19 pandemic.

Revenue totaled USD 85.4 million in 2020 compared to USD 73.1 million in 2019, which is an increase of 16.7%. Revenue increased across all reported markets, with North America continuing to be the most noteworthy driver of growth measured in absolute numbers.

Revenue growth was realized through multiple sources. Both in terms of adding new customers, but also supplementary sales to existing customers, working closely with prominent partners and maintaining the existing customer base fueled by best-in-class customer experience.

Gross profit totaled USD 69.8 million in 2020 compared to USD 61.4 million in 2019, an increase of USD 8.4 million. The gross margin percentage on 81.8% is a slightly lower than last year mainly owing to the effects of COVID-19. Siteimprove has continued its focus on further efficiency initiatives on internal processes.

EBITDA excluding special items totaled USD 11.2 million corresponding to an EBITDA margin of 13.2%. Special items includes one-off costs in relation to the change of ownership of USD 21.2m.

Net profit/loss equals a loss of USD 22.1 million in 2020 compared to a loss of USD 6.6 million in 2019. Adjusted for one-off costs, the result is negative USD 2.2 million, which is an improvement compared with previous years and also in line with the expectations for 2020, as stated in the 2019 Annual Report.

Balance sheet

The **balance sheet** totaled USD 64.6 million as of December 31st 2020 compared to USD 56.8 million as of December 31st 2019. The increase of USD 14.3 million was primarily due to continued capitalization of development costs and an increase in contract assets and trade receivables following increased revenue.

Total equity as of December 31st 2020 totaled negative USD 37.0 million, compared to negative USD 22.8 million as of December 31st 2019, as a result of the year's loss offset by a positive impact from currency fluctuations from other comprehensive income.

Net interest-bearing debt was negative USD 4.4 million as of December 31st 2020 compared to negative USD 8.8 million as of December 31st 2019. Net interest-bearing debt decreased primarily due positive impact from contract liabilities and working capital.

USD million	**2020**	**2019**	**2018**
Cash and cash equivalents	6.7	4.1	3.3
Interest-bearing borrowings	(11.1)	(12.9)	(9.1)
NIBD (Net Interest Bearing Debt)	**(4.4)**	**(8.8)**	**(5.8)**

Cash Flow

Cash flow from operating activities in 2020 was USD 8.9 million compared to USD 10.8 million in 2019. The negative result from operations, was offset by a positive impact from non-cash items working capital and contract liabilities, but still lead to a decline of USD 1.9 million compared with last year.

Cash flow from investing activities totaled USD 10.4 million in 2020 compared to USD 11.3 million in 2019. Providing the best-in-class intelligence platform for digital presence optimization requires a continuous development of the existing platform as well as the launch of new products such as Performance and Ads. As a result, a total of USD 3.3 million was capitalized as development projects in 2020 compared to USD 3.8 million in 2019.

Investments in contract assets of USD 6.2 million in 2020 is in line with 2019 because of added subscriptions for new customers and supplementary sales to existing customers.

Cash flow from financing activities in 2020 was USD 4.2 million compared to USD 1.3 million in 2019, driven by capital increase of USD 8.7 million and reduced by repayment of borrowings and reduction of leasing debt following IFRS 16.

As a combination of the above, **net cash flow for the year** 2020 was USD 2.6 million compared to USD 0.8 million in 2019.

Outlook for 2021

In 2021, Siteimprove expects to see a continued growth in total customers following an increased demand for Siteimprove's Intelligence Platform. Siteimprove will maintain its position as the world leader helping organizations and companies improve their digital presence through continuous innovative solutions. The net profit/loss for 2021 is expected to improve compared to 2020 because of selling up-market, greater collaboration with prominent partners combined with an increased focus to strive for scalable solutions.

Diversity

At Siteimprove, we are committed to universal human rights. It is Siteimprove's policy to not discriminate, which entails offering equal opportunities for all employees and candidates. Siteimprove employs more than 45 different nationalities, and the company benefits hugely from the variety of backgrounds, experiences, and knowledge that our employees bring to the company. Similarly, Siteimprove benefits from the unique accessibility expertise that a number of our employees with visual impairments provide. While we take great pride in being an inclusive workplace, we know we can do even better. In 2020 we continued our diversity project, focusing on becoming even more diverse and inclusive, and we made progress, especially within gender diversity.

The Siteimprove Diversity Policy and our goals

Siteimprove's commitment to offering equal opportunities is stated in our Code of Conduct, as well as in our Diversity Policy. Written in 2019, the policy sets out the elements of Siteimprove's approach to diversity, including our overall aim and the company's focus areas. Our specific goals for gender diversity that the Executive Management Team has signed off on are also included in the policy.

While the policy covers multiple diversity groups, the goals described in the policy are specific to gender due legal requirements and it being one of our main focus areas currently. In the policy, it is stated that; our goal is to add one woman to the Board of Directors by 2021; to add an additional woman to the Executive Management Team (EMT) by the year 2021; and to have an overall gender ratio of at least 40-60 (female-male) in other management levels by 2022.

In addition to the goals stated, we also aim to increase the general diversity of our workforce, including minorities, people with disabilities, and veterans.

2020 results

By the end of 2020 our overall gender ration for the whole company was 42.3-57.7 (female-male) which is a significant improvement compared to 2019 where the ratio was 38-62. On management level, the gender ratio is 32.9-67.1 (female-male) which is a slight decrease compared to 2019's ratio of 34-66 and still some way off our 2022 target. On top management level, we reached our 2021 target of adding one additional woman to the EMT when our VP of Global HR was promoted to the EMT in 2020. The situation of the Board of Directors remains unchanged, even though we have asked our sourcing agencies to prioritize diversity. Unfortunately, we have yet to find the right candidates for the tasks at hand.

We are disappointed that we've taken a small step back on the management level as we aspire to reach our 40-60 goal by 2022. Getting more diversity in among our management positions will be an important focus area for our diversity efforts in the year to come.

As we reached our 2021 goal of adding one more woman to our Executive Management Team, we intend to review our diversity policy in 2021 and set a new diversity target for the EMT level.

2020 initiatives

The progress we've seen on the overall gender ratio can be attributed a number of factors. As part of the ongoing diversity project, we increased our focus on equal opportunities and diversity in our hiring process in 2020 where we completed a Gap Analysis of our hiring process and reviewed and adjusted our job postings. We also saw great support from our hiring managers when explaining the importance of diversity in our recruitment. These efforts all contributed to positive changes which resulted in 53% of all new hires in 2020 being women, up from 41% in 2019. That led to a 4.3% increase in women among our total workforce compared to the year before.

In 2020 we created our Gender Diversity Data Report, where we track gender diversity within our teams and organizational levels as well as within recruitment, promotions, and employee turnover. This data report will help us keep everyone in the organization accountable and it enables us to identify areas that need more of our attention.

During the year we have collected input and feedback from our employees through focus groups and surveys. Our employees are very engaged when the topic is diversity and inclusion so we have received a lot of useful insights about what we can do to become even more diverse and inclusive. One specific outcome of one of our focus groups is that we have made Martin Luther King Jr. Day a paid day off for our US employees.

We are also continuously looking for valuable partnerships that can help us drive the diversity and inclusion agenda. Since 2017 we have sponsored Women in Tech and for 2021 we have established a formal partnership with HackYourFuture, a coding school for refugees. We are also members of the Disability:IN, a leading nonprofit resource for business disability inclusion worldwide, and St. Paul Chamber of Commerce, whose focus is racial diversity, as well as The Eagle Group that focuses on veterans in Minnesota.

For 2021, we have many exciting D&I initiatives lined up that we anticipate will make a big impact.

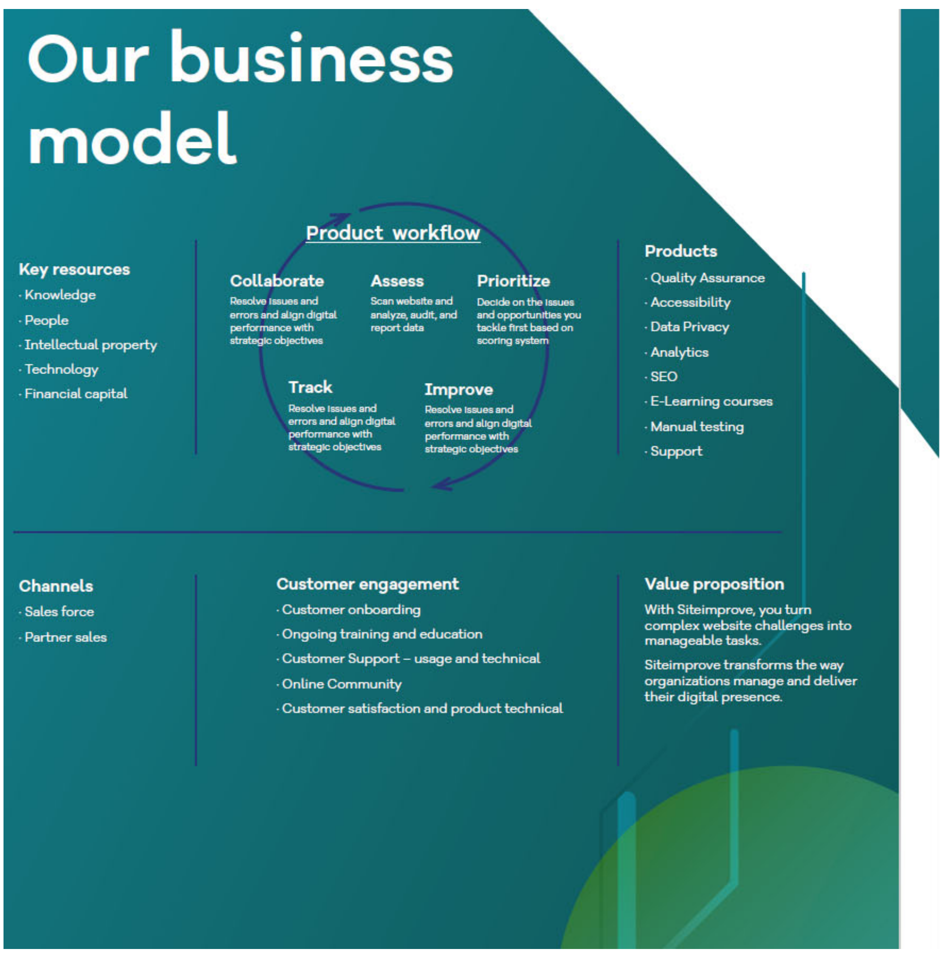
Corporate social responsibility

Sustainability and corporate social responsibility

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

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

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



Siteimprove's Sustainable Development Goals

Siteimprove's SDGs	Goal 4: Quality Education	Goal 10: Reduced Inequalities	Goal 17: Partnerships for the Goals
Siteimprove's Focus	Ensuring inclusive and equitable quality education through our accessibility software and by educating our stakeholders about accessibility and inclusion.	Promoting and contributing to the social, economic, and political inclusion of everyone, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic, or other status through our software solutions and public advocacy for accessibility and inclusion, and by sharing our knowledge and expertise.	Encouraging and promoting effective public, public-private, and civil society partnerships in order to put accessibility on the global agenda and extend our reach so that we can have a positive impact on even more people around the world.
Main Contribution	The Siteimprove Academy has a long list of accessibility courses, both practical and theoretical. The Academy hosts courses for customers, partners, and employees. Siteimprove educates customers, partners, employees, and more through trainings, events, blog posts, social media campaigns, and webinars.	Siteimprove's Accessibility and Performance products, the free toolkit on the Accessibility World Map website, and the Siteimprove Accessibility Checker for Google Chrome enable organizations to eliminate barriers that prevent people with disabilities or limited internet access from utilizing their websites. Siteimprove creates awareness and provides education about accessibility and inclusion by sharing our resources and knowledge in a number of ways.	Siteimprove focuses on public and private partnerships through which we can leverage our expertise and solutions within digital accessibility.
2020 Highlights	Close to 2,000 educational institutions are using Siteimprove Accessibility to make information and services on their websites more accessible to people with disabilities. We now offer 25 Accessibility courses in the Siteimprove Academy and customers completed a total of 12,128 accessibility courses in 2020.	Our free Accessibility Checker for Google Chrome reached more than 70,000 weekly users, up from 58,000 in 2019. Our free Accessibility Statement Generator was used more than 1,300 times. Our free Color-Contrast Checker was used more than 3,200 times.	We continued our work on the WAI-Tools project, an Innovation Action project under the European Commission's Horizon 2020 program. For the second year running, we co-funded W3C's Diversity Fund helping people with limited resources and diverse backgrounds attend the W3C's TPAC event. Since 2017 we have sponsored Women in Tech and for 2021 we have established a formal partnership with HackYourFuture, a coding school for refugees. We are also members of the Disability:IN, a leading nonprofit resource for business disability inclusion worldwide, and St. Paul Chamber of Commerce, whose focus is racial diversity, as well as The Eagle Group that focuses on veterans in Minnesota.

Human rights

Policies

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

1. The company should support and respect the protection of internationally declared human rights.

2. Ensure that the company does not contribute to the violation of human rights.

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

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

As stated in Siteimprove's Supplier Code of Conduct, Siteimprove Suppliers must support and respect the protection of internationally declared human rights. Moreover, Siteimprove's suppliers shall ensure that they do not contribute to the violation of human rights.

As a reporting measure, we have a whistleblower policy in place that encourages and enables all our employees and third parties to report if they witness any violations such as unethical business practices and serious health and safety concerns. These reports can be made anonymously.

Activities

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

Siteimprove's contribution to human rights is focused on improving digital accessibility. Our goal is to enable everyone, regardless of disabilities and impairments, to access the internet on equal terms. We work toward this goal by increasing awareness for digital inclusion and educating other organizations about how they can become digitally accessible, while also providing the tools needed to achieve it. As the whole world was working from home for much of 2020 and most interaction happened through technology, it has never been more important that all online information, services, and tools are accessible.

While the Siteimprove Accessibility product is our most comprehensive accessibility tool, we have created a range of other free-to-use accessibility products. That includes our Accessibility Checker for Google Chrome, our Accessibility Statement Generator, and our Color-Contrast Checker, all of which are available on accessibilityworldmap.org. All tools saw an increase in the number users in 2020 and we are proud to continue to offer the free toolkit that allows everyone to make a targeted effort to remove the accessibility barriers that exist on their websites.

In 2020, Siteimprove ran a wide range of activities with the purpose of creating awareness and providing quality education about digital accessibility and inclusion. Due to the COVID-19 pandemic restricting us from organizing physical events, much of our activity lived online. We hosted countless webinars about accessibility, enabling all those working from home to learn more about how they can become more inclusive online.

For our annual Global Accessibility Awareness Day (GAAD) celebration we launched our global #OhMyGAAD initiative where we invited people online to take part and become accessibility ambassadors. Our aim was to get people talking, thinking, and learning about digital accessibility and inclusion by having them commit to the 7-day accessibility challenge where they would receive new useful information each day. In total, more than 570 people signed up and participated in the week-long challenge.

Internally, our accessibility pledge continues to guide our employees, stressing the importance of accessibility within the company. The mandatory accessibility awareness training that we introduced in 2019 also continues to be an integral part of our onboarding of new employees.

In addition to our efforts within accessibility and inclusion, we also provide our customers with tools that help them keep their websites safe and their personal data secure. The latest Siteimprove product, Web Security, was launched in 2020. It's becoming an increasingly important priority for organizations of all types to keep their websites and visitors secure, and Siteimprove Web Security addresses that need. Web Security greatly complements our Data Privacy product in this matter as our customers look to protect their digital platforms and the rights of their users.

Results

- 95% of our revenue comes from customers with Siteimprove Accessibility as part of their Siteimprove suite.
- More than 6,600 organizations are using the Siteimprove Accessibility product to improve their digital accessibility.
- More than 380 organizations are using Siteimprove Performance to remove accessibility and loading speed barriers from their websites.
- Close to 400 organizations are using Data Privacy and/or Web Security to safeguard personal data and keep their websites secure.

Labor rights

Policies

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

3. Support the right to unionize and effectively recognize the right of collective bargaining.

4. Support the eradication of all forms of forced labor.

5. Support the effective eradication of all forms of child labor.

6. Eradicate discrimination in respect to employment and occupation

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

- Open and Honest Communication
- People Are Our Greatest Resource

Siteimprove's Supplier Code of Conduct requires Siteimprove's suppliers to have proper working conditions, to ensure that no forced labor or child labor is used in their own operations or by their partners and suppliers, and to commit to complying with all local laws and regulations.

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

Siteimprove's Whistleblower Policy enables employees, and other stakeholders, to make good faith reports pertaining to serious violations such as suspected fraud, unethical business practices, bribery, corruption, or other improper or unlawful activity, or serious health and safety concerns within Siteimprove.

Siteimprove's Diversity Policy promotes equality and inclusion and describes Siteimprove's commitment to offering equal opportunities. Being an Equal Opportunity Employer means that no one will be discriminated because of their race, gender, marital status, ideology, political opinions, nationality, religion or any other personal, physical or social condition. We preach inclusion externally in our efforts to make the web better for all, and we find it only natural not to discriminate in our hiring process or in the way we treat employees. We are very focused on fostering a workplace culture where everyone is included and treated fairly and equally, and we take pride in being a workplace for people of all abilities.

Activities

At Siteimprove, our employees are our greatest resource. Without them, there would be no innovative top-of-the-line software, no happy customers, no Siteimprove. That means one of the biggest risks for Siteimprove is dissatisfied employees and not doing our due diligence in regard to employee health, safety, and well-being. This risk is mitigated through a variety of activities and procedures that are in line with the policies stated above.

To monitor the well-being and satisfaction of employees, Siteimprove runs annual employee satisfaction surveys. The results are shared with the Executive Management Team, and each manager receives the results for their team, while the global results are shared with the whole organization.

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

While our employees are our greatest asset, they are also great inclusion ambassadors. At Siteimprove, we have a lot of passionate people who want to engage with the community and promote inclusion. To facilitate employee involvement, we have formalized processes in place for employees wanting to get involved by volunteering. Siteimprove grants each employee one working day that they can spend on volunteering.

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

If employees see any violations of our Code of Conduct, including harassment, discrimination, or unsafe or unhealthy working conditions, they must reach out to their manager, Human Resources, the Legal department, or higher levels of management, or make an anonymous report through the process described in our Whistleblower Policy.

Taking care of our employees during a pandemic

Ever since the COVID-19 pandemic broke out in the start of 2020 and forced us to work at home for a large portion of the year, we have kept an even closer eye on the well-being of our employees. To deal with the unprecedented situation our employees have had to adapt their work and personal lives, and for many this new situation came with the risk of added pressure on their mental well-being. As a responsible employer, we felt obligated to do everything in our power to keep our employees safe and make the work-from-home transition as stress free as possible.

We emphasized that every office should live up to the highest hygiene standards by providing sanitizer, increasing the cleaning frequency, and ensuring enough distance between workstations and canteen seating. Our canteen in our headquarters also introduced dedicated timeslots and provided masks and disposable gloves to anyone entering the canteen area.

As our employees started to work from home, we made a point out of sending regular communication from our top leadership and HR department. This was to ensure that employees felt safe, informed, and included. We also distributed guides and help on how to take care of one’s mental well-being while working from home, and we equipped managers with knowledge about how to support a remote workforce.

Our increased focus on mental well-being also meant that our HR team reached out to all employees personally to check in and see if they needed any additional support. During Q2, we ran an employee survey to monitor the overall well-being of our workforce after the first few months of lockdown. While people were generally coping well and good at helping each other, the survey helped us identify any areas that we needed to pay additional attention to. Through the survey and personal outreaches, our employees have expressed that the company leadership, their own managers, and the HR department all have done a good job handling the pandemic and the work-from-home situation.

Results

- We saw major progress in our annual satisfaction survey, with our "Great Place to Work® Index" improving by 7% compared to 2019 and our "Trust Index" improving by 4% compared to 2019.
- Our employees spent 720 hours of their working day giving back to the community through our "Give Back Days" initiative.
- Our gender ratio among our total workforce improved from 38-62 (female-male) to 42-58.

Environment

Policies

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

7. The company should support a precautionary approach to environmental challenges.

8. Take initiatives to promote increased environmental responsibilities.

9. Encourage the development and dispersion of environmentally friendly technologies.

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

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

Our Supplier Code of Conduct requires all Siteimprove suppliers to strive to comply with all applicable laws and regulations relating to the impact of their business on the environment. Compliance with environmental law includes any international or applicable local laws affecting the source of materials and processes used to manufacture products. Siteimprove's suppliers should minimize their own environmental impact and continuously try to limit their environmental impact on a continuous basis.

Activities

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

While Interxion is our main data center, Siteimprove also relies on Amazon Web Services (AWS) to process data. AWS is committed to using 100% renewable energy by 2025. AWS reported in 2018 that 50% of their energy consumption came from renewable sources. Since then, they have announced that they are building several new wind and solar energy farms to get closer to their goal of using 100% renewable energy.

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

We are committed to prolonging the life of the hardware we use, even when it reaches the end of its service at Siteimprove. That's why we actively look for worthy causes to donate our used equipment to. In 2020 we donated over 100 fully functional desktop computers and monitors along with various other equipment to PCs for People. PCs for People provide refurbished tech to low-income households and recycle electronic waste in an environmentally friendly manner.

Results

- The energy used by our main data center, Interxion, came from 100% sustainable sources.
- We donated more than 100 computers and monitors to PCs for People.

Anti-corruption

Policies

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

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

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

- We do not give or accept inappropriate gifts.

Employees must contact the Legal Department or Human Resources if they witness any breaches or suspect violations of the company-wide Code of Conduct, or make an anonymous report through the process described in our Whistleblower Policy.

Siteimprove expects that all Siteimprove suppliers conduct business according to the highest ethical standards of conduct and in compliance with all applicable laws and regulations, as stated in our Supplier Code of Conduct.

Activities

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

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

All Siteimprove suppliers are also required to conduct business according to the highest ethical standards and all applicable laws and regulations. As stated in our Supplier Code of Conduct, Siteimprove’s suppliers must not offer, promise, give, accept, or solicit any bribe, gift, loan, fee, or other advantage to any government official or employee, any customer, any Siteimprove employee, or any other person to obtain any business or improperly influence any action or decision.

To further mitigate the risk of unethical business practices, selected Siteimprove employees undergo anti-trust training.

If employees or external stakeholders witness any doubtful or directly illegal business practices, they must reach out to the Legal department or follow the steps described in our Whistleblower policy, where they can make an anonymous report.

Results

- Siteimprove had no cases or allegations related to bribery or corruption in 2020.

Consolidated Financial Statements

Key Figures and Financial Ratios

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

USD '000	2020	2019	2018	2017	2016
INCOME STATEMENT					
Revenue	85.350	73.149	61.377	45.103	29.705
Gross profit	69.813	61.379	51.500	37.932	24.353
EBITDA before special items*	11.239	4.982	(4.247)	(4.845)	(5.057)
EBIT	(568)	(5.195)	(10.532)	(9.583)	(7.635)
Net financial items	557	(1.717)	(1.038)	477	(154)
Income taxes	(949)	282	(209)	2.047	1.260
Net profit/(loss)	(22.160)	(6.631)	(11.780)	(7.059)	(6.529)
BALANCE SHEET					
Total assets	64.619	56.765	42.509	35.647	28.764
Equity	(37.009)	(22.777)	(17.100)	(6.314)	764
Investment in property, plant and equipment	(754)	(438)	(1.237)	(270)	(1.128)
CASH FLOW STATEMENT					
Cash flow from operating activities	8.869	10.810	1.925	5.636	1.615
Cash flow from investing activities	(10.430)	(11.304)	(12.038)	(8.751)	(7.017)
Cash flow from financing activities	4.198	1.303	9.086	-	38
Change in cash and cash equivalents for the year	2.637	809	(3.115)	(3.115)	(5.364)
KEY RATIOS					
Annual recurring revenue	93.485	81.620	69.150	54.967	36.848
Average customer contract value	13,0	11,0	9,3	8,5	7,4
Revenue growth	16,7%	19,2%	36,1%	51,8%	49,3%
Gross margin	81,8%	83,9%	83,9%	84,1%	82,0%
Solvency ratio	-57,3%	-40,1%	-40,2%	-17,7%	2,7%
EBITDA margin	13,2%	6,8%	-6,9%	-10,7%	-17,0%

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

** 2019 -prior period amounts have not been adjusted under the modified retrospective method to adopt IFRS 16 as of January 1st 2019.

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

Consolidated Income statement 1st January – 31st December

USD '000	Note	2020	2019
Revenue	2.1	**85.350**	**73.149**
Cost of revenue	2.2 / 2.3 / 2.5	(15.537)	(11.770)
Gross profit		**69.813**	**61.379**
Sales & marketing costs	2.2 / 2.3 / 2.5	(36.513)	(39.312)
Research & development costs	2.2 / 2.3 / 2.4 / 2.5	(20.347)	(16.896)
General & administrative costs	2.2 / 2.3 / 2.5	(13.576)	(10.609)
Other income		56	243
EBIT before special items		**(568)**	**(5.195)**
Special items	2.3	(21.200)	-
EBIT		**(21.767)**	**(5.195)**
Financial income	4.4	5.226	2.408
Financial costs	4.4	(4.670)	(4.125)
Net profit/(loss) before tax		**(21.211)**	**(6.912)**
Income taxes	2.6	(949)	282
Net profit/(loss)		**(22.160)**	**(6.631)**

Other comprehensive Income 1st January – 31st December

Net profit/(loss)	**(22.160)**	**(6.631)**
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	(3.008)	352
Other comprehensive income for the period, net of tax	**(3.008)**	**352**
Total comprehensive income for the period	**(25.168)**	**(6.279)**

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

Consolidated Balance Sheet at 31st December

ASSETS

USD '000	Note	2020	2019
Development projects		7.765	5.026
Development projects in progress		816	1.758
Goodwill		-	-
Total intangible assets	3.1	**8.582**	**6.784**
Leasehold improvements		339	498
Other fixtures, furniture and fittings		950	900
Right-of-use assets		5.527	6.997
Total property, plant and equipment	3.2	**6.817**	**8.396**
Contract assets	3.3	17.133	16.071
Deferred tax assets	2.6	3.354	3.987
Other financial fixed assets	4.3	1.550	1.451
Total other non-current assets		**22.037**	**21.509**
Total non-current assets		**37.436**	**36.689**
Trade receivables	3.4 / 4.2	16.965	13.176
Other receivables	4.2	3	2
Income tax receivables	2.6	916	777
Prepayments	3.5	2.592	2.051
Cash and cash equivalents	4.2	6.707	4.070
Total current assets		**27.183**	**20.076**
Total assets		**64.619**	**56.765**

Consolidated Balance Sheet at 31st December

EQUITY AND LIABILITIES

USD '000	Note	2020	2019
Share capital	4.5	96	93
Reserve for currency translation		(1.839)	1.169
Retained earnings		(35.266)	(24.039)
Total equity		**(37.009)**	**(22.777)**
Deferred tax liabilities	2.6	1.610	2.101
Other provisions	3.6	3.208	1.373
Lease liabilities	4.2	3.101	4.644
Borrowings	4.1 / 4.2	11.066	12.926
Total non-current liabilities		**18.984**	**21.043**
Trade payables	4.2	2.732	1.885
Income tax liabilities	2.6	694	299
Other liabilities	4.2	12.780	9.164
Liabilities to associated companies	4.2	11.810	0
Lease liabilities	4.2	2.832	2.638
Contract liabilities	3.7	51.797	44.512
Total current liabilities		**82.644**	**58.498**
Total liabilities		**101.628**	**79.542**
Total equity and liabilities		**64.619**	**56.765**

Consolidated Statement of Changes in Equity

	Share capital	Reserve for currency translation	Retained earnings	Total
2020				
Equity at 1st January 2020	**93**	**1.169**	**(24.038)**	**(22.777)**
COMPREHENSIVE INCOME				
Income/loss after tax			(22.160)	**(22.160)**
OTHER COMPREHENSIVE INCOME				
Exchange rate adjustments		(3.008)		**(3.008)**
Total other comprehensive income	**-**	**(3.008)**	**-**	**(3.008)**
TRANSACTIONS WITH SHAREHOLDERS				
Cash capital increase	3		8.775	**8.778**
Share based payments			2.158	**2.158**
Total transactions with shareholders	**3**	**-**	**10.933**	**10.936**
Equity at 31st December 2020	**96**	**(1.839)**	**(35.265)**	**(37.009)**

	Share capital	Reserve for currency translation	Retained earnings	Total
2019				
Equity at 1st January 2019	**93**	**817**	**(18.009)**	**(17.099)**
COMPREHENSIVE INCOME				
Income/loss after tax			(6.631)	**(6.631)**
OTHER COMPREHENSIVE INCOME				
Exchange rate adjustments		352		**352**
Total other comprehensive income	-	352	-	**352**
TRANSACTIONS WITH SHAREHOLDERS				
Share based payments			601	**601**
Total transactions with shareholders	-	-	601	**601**
Equity at 31st December 2019	**93**	**1.169**	**(24.038)**	**(22.777)**

Consolidated Cash Flow Statement 1st January – 31st December

USD '000	Note	2020	2019
Net profit/loss		(22.160)	(6.631)
Non-cash items	5.1	11.675	12.167
Changes in net working capital	4.6	13.777	(1.409)
Changes in contract liabilities		7.285	6.681
Cash flow from operating activities before financial items		**10.576**	**10.808**
Financial income	4.4	(24)	1
Financial costs	4.4	(929)	(1.113)
Cash flow from operating activities before tax		**9.624**	**9.696**
Income tax reimbursements/(payments)		(755)	1.114
Cash flow from operating activities		**8.869**	**10.810**
Payments for intangible assets	3.1	(3.340)	(3.759)
Payments for property, plant and equipment	3.2	(754)	(438)
Payments for contract assets		(6.239)	(7.057)
Payments for other financial fixed assets	4.3	(286)	(51)
Proceeds from other financial fixed assets	4.3	189	1
Cash flow from investing activities		**(10.430)**	**(11.304)**
Cash capital increase	4.5	8.778	-
Proceeds from borrowings		(1.860)	3.840
Principal elements of lease payments		(2.720)	(2.537)
Cash flow from financing activities		**4.198**	**1.303**
Cash and cash equivalents, net at 1st January		**4.070**	**3.260**
Net cash flow for the year		2.637	809
Cash and cash equivalents, net at 31st December		**6.707**	**4.070**

Consolidated Notes Overview

Notes

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1.1 Summary of significant accounting policies

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

Changes in accounting policies
Besides what is described under note 1.2 management has decided to reclassify certain costs between cost lines in the Consolidated Financial Statements in previous years. This is done to enhance the true and fair view of the financial position and business of which the Group operates.

The change has not resulted in any adjustments to the net profit/(loss) or equity.

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

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

- Revenue (note 2.1)
- Research & development costs incl. intangible assets (notes 2.4 and 3.1)
- Income taxes and deferred taxes (note 2.6)
- Trade receivables (note 3.4)
- Contract liabilities (note 3.7)
- Right-of-use assets and lease liabilities (notes 3.2 and 4.2)

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

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

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

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

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

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

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

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

1.2 Other accounting policies

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New or amended IFRS that have come into effect in 2020

Based on an assessment of new or amended and revised accounting standards and interpretations ('IFRS') issued by the International Accounting Standards Board (IASB) and IFRS endorsed by the European Union effective on or after January 1, 2020, it has been assessed that the application of these new IFRS has not had a material impact on the Consolidated Financial Statements in 2020, and the Group does not anticipate any significant impact on future periods from the adoption of these new IFRS. The below amendments or standards have been implemented by Siteimprove for the financial year 2020.

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

The IASB has issued, and the EU has endorsed, several new standards and updated some existing standards, the majority of which are effective for accounting periods beginning on January 1, 2021 or later.

Therefore, they are not incorporated in the consolidated financial statements. There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Other general accounting policies

Basis of consolidation
The Consolidated Financial Statements comprise the Parent Company, Siteimprove A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.
On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realized and unrealized profits and losses on transactions between the consolidated enterprises.

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

Translation policies

Functional and presentation currency

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

Translation of transactions and balances

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.

Translation of Group companies

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

Cost of revenue

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

Sales & marketing costs

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

General & admin costs

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

Special items

Special items are expenses or income items recorded in the income statement that cannot directly be attributed to ordinary activities. These expenses comprise costs in relation to change in ownership in 2020. They are therefore presented separately to provide a more comparable basis for assessing the underlying business.

Other income

Other income and other costs comprise items of a secondary nature to the main activities of the Group. Government grants are recognized in the income statement on a straight-line basis and is presented as other income. Government grants not fully recognized in the income statement are presented as part of other liabilities.

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

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

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

<u>Cash flows from operating activities</u> 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.

<u>Cash flows from investing activities</u> comprise cash flows from purchase and disposals of intangible assets, property, plant & equipment as well as fixed asset investments.

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

<u>Cash and cash equivalents</u> comprise "Cash and cash equivalents".
The cash flow statement cannot be immediately derived from the published financial statements.

Consolidated five-year summary
The key figures and financial ratios have been prepared on a consolidated basis. The Key Ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis.

- Annual recurring revenue: Equals the contract value of all customers at the balance sheet end date
- Average customer contract value: (Annual recurring revenue) / (No. of customers)
- Revenue growth: (Change in revenue compared to previous period x 100) / (Revenue previous period)
- Gross margin: (Gross profit x 100) / (Revenue)
- Solvency ratio: (Equity at year end x 100) / (Total assets at year-end)
- EBITDA margin: (EBITDA x 100) / (Revenue)

2.1 REVENUE

ACCOUNTING POLICIES

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

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

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

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

No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

Subscription fees

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

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

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

2.1 REVENUE

ACCOUNTING POLICIES (CONTINUED)

Professional services fees and technical support

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

2.1 REVENUE (CONTINUED)

The Group derives the following types of revenue:

USD '000	2020	2019
Subscriptions	84.405	72.613
Professional services	945	536
Total revenue	**85.350**	**73.149**

Geographic information

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

USD '000	2020	2019
Revenue		
North America	55.693	48.717
Europe	27.940	22.930
Asia Pacific	1.717	1.502
Total revenue	**85.350**	**73.149**

Individual, material countries (>10% of total net sales) is the US with USD 50,5 million (2019: USD 44,6 million).

USD '000	2020	2019
Total Non-current assets		
North America	13.020	13.006
Europe	20.377	19.253
Asia Pacific	685	443
Total operating non-current assets 1)	**34.082**	**32.701**
Deferred tax assets	4.146	3.987
Total non-current assets	**38.228**	**36.689**

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

Individual, material countries (>10% of non-current assets) is the US with USD 11 million (2019: USD 11,9 million).

2.2 STAFF COSTS

ACCOUNTING POLICIES

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

USD '000	2020	2019
Wages and salaries	74.225	51.527
Pensions (defined contribution plans)	3.033	2.643
Social security costs	4.388	3.932
Share-based payments	2.158	615
Total	**83.804**	**58.717**
Staff costs included in development projects	(3.340)	(3.699)
Commissions included in contract assets	(6.083)	(6.822)
Staff costs expensed to the income statement	**74.381**	**48.196**
Average number of employees	**542**	**527**

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

USD '000	2020	2019
Cost of revenue	9.386	7.043
Sales & marketing costs	23.719	24.444
Research & development costs	13.364	10.225
General & admin costs	6.712	6.483
Special items	21.200	-
Total	**74.381**	**48.196**

Remuneration to key management can be specified as follows:

USD '000	2020	2019
Salary and bonus	22.173	3.954
Pension	150	254
Share-based payments	2.158	615
Total	**24.481**	**4.823**
Remuneration to the Executive Board & Board of Directors	**643**	**634**

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

2.3 SHARE BASED PAYMENTS

ACCOUNTING POLICIES

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

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

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

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

The following assumptions were applied at the time of grant:

	2020	2019
Share price (USD)	360.3 - 582.7	360.3 - 582.7
Exercise price (USD)	360.3 - 582.7	360.3 - 582.7
Remaining contract life time (years)	8,0	9,0
Maturity	3,0	3,0
Volatility	37.4% - 44.0%	37.4% - 44.0%
Risk-free interest rate	1.4% - 2.9%	1.4% - 2.9%
Dividend yield	0,0%	0,0%

VALUE OF THE PROGRAMS AND IMPACT ON THE INCOME STATEMENT

	2020	2019
Total warrants to be vested throughout the vesting period	22.653	22.653
Recognized in the income statement (USD '000)	2.158	615
Not yet recognized in respect of warrants expected to vest (USD '000)	-	1.942

As of 31st December 2020 all warrants have vested due to the change of owneship. (2019: 4,474)

2.4 RESEARCH & DEVELOPMENT COSTS

ACCOUNTING POLICIES

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

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

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

USD '000	2020	2019
This years incurred research & development costs	20.031	17.613
Amortization of intangible assets	2.328	1.645
Depreciation of property, plant & equipment	382	427
Depreciation of right-of-use assets	946	911
Development costs capitalized in development projects	(3.340)	(3.699)
Total	**20.347**	**16.896**

2.5 DEPRECIATIONS, AMORTIZATIONS AND IMPAIRMENT

USD '000	2020	2019
Amortizations and impairment of intangible assets	8.037	6.591
Depreciations and impairment on property, plant & equipment	948	899
Depreciations and impairment on right-of-use assets	2.816	2.821
(Gains)/losses on disposals	5	-
Total	**11.806**	**10.311**

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

	2020	2019
Cost of revenue	-	9
Sales & marketing costs	5.708	4.920
Research & development costs	2.328	1.645
General & admin costs	-	17
Total	**8.037**	**6.591**

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

	2020	2019
Cost of revenue	650	470
Sales & marketing costs	1.385	1.475
Research & development costs	1.328	1.337
General & admin costs	406	437
Total	**3.769**	**3.720**

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

	2020	2019
Cost of revenue	-	-
Sales & marketing costs	-	168
Research & development costs	-	118
General & admin costs	-	-
Total	**-**	**286**

Contract assets have been impaired with a total of USD 0.0 million in 2020 (2019: USD 0.2 million) due to unsatisfactory customer retention in specific immature markets. The recoverable amount of the impaired assets totals USD 0.5 million as of 31st December 2019 and is carried at cost less accumulated amortization and impairment ('Value In Use'). Development projects have been impaired with a total of USD 0.0 million in 2020 (2019: 0.1 million) due to unsatisfactory performance in certain markets. The recoverable amount of the impaired assets totals USD 0.3 million as of 31st December 2019 and is carried at cost less accumulated amortization and impairment ('Value In Use').

2.6 INCOME TAXES AND DEFERRED TAXES

ACCOUNTING POLICIES

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

Current tax receivables and liabilities
Current tax receivables and liabilities are recognized in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and prior year adjustments. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Deferred tax assets and liabilities
Deferred tax is recognized in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively. Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

KEY ACCOUNTING ESTIMATES

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

The Group has a total tax asset of USD 4,1 million (2019: USD 4 million).

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

2.6 INCOME TAXES AND DEFERRED TAXES (CONTINUED)

USD '000	2020	2019
INCOME TAXES		
Current income tax	(884)	356
Deferred income tax	(213)	(308)
Adjustments concerning previous years	148	233
Total	**(949)**	**282**
Deferred tax on other comprehensive income	**-**	**-**
INCOME TAX RECONCILIATION		
Breakdown of tax on profit for the year:		
Net profit/(loss) before tax from continuing operations	(21.211)	(6.912)
Tax calculated using the Danish corporation tax rate (22%)	4.666	1.521
Tax effect of:		
Other tax percentages in foreign jurisdictions	40	13
Non-deductable costs	(1.115)	(1.598)
Non-taxable income	-	240
Unrecognized tax asset	(5.302)	(422)
Others, including adjustment of prior years	761	528
Taxes in the income statement	**(949)**	**282**

2.6 INCOME TAXES AND DEFERRED TAXES (CONTINUED)

USD '000	2020	2019
DEFERRED INCOME TAXES		
Deferred income tax at 1st January	1.885	2.347
Exchange rate adjustments	864	(154)
Movement for the year	(1.004)	(308)
Deferred income tax at 31st December	**1.745**	**1.885**
Recognized in the balance sheet as follows:		
Deferred tax assets	3.354	3.987
Deferred tax liabilities	(1.610)	(2.101)
Deferred tax, net	**1.745**	**1.886**
DEFERRED TAX BREAKDOWN		
Property, plant & equipment	710	311
Intangible assets	(1.888)	(1.013)
Receivables	23	12
Other assets	(2.393)	(2.094)
Other liabilities	1.136	185
Tax losses to be carried forward	4.157	4.484
Other	-	1
Total	**1.745**	**1.886**

Siteimprove records a valuation allowance to reduce deferred tax assets to reflect the net amount that is more likely than not to be realized. Realization of the deferred tax assets is dependent upon the generation of future taxable income, the amount and timing of which are uncertain. The valuation allowance requires an assessment of both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable; such assessment is required on a jurisdiction by jurisdiction basis. Based upon the weight of available evidence at December 31st 2020, Siteimprove determined that it was more likely than not that a portion of the deferred tax assets would be realizable.

As at 31st December 2020 the Group has no unrecognized tax liabilities.

As at 31st December 2020 the Group has a total of USD (12,1 million) (2019: USD 5,8 million) as unrecognized deferred tax assets. There is no expiry date on the deferred tax assets.

3.1 INTANGIBLE ASSETS

ACCOUNTING POLICIES

Development projects

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

Development projects that are clearly defined and identifiable, in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to market or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales activities and administrative expenses involved as well as the development costs. Development projects that do not meet the criteria for recognition in the balance sheet are recognized as expenses in the income statement as incurred.

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

Amortizations and impairment losses are recognized in the consolidated income statement as elaborated in note 2.5.

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

As of the date of completion, capitalized development costs are amortized between 3-5 years based on the expected economic benefit from the development work.

3.1 INTANGIBLE ASSETS (CONTINUED)

ACCOUNTING POLICIES

Goodwill

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

KEY ACCOUNTING ESTIMATES

The carrying amounts of development projects, development projects in progress and goodwill 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. Development projects, development projects in progress and goodwill are tested for impairment annually and whenever there is an indication of impairment.

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

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

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

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

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

3.1 INTANGIBLE ASSETS (CONTINUED)

2020

USD '000

	Development projects	Development projects in progress	Goodwill	Total
Accumulated cost at 1st January	10.022	1.758	440	**12.221**
Exchange rate adjustments	1.464	-	(5)	**1.460**
Additions	-	-	-	**-**
Additions (internally generated)	827	2.513		**3.340**
Disposals	-	-	(436)	**(436)**
Transfers	3.455	(3.455)	-	**-**
Accumulated cost at 31st December	**15.769**	**816**	**-**	**16.585**
Accumulated amortizations and impairment at 1st January	(4.997)	-	(440)	**(5.437)**
Exchange rate adjustments	(678)	-	5	**(674)**
Amortizations	(2.328)	-	-	**(2.328)**
Impairment	-	-	-	**-**
Disposals	-	-	436	**436**
Accumulated amortizations and impairment at 31st December	**(8.004)**	**-**	**-**	**(8.004)**
Carrying amount at 31st December	**7.765**	**816**	**-**	**8.582**

2019

USD '000

	Development projects	Development projects in progress	Goodwill	Total
Accumulated cost at 1st January	7.163	1.061	451	**8.675**
Exchange rate adjustments	(171)	(31)	(11)	**(213)**
Additions	-	41	-	**41**
Additions (internally generated)	(0)	3.718	-	**3.718**
Disposals	-	-	-	**-**
Transfers	3.031	(3.031)	-	**-**
Accumulated cost at 31st December	**10.022**	**1.758**	**440**	**12.221**
Accumulated amortizations and impairment at 1st January	(3.508)	-	(451)	**(3.959)**
Exchange rate adjustments	86	-	11	**97**
Amortizations	(1.457)	-	-	**(1.457)**
Impairment	(118)	-	-	**(118)**
Disposals	-	-	-	**-**
Accumulated amortizations and impairment at 31st December	**(4.997)**	**-**	**(440)**	**(5.437)**
Carrying amount at 31st December	**5.026**	**1.758**	**-**	**6.784**

3.1 INTANGIBLE ASSETS (CONTINUED)

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 2021, whereafter the marketing of the new software services can begin.

The developed tools and features relates to Quality Assurance, Accessibility, Analytics, SEO, Ads, Performance, Policy Management, CMS plugins, Response and Data Privacy. As of December 31st 2020 the carrying amount of development projects primarily relates to Quality Assurance, Accessibility, Analytics, CMS plugins and Performance.

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

3.2 PROPERTY, PLANT & EQUIPMENT

ACCOUNTING POLICIES

Leasehold improvements, other fixtures, furniture and fittings are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

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

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

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

Depreciations and impairment losses are recognized in the consolidated income statement as elaborated in note 2.5.

Right-of-use assets
As of January 1st 2019, Siteimprove applies, for the first time, IFRS 16 'Leases' using the modified retrospective approach. Under this method, the cumulative effect of initially applying the standard is recognized at January 1st 2019. Rights-of-use assets and lease liabilities have been recognized for those leases previously classified as operating leases, except for short-term leases and leases of low value assets. The rights-of-use assets have been recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as of January 1st 2019.

3.2 PROPERTY, PLANT & EQUIPMENT (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

Recognition exemptions and practical expedients applied:

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains option to extend or terminate.
- Exempted short-term lease contracts with a remaining duration of 12 months or less as at January 1st 2019.

For contracts which are, or contain, a lease, Siteimprove recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using Siteimprove's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to
the lease liabilities on January 1st 2019 was 5.5%.

The lease liability is measured using the effective interest method. It is remeasured when there is a change in future lease payments, typically due to a change in index or rate (e.g. inflation) on property leases, or if there is a reassessment of whether an extension or termination option will be exercised. A corresponding adjustment is made to the right-of-use asset, or in the income statement when the right-of-use asset has been fully depreciated.

The right-of-use asset is presented in Property, Plant and Equipment and the lease liabilities in non-current liabilities or current liabilities.

Lease contracts that have a lease term of 12 months or less and low value assets are not recognized on the balance sheet. These lease payments are expensed on a straight-line basis over the lease term.

3.2 PROPERTY, PLANT & EQUIPMENT (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

If circumstances or changes in Siteimprove's operations indicate that the carrying amount of non-current assets in a cash-generating unit may not be recoverable, management reviews the asset for impairment.

The basis for the review is the recoverable amount of the assets, determined as the greater of the fair value less cost to sell or its value in use. Value in use is calculated as the net present value of future cash inflow generated from the asset. If the carrying amount of an asset is greater than the recoverable amount, the asset is written down to the recoverable amount. An impairment loss is recognized in the income statement when the impairment is identified.

3.2 PROPERTY, PLANT & EQUIPMENT (CONTINUED)

2020

USD '000

	Leasehold improvements	Other fixtures, furniture and fittings	Right-of-use assets	Total
Accumulated cost at 1st January	999	3.589	9.826	**14.414**
Exchange rate adjustments	85	358	770	**1.214**
Additions	111	643	1.046	**1.800**
Disposals	-	(35)	(81)	**(116)**
Accumulated cost at 31st December	**1.195**	**4.555**	**11.561**	**17.312**
Accumulated depreciations and impairment at 1st January	(501)	(2.688)	(2.829)	**(6.018)**
Exchange rate adjustments	(65)	(286)	(389)	**(740)**
Depreciations	(290)	(658)	(2.816)	**(3.764)**
Disposals	-	27	-	**27**
Accumulated depreciations and impairment at 31st December	**(856)**	**(3.605)**	**(6.034)**	**(10.495)**
Carrying amount at 31st December	**339**	**951**	**5.527**	**6.817**

2019

USD '000

	Leasehold improvements	Other fixtures, furniture and fittings	Right-of-use assets	Total
Accumulated cost at 1st January	978	3.273	9.534	**13.785**
Exchange rate adjustments	(6)	(68)	(114)	**(188)**
Additions	27	410	406	**843**
Disposals	-	(27)	-	**(27)**
Accumulated cost at 31st December	**999**	**3.589**	**9.826**	**14.414**
Accumulated depreciations and impairment at 1st January	(344)	(1.991)	-	**(2.335)**
Exchange rate adjustments	4	36	(8)	**33**
Depreciations	(161)	(734)	(2.821)	**(3.716)**
Disposals	-	-	-	**-**
Accumulated depreciations and impairment at 31st December	**(501)**	**(2.688)**	**(2.829)**	**(6.018)**
Carrying amount at 31st December	**498**	**900**	**6.997**	**8.396**

3.2 PROPERTY, PLANT & EQUIPMENT (CONTINUED)

The carrying amount of right-of-use assets as of December 31st can be specified into below categories:

USD '000	2020	2019
Buildings	5.454	6.929
Others	73	68
Total	**5.527**	**6.997**

Besides what is shown in notes 2.5 and 4.4 the Consolidated Income Statement shows the following amounts relating to leases:

USD '000	2020	2019
Expense relating to short-term leases included under:		
Cost of revenue	49	15
Sales & marketing costs	216	128
Research & development costs	20	26
General & administrative costs	(2)	13
Total	**283**	**182**
Total cash outflow for leases	3.358	3.173

3.3 CONTRACT ASSETS

ACCOUNTING POLICIES

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

Contract assets are recognized at cost, as part of sales & marketing costs, when control over goods or services is transferred to a client. Subsequently contract assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Contract assets are amortized on a straight-line basis, based on the expected lifetime (historical churn rate) of the contract, but not exceeding 5 years. Amortizations, impairment and (gains)/losses on contract assets are recognized in the income statement under 'Sales & Marketing costs'.

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

KEY ACCOUNTING ESTIMATES

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

USD '000	2020	2019
Accumulated cost at 1st January	30.158	23.121
Exchange rate adjustments	1.083	(20)
Additions	6.239	7.057
Disposals	(2)	-
Accumulated cost at 31st December	**37.478**	**30.158**
Accumulated amortizations and impairment at 1st January	(14.087)	(9.071)
Exchange rate adjustments	(550)	1
Amortizations	(5.707)	(4.849)
Impairment	-	(168)
Disposals	1	-
Accumulated amortizations and impairment at 31st December	**(20.344)**	**(14.087)**
Carrying amount at 31st December	**17.133**	**16.071**

3.4 TRADE RECEIVABLES

ACCOUNTING POLICIES

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

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

KEY ACCOUNTING ESTIMATES

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

USD '000	2020	2019
Trade receivables (gross)	17.134	13.268
Allowance for doubtful trade receivables	(169)	(92)
Total	**16.965**	**13.176**
Age analysis of trade receivables:		
- Not yet due	11.214	9.198
- Overdue by up to 30 days	4.142	3.008
- Overdue by up to 31 days and 60 days	702	499
- Overdue by between 61 days and 90 days	805	360
- Overdue by more than 90 days	102	111
Trade receivables with credit risk exposure	**16.965**	**13.176**
Movement in allowance for doubtful trade receivables		
Balance at 1st January	(92)	(111)
Reversal of allowance on realized losses	-	-
Mutation in allowance for possible losses during the year	(93)	19
Exchange rate adjustments	16	(1)
Balance at 31st December	**(169)**	**(92)**
Allowance for doubtful trade receivables split by age analysis:		
- Not yet due	-	-
- Overdue by up to 30 days	(8)	(6)
- Overdue by up to 31 days and 60 days	(6)	(4)
- Overdue by between 61 days and 90 days	(4)	(25)
- Overdue by more than 90 days	(150)	(56)
Balance at 31st December	**(169)**	**(92)**

3.5 PREPAYMENTS

ACCOUNTING POLICIES

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

3.6 OTHER PROVISIONS

ACCOUNTING POLICIES

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

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

Other provisions cover obligation to re-establish the Group's leased premises and long-term vacation accruals.

USD '000	2020	2019
Balance at 1st January	1.373	376
Exchange rate adjustments	75	(9)
Additions	1.760	1.006
Balance at 31st December	**3.208**	**1.373**

3.7 CONTRACT LIABILITIES

ACCOUNTING POLICIES

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

Management expects that the majority of the transaction price allocated to the unsatisfied contracts on December 31st 2019 will be recognized as revenue during 2020-2022. As on December 31st 2020 the majority of the transaction price allocated to unsatisfied contracts will be recognized during the next reporting period. The remaining amounts will be recognized in the 2021-2023 financial years.

USD '000	2020	2019
Balance at 1st January	44.512	37.832
Exchange rate adjustments	(10)	(18)
Revenue recognized in the period	(33.384)	(28.561)
Revenue deferred to subsequent periods	40.679	35.260
Balance at 31st December	**51.797**	**44.512**

4.1 FINANCIAL INSTITUTIONS

ACCOUNTING POLICIES

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

USD '000	2020	2019
Financial institutions are recognized in the balance sheet as follows:		
Non-current liabilities	11.066	12.926
Total	**11.066**	**12.926**

The Group has a committed revolving credit facility of USD 35.0 million (2019: USD 20.0 million), which matures in 2025 with USD 35.0 million. The undrawn amount of the credit facility at 31st December 2020 was USD 23,9 million (2019: USD 7,1 million).

4.2 FINANCIAL RISKS AND INSTRUMENTS (CONTINUED)

Credit Risk

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

Operational Credit Risk

The Group's balance sheet at 31st December 2020 included trade receivables with a net book value of USD 17 million (2019: USD 13,2 million).

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

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

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

In addition, total other receivables including deposits totals USD 1,6 million (2019: USD 1,5 million). Management deems no significant risk in relation to these amounts.

4.2 FINANCIAL RISKS AND INSTRUMENTS (CONTINUED)

Financial Credit Risk

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

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

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

LIQUIDITY RISK

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

The Group has a committed revolving credit facility of USD 35.0 million (2019: USD 20.0 million), which matures in 2025 with USD 35.0 million. The undrawn amount of the credit facility at 31st December 2020 was USD 23,9 million (2019: USD 7,1 million).

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

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

4.2 FINANCIAL RISKS AND INSTRUMENTS (CONTINUED)

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

USD '000		Contractual maturity incl. interest			
Maturity at 31st December 2020	**Carrying amount**	**Total**	**0-1 year**	**1-5 years**	**>5 years**
Measured at amortized cost					
Cash and cash equivalents	6.707	6.707			
Trade receivables	16.965	16.965			
Other receivables	3	3			
Total financial assets	**23.675**	**23.675**	**-**	**-**	**-**
Measured at amortized cost					
Borrowings	11.066	12.071		12.071	
Trade payables	2.732	2.732	2.732		
Liabilities to associated companies	11.810	11.810	11.810		
Other liabilities	12.780	12.780	12.780		
Lease liabilities	5.933	7.166	2.832	4.334	
Total financial liabilities	**44.320**	**46.558**	**30.154**	**16.405**	**-**

USD '000		Contractual maturity incl. interest			
Maturity at 31st December 2019	**Carrying amount**	**Total**	**0-1 year**	**1-5 years**	**>5 years**
Measured at amortized cost					
Cash and cash equivalents	4.070	4.070			
Trade receivables	13.176	13.176			
Other receivables	2	2			
Total financial assets	**17.249**	**17.249**	**-**	**-**	**-**
Measured at amortized cost					
Borrowings	12.926	13.921		13.921	
Trade payables	1.885	1.885	1.885		
Other liabilities	9.164	9.164	9.164		
Lease liabilities	7.282	7.282	2.638	4.644	
Total financial liabilities	**31.257**	**32.252**	**13.688**	**18.564**	**-**

4.3 OTHER FINANCIAL FIXED ASSETS

ACCOUNTING POLICIES

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

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

USD '000	2020	2019
Accumulated cost at 1st January	1.451	1.417
Exchange rate adjustments	2	(16)
Additions	286	51
Disposals	(189)	(1)
Accumulated cost at 31st December	**1.550**	**1.451**
Accumulated revaluation and impairment at 1st January	-	-
Accumulated revaluation and impairment at 31st December	**-**	**-**
Carrying amount at 31st December	**1.550**	**1.451**

4.4 FINANCIAL INCOME & FINANCIAL COSTS

ACCOUNTING POLICIES

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

USD '000	2020	2019
FINANCIAL INCOME		
Other financial income	(24)	1
Exchange rate gains	5.250	2.407
Total	**5.226**	**2.408**
FINANCIAL COSTS		
Other financial costs	573	658
Interests paid for lease liabilities	355	455
Exchange rate losses	3.741	3.012
Total	**4.670**	**4.125**

4.5 SHARE CAPITAL

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

The share capital consists of 579,486,126 shares of nominal value of DKK 1. The share capital has been paid in full and comprise 1 share class.

The share capital has developed as follows:

USD	2020	2019	2018	2017	2016
Share capital at 1st January	92.627	92.627	92.627	92.613	86.987
Capital increases	3.866	-	-	14	5.626
Capital decreases	-	-	-	-	-
Share capital at 31st December	**96.493**	**92.627**	**92.627**	**92.627**	**92.613**

4.6 CHANGES IN NET WORKING CAPITAL (CASH FLOW STATEMENT)

ACCOUNTING POLICIES

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

USD '000	2020	2019
Change in receivables	(4.330)	(2.729)
Change in liabilities	18.107	1.320
Total	**13.777**	**(1.409)**

5.1 CASH FLOW ADJUSTMENTS

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

USD '000	2020	2019
Financial income	(5.226)	(2.408)
Financial costs	4.670	4.125
Depreciations, amortizations and impairment losses	11.806	10.311
Provision movement	(1.266)	(1.622)
Allowance for doubtful trade receivables	93	(19)
Share-based payments	2.158	615
Income taxes	949	(282)
Exchange rate adjustments	(1.509)	1.447
Total	**11.675**	**12.167**

5.2 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

GUARANTEE OBLIGATIONS

The Group has provided corporate pledges to banks totalling USD 24,9 million (USD 24,9 million). The corporate pledge includes current and non-current tangible and intangible assets. No limitations in the use of assets apply.

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

CONTINGENT LIABILITIES

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

5.3 RELATED PARTY TRANSACTIONS

Related parties comprise companies controlled by MEE Holding ApS, Nescon Software ApS, Summit Partners (SMP) Sarl and key management up until 30th October 2020. From 30th October related parties comprise companies cntrolled by Cidron Vega X, SCSp and key Management.

Key management are Siteimprove A/S' Board of Directors and Executive Board as well as management in the controlling companies.

USD '000	2020	2019
MEE Holding ApS		
Repayment of loan	-	796

As of 31st December 2019 a total of USD 0.7 million was recognized as receivable from MEE Holding ApS. The amount relates to the Danish tax credit scheme.

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

5.4 OWNERSHIP AND CONSOLIDATED FINANCIAL STATEMENTS

CONTROLLING INTEREST

Cidron Vega X, SCSp	Parent Company
Siteimprove Holding A/S	Parent Company
SI I A/S, Copenhagen	Parent Company
SI II A/S, Copenhagen	Parent Company

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:

SI II A/S, Copenhagen

CONSOLIDATED FINANCIAL STATEMENTS

Cidron Vega X, SCSp is Parent Company to Siteimprove Holding A/S. The ultimate owner of Cidron Vega X, SCSp is funds mangaged by Nordic Capital.

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

5.5 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No material events have occurred after December 31, 2020 that have consequences for the Annual Report 2020.

5.6 FEE TO STATUTORY AUDITOR

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

USD '000	2020	2019
Statutory audit	100	98
Tax advisory services	160	165
Other services	54	136
Total	**314**	**399**

5.7 ENTITIES IN THE SITEIMPROVE GROUP

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

Financial Statements for the Parent Company

Parent Income statement 1st January – 31st December

DKK '000	Note	2020	2019
Gross profit	2 / 3	**87.687**	**164.680**
Sales & marketing costs	2 / 3	(54.901)	(60.578)
Research & development costs	2 / 3	(125.735)	(104.034)
General & admin costs	2 / 3	(68.031)	(52.104)
Other income		358	-
EBIT		**(160.622)**	**(52.036)**
Write-downs or gains on financial assets	9	-	1.325
Financial income	4	33.840	16.059
Financial costs	5	(37.120)	(32.003)
Net profit/(loss) before tax		**(163.902)**	**(66.655)**
Income taxes	6	348	6.395
Net profit/(loss)		**(163.553)**	**(60.260)**

Parent Balance Sheet at 31st December

ASSETS

DKK '000	Note	2020	2019
Contract assets		6.034	5.974
Development projects		45.961	33.573
Development projects in progress		6.043	11.743
Total intangible fixed assets	8	**58.038**	**51.290**
Leasehold improvements		702	1.213
Other fixtures, furniture and fittings		4.924	4.997
Right-of-use assets		15.279	25.464
Total tangible fixed assets	9	**20.905**	**31.674**
Investments in subsidiaries	10	5.978	5.978
Other financial fixed assets	11	5.750	6.612
Total other non-current assets		**11.728**	**12.590**
Total non-current assets		**90.671**	**95.555**
Trade receivables		4.688	4.452
Receivables from subsidiaries		4.446	5.129
Deferred tax assets	7	19.192	23.990
Income tax receivables		4.798	5.000
Prepayments	12	12.050	9.355
Total receivables		**45.173**	**47.925**
Cash and cash equivalents		21.019	2.617
Total current assets		**66.192**	**50.543**
Total assets		**156.863**	**146.097**

Parent Balance Sheet at 31st December

EQUITY AND LIABILITIES

DKK '000	Note	2020	2019
Share capital	12	579	555
Reserve for development projects		40.565	35.346
Reserve for warrants		20.397	8.070
Retained earnings		(329.382)	(215.993)
Total equity		**(267.840)**	**(172.021)**
Other provisions	13	17.647	8.386
Lease liabilities	14	5.828	16.616
Borrowings		67.059	86.344
Total non-current liabilities		**90.533**	**111.346**
Trade payables		12.563	6.410
Payables to subsidiaries		185.403	147.861
Payables to associated companies		74.383	0
Other liabilities		31.200	23.471
Lease liabilities	14	10.788	9.931
Contract liabilities		19.832	19.098
Total current liabilities		**334.170**	**206.772**
Total liabilities		**424.704**	**318.119**
Total equity and liabilities		**156.863**	**146.097**
Contingent assets, liabilities and other financial obligations	15		
Related parties, transactions, ownership and consolidated financial statements	16		
Distribution of result	17		
Significant events after the reporting period	18		
Going concern	19		

Parent Statement of Changes in Equity

DKK '000

	Share capital	Reserve for development projects	Reserve for warrants	Retained earnings	Total
Equity at 1st January	**555**	**35.346**	**8.070**	**(215.993)**	**(172.022)**
Development costs for the year		21.812		(21.812)	-
Amortizations and impairment for the year		(15.123)		15.123	-
Tax of development projects		(1.469)		1.469	-
Movement in reserve for warrants			12.327	-	**12.327**
Cash capital increase	24			55.384	**55.408**
Transfer			(20.397)	20.397	-
Net profit/loss				(163.553)	**(163.553)**
Equity at 31st December	**579**	**40.565**	**-**	**(308.984)**	**(267.840)**

Notes

1 Accounting policies

Basis of Preparation
The Financial Statements of Siteimprove A/S for 2020 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying medium-sized enterprises of reporting class C.
The Financial Statements are presented in DKK thousands.

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

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

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

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

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

The Company has decided in accordance with section 32 of the Danish Financial Statements Act, to show gross profit as a summary of revenue, direct expenses and other external expenses. The change does not affect the result for the year or equity.

Gross profit
With reference to section 32 of the Danish Financial Statements Act, gross profit is calculated as a summary of revenue, direct expenses and other external expenses.

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

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

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

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

Right-of-use assets and lease liabilities
In relation to right-of-use assets, the provisions in IFRS 16 have been adopted as the Danish Financial Statements Act does not regulate the recognition of assets that are not owned by the Company ("operating leases") as part of the balance sheet.

Derogation from the Danish Financial Statements Act for right-of-use assets means that the discounted value of future lease payments is recognized as an asset and liability as part of the balance sheet. For the monetary impact, please refer to the balance sheet and note 15 'Short-term and long-term liabilities'.

DKK '000	2020	2019
2 STAFF COSTS		
Wages and salaries	164.043	141.913
Pensions	11.354	10.134
Social security costs	1.660	1.693
Share based payments	12.327	4.113
Total	**189.384**	**157.854**
Staff costs included in development projects	(21.812)	(24.683)
Commissions included in deferred commissions	(2.281)	(2.097)
Staff costs expensed to the income statement	**165.291**	**131.074**
Above includes remuneration to the Executive Board & Board of Directors	4.207	4.225
Average number of employees	237	208

DKK '000	2020	2019

3 DEPRECIATIONS, AMORTIZATIONS AND IMPAIRMENT

Amortizations of intangible assets	17.499	13.667
Depreciations on tangible assets	14.374	15.069
Total	**31.873**	**28.736**

4 FINANCIAL INCOME

Interests received from affiliated companies	177	109
Exchange rate gains	33.663	15.950
Total	**33.840**	**16.059**

5 FINANCIAL COSTS

Interests paid to affiliated companies	8.546	6.618
Other financial costs	4.908	6.189
Exchange rate losses	23.666	19.196
Total	**37.120**	**32.003**

6 INCOME AND DEFERRED INCOME TAXES

INCOME TAXES

Current income tax	-	5.000
Deferred income tax	-	-
Adjustments concerning previous years	348	1.395
Total	**348**	**6.395**

DEFERRED INCOME TAXES

Deferred income tax 1st January	23.990	23.990
Movement for the year	(4.798)	-
Deferred income tax 31st December	**19.192**	**23.990**

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

At 31 December 2020 the Company has a total of DKK 73,141k (2019: DKK 39,022k) as unrecognised deferred tax assets.

7 INTANGIBLE ASSETS

DKK '000

	Contract assets	Development projects	Development projects in progress	Total
Accumulated cost at 1st January	14.431	66.950	11.743	**93.124**
Exchange rate adjustments	-	-	-	-
Additions	2.435	6.574	15.238	**24.247**
Disposals	-	-	-	-
Transfers	-	20.938	(20.938)	-
Accumulated cost at 31st December	**16.866**	**94.462**	**6.043**	**117.371**
Accumulated amortizations and impairment at 1st January	(8.457)	(33.378)	-	**(41.835)**
Exchange rate adjustments	-	-	-	-
Amortizations	(2.376)	(15.123)	-	**(17.499)**
Impairment	-	-	-	-
Disposals	-	-	-	-
Accumulated amortizations and impairment at 31st December	**(10.832)**	**(48.501)**	**-**	**(59.334)**
Carrying amount at 31st December	**6.034**	**45.961**	**6.043**	**58.038**

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 2021, 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.

8 TANGIBLE ASSETS

DKK '000

	Leasehold improvements	Other fixtures, furniture and fittings	Right-of-use assets	Total
Accumulated cost at 1st January	3.444	19.772	35.650	**58.867**
Exchange rate adjustments	-	-	-	**-**
Additions	-	3.605	-	**3.605**
Disposals	-	-	-	**-**
Accumulated cost at 31st December	**3.444**	**23.377**	**35.650**	**62.471**
Accumulated depreciations and impairment at 1st January	(2.232)	(14.775)	(10.186)	(27.192)
Exchange rate adjustments	-	-	-	-
Depreciations	(510)	(3.678)	(10.186)	(14.374)
Disposals	-	-	-	-
Accumulated depreciations and impairment at 31st December	**(2.742)**	**(18.453)**	**(20.372)**	**(41.566)**
Carrying amount at 31st December	**702**	**4.924**	**15.279**	**20.905**

DKK '000	2020	2019

9 INVESTMENTS IN SUBSIDIARIES

	2020	2019
Accumulated cost at 1st January	8.918	8.978
Additions	-	-
Disposals	-	(60)
Accumulated cost at 31st December	**8.918**	**8.918**
Accumulated amortizations and impairment at 1st January	(2.940)	(3.128)
Impairment	-	-
Revaluation	-	188
Accumulated amortizations and impairment at 31st December	**(2.940)**	**(2.940)**
Carrying amount at 31st December	**5.978**	**5.978**

Investments in subsidiaries are specified as follows:

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

DKK '000	2020	2019

10 OTHER FINANCIAL FIXED ASSETS

	2020	2019
Accumulated cost at 1st January	6.612	6.487
Additions	138	125
Disposals	(1.000)	-
Accumulated cost at 31st December	**5.750**	**6.612**
Accumulated revaluation and impairment 1st January	-	-
Accumulated revaluation and impairment 31st December	**-**	**-**
Carrying amount at 31st December	**5.750**	**6.612**

11 PREPAYMENTS

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

12 SHARE CAPITAL

The share capital consists of 579,486 shares of nominal value of DKK 1. The share capital is not devided into share clases.

The share capital has developed as follows:

DKK	2020	2019	2018	2017	2016
Share capital at 1st January	555.126	555.126	555.126	555.126	555.026
Capital increases	24.360	-	-	-	100
Capital decreases	-	-	-	-	-
Share capital at 31st December	**579.486**	**555.126**	**555.126**	**555.126**	**555.126**

13 PROVISIONS

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

DKK '000	2020	2019

14 SHORT-TERM AND LONG-TERM LEASE LIABILITIES

Repayments that fall due within 1 year are recognized under current liabilities. Repayments that fall due after 1 year are recognized under non-current liabilities.

Liabilities are due according to the following order:

	2020	2019
Within 1 year	10.788	9.931
Between 1 and 5 years	67.059	86.344
After 5 years	-	-
Total	**77.847**	**96.276**

15 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

The Company has provided corporate pledges to banks totalling DKK 151.7 million (2019: DKK 166.5 million). The corporate pledge includes current and non-current tangible and intangible assets. No limitations in the use of assets apply.

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

The Company has issued letter of comfort to subsidiaries.

16 RELATED PARTIES, TRANSACTIONS, OWNERSHIP AND CONSOLIDATED FINANCIAL STATEMENTS

CONTROLLING INTEREST

Cidron Vega X, SCSp
Siteimprove Holding A/S
SI I A/S, Copenhagen
SI II A/S, Copenhagen

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:

SI II A/S, Copenhagen

CONSOLIDATED FINANCIAL STATEMENTS

Cidron Vega X, SCSp is Parent Company to Siteimprove Holding A/S. The ultimate owner of Cidron Vega X, SCSp is funds mangaged by Nordic Capital.

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

DKK '000	2020	2019
17 DISTRIBUTION OF RESULT		
Retained earnings	(163.553)	(60.260)
Total	**(163.553)**	**(60.260)**

18 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company has not experienced any significant events after 31st December 2020 which have an impact on the annual report.

19 GOING CONCERN

The Company has lost more than 50% of its share capital and is thus subject to the provisions regarding capital loss. Management expects to re-establish the equity via positive results in the coming years. The Management assess that the capital resources of the Company is sufficient for planned activities until 31st December 2021 so that the company is to be regarded as going concern.