Sitecore Corporation A/S

Vester Farimagsgade 3, 5., 1606 København V

CVR no. 26 03 25 12

Annual report 2018/19

Approved at the Company's annual general meeting on 20 January 2020

Chairman:

DocuSigned by:
Richard Foelir
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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Sitecore Corporation A/S for the financial year 1 July 2018 - 30 June 2019.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 - 30 June 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 20 January 2020
Executive Board:

DocuSigned by: mark frost 672528F525ED49C...	DocuSigned by: Dan Griggs 0C1A6E0FC18A48C...
Mark David Frost CEO	Daniel Edwin Griggs CFO

Board of Directors:

DocuSigned by: Jonas Persson D445DA97697547C...	DocuSigned by: Robert Youngjohns 37F9F60A35DC4F5...	DocuSigned by: Sheila Gulati 611149ED91E8467...
Jonas Persson Chairman	Robert Youngjohns	Sheila May Gulati
DocuSigned by: Bjarne Hansen AD9D902159DE471...	DocuSigned by: Craig Allen Conway AFC744163B2F45F...	DocuSigned by: F201649941264D0...
Bjarne Kock Hansen	Craig Allen Conway	Carsten Oliver Thoma

Independent auditor's report

To the shareholder of Sitecore Corporation A/S

Opinion

We have audited the financial statements of Sitecore Corporation A/S for the financial year 1 July 2018 - 30 June 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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 rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 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 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 as to 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 the financial statements.

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

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

Independent auditor's report

- 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 20 January 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kennet Hartmann

Kennet Hartmann
State Authorised Public Accountant
mne40036

Management's review

Company details

Name	Sitecore Corporation A/S
Address, Postal code, City	Vester Farimagsgade 3, 5., 1606 København V
CVR no.	26 03 25 12
Established	26 April 2001
Registered office	København
Financial year	1 July 2018 - 30 June 2019
Website	www.sitecore.net
Telephone	+45 70 23 66 60
Board of Directors	Jonas Persson, Chairman Robert Youngjohns Sheila May Gulati Bjarne Kock Hansen Craig Allen Conway Carsten Oliver Thoma
Executive Board	Mark David Frost, CEO Daniel Edwin Griggs, CFO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Key figures					
Revenue	402,668	96,388	307,261	81,364	63,826
Gross margin	240,780	-38,976	164,798	58,222	41,096
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	170,960	-102,753	103,223	32,788	5,612
Operating profit/loss	119,072	-144,868	77,779	30,769	3,868
Net financials	79,843	81,488	74,117	-4,090	1,824
Profit/loss for the year	**98,799**	**-48,220**	**36,014**	**223,957**	**4,452**
Non-current assets	2,941,963	2,375,577	2,038,059	37,801	50,120
Current assets	260,290	70,107	255,618	267,133	100,962
Total assets	**3,202,253**	**2,445,684**	**2,293,677**	**304,934**	**151,082**
Investment in property, plant and equipment	5,637	4,859	718	208	660
Share capital	10,473	10,473	10,473	1,404	1,404
Equity	**2,701,527**	**1,647,756**	**1,695,976**	**260,686**	**36,587**
Non-current liabilities	176,662	52,310	28,960	3,055	2,238
Current liabilities	324,064	745,618	568,741	41,193	112,258
Financial ratios					
Gross margin	59.8%	-40.4%	53.6%	71.6%	64.4%
EBITDA-margin	42.5%	-106.6%	33.6%	40.3%	8.8%
Return on equity	4.5%	-2.9%	3.7%	150.7%	13.0%
Average number of employees	112	116	125	130	132

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms anddefinitions, please see the accounting policies.

Management's review

Business review

The income statement for 2018/19 shows a profit of DKK 98,799 thousand against a loss of DKK 48,220 thousand last year, and the balance sheet at 30 June 2019 shows equity of DKK 2,701,527 thousand. Management considers the Company's financial performance in the year satisfactory.

The Company has received a letter of subordination from Group entities, and declared to support Group entities. Reference is made to note 15.

Sitecore continued its business model transition during fiscal year 2019 from predominantly distributing and supporting perpetual license software to more subscription services or term licenses with revenue recognition spread out over time as reported under the IAS 18 accounting standard. This trend contributed to subscription revenues increasing and perpetual license revenue declining in the year ended 30 June 2019. The expansion of Sitecore's portfolio helped increase subscription revenue to 183% year over year (123% without the impact of IFRS15). We refer to note 1 for the description of the impact from adoption of IFRS 15.

Adjusted for transition to our subscription model, Sitecore has experienced revenue growth every year since its founding in 2001. The company also has delivered strong double-digit annualized recurring revenue (ARR) growth in the most recent four years, with the shift to ratable revenue providing for better visibility and predictability.

The transition to subscription licensing and cloud-based deployment models are core to satisfying the increasingly complex needs of our customers. When Sitecore was founded in 2001, web content management software was in its infancy, consumer behavior was very different, and companies were accustomed to acquiring software as a perpetually-licensed, capital expenditure. Technology and buying preferences have evolved significantly since then, driving the shift toward subscription licensing structures, powered by cloud delivery models that enable organizations to consume software as a service (SaaS).
The power of a subscription relationship provides the foundation for Sitecore and its customers to grow and prosper alongside one another. Embracing subscription licensing – particularly as a basis for moving towards a SaaS model –will transform the relationship we have with customers. Increased interaction throughout the year will allow us to understand our customers better and add more value to their business. As a result, they are more likely to stay with Sitecore longer and expand their use of our technologies as their digital maturity increases.

In the past year, Sitecore has made further progress in its evolution towards a cloud-first and subscription-led business. More and more of our customers are opting for the experience of consuming our software through subscription, and approximately 85% of new license sales have been on the subscription licensing model over legacy perpetual licensing structures. Sitecore also has seen continued traction in its strategy to move customers to a cloud-based deployment, and we see much more potential for growth as we continue this strategy into fiscal year 2020.

Sitecore's strong position

Sitecore was the first company to release a digital marketing suite based on a web content management system and, today, the company connects the entire marketing organization to easily define, create, manage, and deliver personalized content across any channel, at every stage of the customer journey. From building the right content to delivering it in the right channel at the right time to drive targeted outcomes and, eventually, measure the effectiveness of content on customer behavior, we create a virtuous loop that enables marketers to maximize the impact of their content investments, deliver great experiences, connect their brands to their customers' needs, and gain a competitive advantage.

In the past year, Sitecore has made significant investments in our go-to-market strategy that further entrench Sitecore at the center of our customers' digital experience initiatives. First, our acquisition of Stylelabs yielded the creation of Sitecore Content Hub, which enables greater agility in the marketing suite for content planning, creation, and asset management. The combination of Sitecore Content Hub, Sitecore Experience Platform, and Sitecore Experience makes Sitecore the only vendor capable of managing the end-to-end content lifecycle, meaning we can optimize not just the delivery of content but the creation of content. This creates a "force multiplier" that both improves the ROI of digital experience and reduces cost due to inefficiency and technology silos.

Management's review

Second, our acquisition of Hedgehog, a customer-focused digital services agency and longtime Sitecore Solution Partner with deep expertise in Sitecore development, enables us to more effectively assist our partners and customers in developing solutions that utilize more of the Sitecore platform, and properly tie their execution to underlying business goals.

Meanwhile, we have continued to focus on the scalability and performance of our products to further enhance our ability to grow with our customers. We have made our solutions easier to use for developers and marketers alike, including the expansion of artificial intelligence and machine learning capabilities in our core offerings, and also have focused on providing the industry's most connected and connectable platform via the expansion of our Technology Alliance Program and continued development of our strategic alliance with Salesforce Marketing Cloud.

The technological strength, efficiency, and future-oriented characteristics of Sitecore's products and services offer a strong potential for value creation for our customers that, as a result, allows us to win a growing number of major global customers. In addition, our continuous expansion of offerings and functionalities allows us to grow our business with both net-new and existing customers. To those ends, we believe our competitive advantage in the market and the company's continued growth is based on:

- WCM and DXP market leadership. As native WCM capabilities expand beyond traditional boundaries – evolving into digital experience platforms (DXPs) that operate as the center of gravity in the martech stacks that deliver a personalized experience to every customer in real time, synchronized across channels – Sitecore's platform allows organizations to achieve more value in a faster, more automated, and more powerful and intelligent way through integration, cloud, and machine learning capabilities, as well as the flexibility to deliver content to traditional and emerging channels in "headless" and hybrid architectures.
- Expanding digital commerce beyond traditional transactions. Sitecore puts experience first in the commerce environment by seamlessly integrating transaction activity with content and customer data, enabling companies to better understand customers' behavior and interests so they can respond to their individual goals and needs.
- Integrations to line of business and other customer- facing applications. Sitecore enables any facet of customer intelligence—be it from a CRM system, ERP system, point-of-sale system, or Internet-of-Things (IoT) device—to be imported, analyzed, and then used to create a highly personalized and contextual digital experience.
- Contextual intelligence at scale. Sitecore's ability to provide real-time insights across both native and third- party customer data enables marketers to uncover new customer segments, identify new revenue opportunities, and foster more engaging multichannel marketing experiences to drive exceptional business results.

As we look to fiscal year 2020, our priority will be to leverage these strengths to fuel the transformation of Sitecore into a SaaS-based business. This transformation is not merely a change in the way our digital marketing technologies are priced and delivered. We intend to reinvent the entire experience of using our software by embracing a closer relationship with our customers – one that puts them at the heart of every conversation and enables them to become the heroes behind customer-focused digital transformations that elevate the human experience. To be successful, Sitecore will continue to focus on innovation, providing the best technology for its customers that is:

- Simple, such that users can exploit the full benefits of the Sitecore platform through an elegant interface that hides the complexity of the underlying technology while tailoring the user experience to their specific needs.
- Agile, so that we can accelerate time-to-market by reducing the costs to design, build, deploy, and support the Sitecore platform, while retaining flexibility and extensibility for customers to develop differentiating capabilities.
- Intelligent, with AI and ML technologies infused throughout the platform that enable our customers to predict behavior and act on this data in a real-time, omnichannel, and automated way so they can engage their customers by speaking to their most fundamental values and create a level of loyalty that most brands are not seeing today.

Management's review

Special risks

Sitecore's short- and long-term outlook is subject to risks and uncertainty that may result in the actual performance differing considerably from expectations. Among other things, the major factors are assessed to be the following:

To address the industry transition to subscription licensing and cloud computing, Sitecore has shifted its business model

toward a focus on subscription licensing and cloud deployment of its offerings. While it is expected that total subscription revenue, billings, bookings, ratable, and recurring revenue will increase over time as a result of this business model transition, our ability to achieve these financial objectives is subject to risks and uncertainties. The new offerings require a considerable investment of technical, financial, legal, and sales resources, and a scalable organization. If we are unable to successfully establish these new offerings and navigate our business model transition in light of the foregoing risks and uncertainties, our results of operations could be negatively impacted. The transition to cloud and the hosting of customer data, creates the need for additional security certifications; the risk for data breaches or loss of data; and requires further investment in data privacy and security policies and procedures.

The company's success and ability to invest and grow at the pace we expect depend largely on our ability to attract and retain highly skilled technical, professional, managerial, sales, and marketing personnel. Competition for these key personnel has been intense. The loss of services of any key talent or executives, the inability to retain and attract qualified personnel in the future, or delays in hiring required personnel, particularly engineering and sales personnel, could make it difficult to meet key objectives, such as timely and effective product introductions and financial goals.

As Sitecore's business has expanded globally, the company has increasingly become subject to risks arising from adverse changes in global economic and political situations, particularly in emerging markets, such as the Middle East. The past several years have been characterized by pockets of weak global economic conditions, uncertain political environments, such as United Kingdom's changing relationship with the European Union, and volatile financial markets. As a result, Sitecore's ability to meet its long-term financial targets may also be adversely affected.

As part of its effort to accommodate customers' needs and demands and the rapid evolution of technology, Sitecore evolves its product and service offerings and sales initiatives. Market acceptance of any new product or service is dependent on the ability to match customers' needs at the right time and price. Sitecore may have limited prior experience and operating history in these new areas of emphasis, including cloud services. If any assumptions about expenses, revenue, or revenue recognition principles from these initiatives prove to be incorrect, or attempts to improve efficiency are not successful, actual results may vary materially from those anticipated, and financial results will be negatively impacted.

Dissatisfaction among customers with current or future cloud offerings may impair Sitecore's reputation and could, at worst, lead to legal disputes and claims, which may impact the performance of the company.

Because the vast majority of Sitecore's revenue and costs are outside of Denmark and the company makes certain business and resource decisions based on assumptions about foreign currency, the company faces exposure to adverse movements in foreign currency exchange rates. These exposures may change over time as business practices evolve and economic conditions change, and they could have a material adverse impact on Sitecore's financial results and cash flows.

Management's review

Research and development activities

Sitecore's strategy and market success is underpinned by our development of one connected platform that delivers one connected experience, empowering marketers to truly put the customer at the heart of every interaction. Amidst a market rife with renaming, repositioning, and repackaging products to suit digital experience requirements, Sitecore has maintained its focus and released numerous new technologies that help provide the best possible shopping experience – one that understands the customer as an individual, simplifies their interaction with the business, and anticipates their needs to provide solutions to everyday challenges. The company's advancing competitive position and financial performance is evidence of the success of the innovative products and services we distribute through a partner-focused business model. And while we are proud of our success to date, we believe we are just scratching the surface of our addressable market.

Statutory CSR report

The Company has not drawn up any CSR report, as the Parent Company has done so for the entire Group. The report is rendered in the parent company's annual report and may be downloaded from the site www.cvr.dk.

Account of the gender composition of Management

Board of directors

In late November 2018, Carsten Thoma joined the Board of Directors. Mr. Thoma most recently served as President of SAP Hybris, where he was responsible for SAP's Customer Engagement & Commerce line of business, the company's fastest growing business unit. In this role, he had end-to-end responsibility for SAP Hybris and was part of the SAP Global Executive Team. During his tenure, Thoma led SAP Hybris through a significant shift to the cloud, remodeled the company's development landscape with a microservices-based architecture, and expanded its marketing cloud solution through acquired customer identity and profile management capabilities.

At the end of the fiscal year, the Board consisted of seven (7) members, including Jonas Persson, Bjarne Hansen, Sheila Gulati, Craig Conway, Dominik Vincent Stein, Carsten Thoma and Robert Youngjohns. Sheila Gulati's service on the Board of Directors reflects Sitecore's continued efforts to adhere to its own target to retain the board membership of qualified women to 15 percent, which was set at the general meeting in November 2013. The board now consists of seven board members, with 14.3% percent of the Board members being women.

Executive management board and leadership team

During the fiscal year, there were changes to Sitecore's executive management board and leadership team.

In March 2019, Sitecore appointed Desta Price as Executive Vice President, Product Management. Desta brings over 20 years' experience in product management to Sitecore and will be focused on the company's push into the Artificial Intelligence and Machine Learning. Desta will also be driving the company's SaaS initiatives. Prior to Sitecore, she was Vice President of Product at Litbit and held product leadership roles at Xactly, Calidus, and Selectica.

Events after the balance sheet date

There are no significant events after the Balance Sheet Date.

Management's review

Outlook

Sitecore's software sales have continued to transition in fiscal 2019 from predominantly perpetual licenses with upfront revenue recognition, to more subscription or term licenses, with revenue recognition spread out over the contract term. This trend contributed to subscription revenues increasing and license revenue declining in the year ended 30 June 2019.

Sitecore's contract liabilities relating to subscription software contracts increased during the year, which will be recognized as revenue during fiscal year 2020 and beyond.

Sitecore anticipates accelerated adoption of the subscription pricing model in fiscal 2020. During this transition, the company does not anticipate a corresponding decrease in expenses, which may adversely affect net income and operating margin in fiscal 2020. However, over time, Sitecore expects this business model transition will significantly increase long- term revenue growth rate by (1) attracting new customers, (2) increasing the percentage of recurring revenue and (3) thereby driving higher average recurring revenue per customer. Additionally, the shift to a subscription model will increase the amount of the company's recurring revenue that is ratably reported.

Current plans and expectations involve building a stronger position in several geographic regions, creating new business model offerings, enhancing the partner network, leveraging strategic alliances and the continued strengthening of Sitecore's products and services through development and acquisition.

Sitecore expects revenue associated with Sitecore Commerce and Content Hub to continue to trend upwards during fiscal 2020 as we start to see the benefit from new product launches and other growth initiatives.
Given the market opportunity, Sitecore will continue to aggressively invest in product development, customer support, and distribution at times in advance of revenue.

Financial statements 1 July 2018 - 30 June 2019

Income statement

Note	DKK'000	2018/19	2017/18
	Revenue	402,668	96,388
	Cost of sales	-65,685	-49,055
	Other external expenses	-96,203	-86,309
	Gross profit	240,780	-38,976
3	Staff costs	-69,820	-63,777
	Amortisation/depreciation of intangible assets and property, plant and equipment	-51,888	-42,115
	Profit/loss before net financials	119,072	-144,868
	Income from investments in group enterprises	6,223	7,260
	Write-down of investments in group enterprises	-59,883	-4,597
4	Financial income	99,918	99,155
	Acquisition related and special items	0	-5
5	Financial expenses	-20,075	-17,667
	Profit/loss before tax	145,255	-60,722
6	Tax for the year	-46,456	14,831
	Other taxes	0	-2,329
	Profit/loss for the year	98,799	-48,220

Financial statements 1 July 2018 - 30 June 2019

Balance sheet

Note	DKK'000	2018/19	2017/18
	ASSETS		
	Non-current assets		
7	**Intangible assets**		
	Completed development projects	58,992	59,045
	Patents, trademarks and product rights	13,343	18,920
	Development projects in progress	28,005	22,284
		100,340	100,249
8	**Property, plant and equipment**		
	Plant and machinery	7,283	5,027
	Fixtures and fittings, other plant and equipment	638	2,726
		7,921	7,753
9	**Financial assets**		
	Investments in group enterprises	560,206	191,861
	Receivables from group enterprises	2,272,866	2,073,614
	Other receivables	464	0
	Deposits, investments	166	2,100
		2,833,702	2,267,575
	Total non-current assets	2,941,963	2,375,577
	Current assets		
	Receivables		
	Trade receivables	127	54
	Contract assets	22,779	0
	Receivables from group enterprises	231,624	43,610
	Other receivables	503	806
10	Prepayments	5,257	5,322
		260,290	49,792
	Cash	0	20,315
	Total current assets	260,290	70,107
	TOTAL ASSETS	3,202,253	2,445,684

Financial statements 1 July 2018 - 30 June 2019

Balance sheet

Note	DKK'000	2018/19	2017/18
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	10,473	10,473
	Reserve for development costs	67,858	63,437
	Retained earnings	1,123,196	1,573,846
	Dividend proposed	1,500,000	0
	Total equity	2,701,527	1,647,756
12	**Non-current liabilities**		
13	Deferred tax	133,783	5,142
	Payables to group enterprises	42,591	44,552
	Other payables	288	0
14	Deferred income	0	2,616
	Total non-current liabilities	176,662	52,310
	Current liabilities		
	Bank debt	156,050	535
	Trade payables	132	6,740
	Payables to group enterprises	46,892	686,126
	Joint taxable contribution payable	80,402	20,937
	Other payables	40,588	24,767
14	Deferred income	0	6,513
	Total current liabilities	324,064	745,618
	Total liabilities	500,726	797,928
	TOTAL EQUITY AND LIABILITIES	3,202,253	2,445,684

1 Accounting policies
2 Recognition and measurement uncertainties
15 Contractual obligations and contingencies, etc.
16 Collateral
17 Related parties

Financial statements 1 July 2018 - 30 June 2019

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Dividend proposed	Total
	Equity at 1 July 2017	10,473	52,870	1,632,633	0	1,695,976
18	Transfer, see "Appropriation of profit/loss"	0	10,567	-58,787	0	-48,220
	Equity at 1 July 2018	10,473	63,437	1,573,846	0	1,647,756
	Changes in accounting policies (IFRS 15 impact)	0	0	739,259	0	739,259
	Tax on items recognised directly in equity (IFRS 15 impact)	0	0	-162,884	0	-162,884
18	Transfer, see "Appropriation of profit/loss"	0	4,421	-1,405,622	1,500,000	98,799
	Increase from contribution in kind	0	0	378,597	0	378,597
	Equity at 30 June 2019	10,473	67,858	1,123,196	1,500,000	2,701,527

The Company's share capital is DKK 10,473 thousand, divided into shares of DKK 0.10 or any multiple thereof.
The Company's share capital has remained DKK 10,473 thousand over the past 5 years.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 Accounting policies

The annual report of Sitecore Corporation A/S for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Changes in accounting policies

The Company adopted IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15") using the modified retrospective method and applied a contract-by-contract approach for contracts that were not completed as of 1 July 2018. Results for reporting periods beginning after 1 July 2018 are presented under IFRS 15, while prior periods are not adjusted and reported under IAS 11 Construction Contracts ("IAS 11") and IAS 18 Revenue ("IAS 18"). As a result of the adoption, the Company recognised the cumulative effect of initially applying IFRS 15 as a pre-tax adjustment of DKK 738,033 thousands to the opening balance of retained earnings at the adoption date.

Revenue consists of software license fees, software maintenance, hosting, consulting services and education.

Software is licensed to customers via fixed term subscriptions or perpetual licensing agreements. License revenue for on-premise term subscription license agreements are no longer recognized on a straight-line basis over the terms of the agreements, but when the customer has obtained control of the license and has the ability to use and obtain substantially all the benefits from the license. Software license performance obligation is satisfied at the point in time when the software is made available to a customer to download and use. Sitecore has assessed that the customer obtains control of the license when a contract is executed by both parties, he license is delivered, and the customer has the right to use it. The IFRS 15 revenue recognition for perpetual licenses sales is similar to the revenue recognition under the IAS 11 and IAS 18.

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, and allowances.The right to use software license is considered a separate and distinct performance obligation and satisfies the following conditions: can be delivered separately from other services, can be installed by a third party, can be used without upgrades, and it functions without upgrades or technical support.

Maintenance revenue and hosting revenue is recognised ratably over the term of the respective contract. Professional services revenue is recognised as the services are delivered. These performance obligations are satisfied over time and accounting for them remains unchanged under IFRS 15 or under IAS 11 and IAS 18.

Commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for initial contracts are deferred and then amortized on a straight-line basis over a period of benefit that the Company has determined to be four years. As a result of the adoption, the Company recognised the cumulative effect of initially applying IFRS 15 as a pre-tax adjustment of DKK 1,226 thousands to the opening balance of retained earnings at the adoption date.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Sitecore Holding II A/S.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 **Accounting policies (continued)**

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue is mainly derived from fees charged for software licenses fess, software maintenance fees, and other services comprised of hosting, consulting and education services   For software contracts, which are comprised of several components, the total contract fees or transaction price is allocated to the separate performance obligations for the purpose of revenue recognition.

Revenue recognition requires an agreement with the customer, 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 recognided when the customer has obtained control of the license or service and has the ability to use and obtain substantially all of the benefits from the license 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, and allowances.

Software license:

Software license revenue represents fees earned from the sale or license of software to customers for use on the customer's premises. In other words, where the customer has the right to use and take possession of the software for installation on the customer's premises or on hardware of third-party hosting providers unrelated to Sitecore or hosted in Sitecore's managed cloud environment.

Software licenses are sold as perpetual licenses or as term subscription licenses, limiting access to the software to a specified term, typically a period of one to three years. Arrangements with the customers typically do not include general right of returns. Term subscription license is generally offered under renewable, fixed fee contracts where payments are typically due annually in advance and may have a term of one year or multiple years. Perpetual license is typically invoiced in full at contract signing. Invoice payment term for all revenue types typically ranges from 30 to 90 days of invoicing.

On premise software license revenue from term subscription or perpetual licenses is recognised upfront, as the performance obligation is satisfied at the point in time when the software is made available to a customer to download and use.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 Accounting policies (continued)

Maintenance services:

Maintenance revenue represents fees earned from providing customers with support services that comprise of technical product support and unspecified future software updates, upgrades, and enhancements for on-premise software products.

Maintenance revenue is typically recognized ratably over the term of the support arrangement, as the performance obligation is satisfied over time. Maintenance services are a stand ready performance obligation to provide technical product support and unspecified updates, upgrades, and enhancements on a when-and-if-available basis. The Company's customer simultaneously receives and consumes the benefits of these support services as the Company performs. Subsequent annual maintenance related to perpetual license is invoiced annually in advance.

Services and other:

Other services revenue primarily represents fees earned from hosting services, consulting services and education services. Time and material contracts are generally invoiced based upon hours incurred on a monthly basis and fixed fee contracts may be invoiced up-front or as milestones are achieved throughout the project. Services revenue is generally recognised as the services are delivered and performance obligation is satisfied over time.

Transaction price allocation:

Fixed term license and perpetual license performance obligations are sold for a broad range of amounts (that is, selling price is highly variable) and a representative standalone selling price is not discernable from past transactions or other observable evidence. As a result, the standalone selling price for fixed term and perpetual licenses included in a contract with multiple performance obligations is determined by applying a residual approach whereby performance obligations with observable standalone selling prices are first allocated a portion of the transaction price based on their respective standalone selling prices, with the residual amount of the transaction price allocated to the fixed term or perpetual license. Standalone selling price for all maintenance services and other services are determined based on observable pricing.

License maintenance contracts are generally priced as a percentage of the net fees paid by the customer to access the license.

Costs to obtain a contract:

The Company recognises an asset for the incremental costs of obtaining contracts with customers that are directly associated with the contract if those costs are expected to be recoverable, and records them in Other receivables in the balance sheet. Incremental costs of obtaining contracts are those costs that the Company incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.

The costs capitalized under the new revenue standard are primarily sales commissions paid to our sales force personnel. Capitalized costs may also include portions of fringe benefits and payroll taxes associated with compensation for incremental costs to acquire customer contracts and incentive payments to partners.

Capitalized costs to obtain a contract are amortized over the expected period of benefit, which we have determined, to be 4 years. Amortization of capitalized costs are presented in external expenses in income statement.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation and impairment

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3 years
Patents, trademarks and product rights	5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Plant and machinery	3-5 years
Fixtures and fittings, other plant and equipment	3-5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in subsidiaries and associates

The item includes dividend received from subsidiaries and associates in so far as the dividend does not exceed the accumulated earnings in the subsidiary or the associate in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, exchange gains and losses and amortisation of financial assets and liabilities.

Acquisition related and special items

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 Accounting policies (continued)

Acquisition related and special items consists of costs that were incurred in relation to acquisition of Sitecore Corporation A/S by Sitecore Holding III A/S. This consists of professional fees paid to advisors, lawyers and other service providers who were directly involved in acquisition related activities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Intangible assets include development projects and other acquired intangible rights, including patents, trademarks and product rights.

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 3 years.

Patents, trademarks and product rights are measured at cost less accumulated amortisation and impairment losses. Patents, trademarks and product rights are amortised on a straight-line basis over the estimated useful life. The amortisation period is 5 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 Accounting policies (continued)

Contract assets

Contract assets represent revenue recognised for contracts that have not yet been invoiced to customers, typically for multi-year arrangements. When we have unconditional rights to consideration, except for the passage of time, a receivable will be recorded on the balance sheets.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs adjusted for deferred tax. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

Deferred income consist of contract liabilities and reflect invoices due or payments received in advance of revenue recognition. Our contract balances will be reported as net contract assets or liabilities on a contract-by-contract basis at the end of each reporting period.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITA) x 100}}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

2 Recognition and measurement uncertainties

The group makes estimates, and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The judgments, estimates, and assumptions made are based on historical experience and other factors that Management considers 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. The most critical judgments, estimates, and assumptions for the individual items are described below.

The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

Revenue recognition:

Revenue recognition requires management to make judgements which are based on assumptions on historical and forecast information, as well as on regional and industry economic conditions in which we or our clients operate. A short description of main judgments made in relation to revenue recognition follows:

- Assessing whether it is probable that the consideration from contract with clients will be collected requires judgement and might impact the timing and amount of revenue recognition.

- Establishing whether distinct goods or services are considered to be separate performance obligation requires judgement and might impact the timing and amount of revenue recognition.

- The allocation of total transaction fee of a client contract to the distinct deliverables requires judgment in determining an apportionment which reflects the fair value measurement of each performance obligation. This may impact the timing and amount of revenue recognized.

- Determining whether different contracts with the same client are accounted for as one agreement involves the use of judgment as it requires us to assess whether the contracts are negotiated together or linked in any other way. The timing and amount of revenue recognition can vary depending on whether two contracts are accounted for separately or as one single arrangement.

Development projects:

For development projects in progress, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria. As of 30 June 2019, the Carrying value of Development Projects and Development Projects in progress amount to DKK 87m (2017/18: DKK 81m).

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

	DKK'000	2018/19	2017/18
3	**Staff costs**		
	Wages/salaries	91,145	96,233
	Pensions	6,716	6,510
	Other staff costs	3,344	1,314
	Capitalized salaries	-31,385	-40,280
		69,820	63,777

	2018/19	2017/18
Average number of full-time employees	112	116

No remuneration has been paid out to Management registered with the Danish Business Authority.

Remuneration to the Company's Executive Board is paid by the parent Company and other Group companies.

All cost related to share-based payment programmes are held by Sitecore Holding II.

	DKK'000	2018/19	2017/18
4	**Financial income**		
	Interest income, group entities	86,931	83,247
	Gain on disposal of investment	5,554	15,653
	Other financial income	7,433	255
		99,918	99,155
5	**Financial expenses**		
	Interest expenses, group entities	14,309	11,358
	Other financial expenses	5,766	6,309
		20,075	17,667
6	**Tax for the year**		
	Estimated tax charge for the year	80,362	-2,636
	Deferred tax adjustments in the year	-35,335	-14,692
	Tax adjustments, prior years	1,429	2,497
		46,456	-14,831

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

7 Intangible assets

DKK'000	Completed development projects	Patents, trademarks and product rights	Development projects in progress	Total
Cost at 1 July 2018	113,563	37,557	22,284	173,404
Additions	0	0	47,180	47,180
Disposals	0	-14,485	0	-14,485
Transferred	41,459	0	-41,459	0
Cost at 30 June 2019	155,022	23,072	28,005	206,099
Impairment losses and amortisation at 1 July 2018	54,518	18,637	0	73,155
Amortisation for the year	41,512	4,614	0	46,126
Reversal of accumulated amortisation and impairment of assets disposed	0	-13,522	0	-13,522
Impairment losses and amortisation at 30 June 2019	96,030	9,729	0	105,759
Carrying amount at 30 June 2019	58,992	13,343	28,005	100,340

Completed development projects

Completed development projects relate to the Sitecore Experience Platform 9.0 and subsequent releases completed during the financial year 2018/19. In addition to the core platform other products such as Sitecore Experience Commerce and supporting features are also part of Completed development projects.

Development projects in progress

Development projects in progress relate to future releases of the Sitecore Experience Platform versions 9.2 and beyond as well as future update release of Sitecore Experience Commerce, Sitecore Managed Cloud and Sitecore Experience Accelerator. As part of the acquisition of Stylelabs the new release of the Sitecore Content Hub is also part of development projects in progress along with the project to develop the first version of the Sitecore SaaS Digital Experience Platform.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Cost at 1 July 2018	7,712	6,651	14,363
Additions	5,537	100	5,637
Disposals	-270	-3,337	-3,607
Cost at 30 June 2019	12,979	3,414	16,393
Impairment losses and depreciation at 1 July 2018	2,685	3,925	6,610
Depreciation	3,149	769	3,918
Reversal of accumulated depreciation	-138	-1,918	-2,056
Impairment losses and depreciation at 30 June 2019	5,696	2,776	8,472
Carrying amount at 30 June 2019	7,283	638	7,921

9 Investments

DKK'000	Investments in group enterprises	Receivables from group enterprises	Other receivables	Deposits, investments	Total
Cost at 1 July 2018	203,822	2,073,614	0	2,100	2,279,536
Additions	378,752	210,150	464	0	589,366
Disposals	0	0	0	-1,934	-1,934
Cost at 30 June 2019	582,574	2,283,764	464	166	2,866,968
Value adjustments at 1 July 2018	-11,961	0	0	0	-11,961
Impairment losses	-10,407	-10,898	0	0	-21,305
Value adjustments at 30 June 2019	-22,368	-10,898	0	0	-33,266
Carrying amount at 30 June 2019	560,206	2,272,866	464	166	2,833,702

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

9 Investments (continued)

Equity and profit/loss disclousures for the subsidiaries are based on financial statements for 1 July 2017 - 30 June 2018 for the respective subsidiaries.

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Sitecore Danmark	A/S	Copenhagen, DK	100.00%	5,956	2,234
Sitecore International	A/S	Copenhagen, DK	100.00%	4,467	1,489
Sitecore UK	Ltd.	London, UK	100.00%	42,437	4,467
Sitecore Sverige	AB	Stockholm, SE	100.00%	3,723	1,489
Sitecore Deutschland	GmbH	Bremen, DE	100.00%	17,868	2,234
Sitecore Nederland	B.V.	Amsterdam, NL	100.00%	13,401	2,234
Sitecore Belgium	BVBA	Brussels, BE	100.00%	1,251	5,077
Sitecore Middle East	DMCC	Dubai, UAE	100.00%	-1,139	6,775
Sitecore Japan Co.	Ltd.	Tokyo, JP	100.00%	-20,846	-5,212
Sitecore Singapore Pte.	Ltd.	Singapore, SG	100.00%	8,190	745
Sitecore Software Co.	Ltd.	Shanghai, CN	100.00%	-745	0
Sitecore Malaysia Sdn.	Bhd.	Kuala Lumpur, MY	100.00%	9,679	3,723
Sitecore Ukraine	Foreign Enterprise	Dniepropetrovsk, UA	100.00%	-1,489	0
Sitecore Australia	Pty Ltd	Sydney, Australia	100.00%	-2,978	1,489
Hedgehog Bulgaria	EOOD	Sofia, Bulgaria	100.00%	0	0
Stylelabs	NV	Brussels, Belgium	0.00%	0	0

10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

11 Share capital

The company's nominal share capital is DKK 10,473,053, divided into shares of a nominal amount of DKK 0,10 each.

The Company's share capital has remained DKK 10,473 thousand over the past 5 years.

12 Non-current liabilities

Of the long-term deferred tax and ferred income, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

DKK'000	2018/19	2017/18
13 Deferred tax		
Deferred tax at 1 July	5,142	19,835
Deferred tax on profit for the year	-36,497	-14,693
Changes in accounting policies (IFRS 15 impact on equity)	163,976	0
Deferred tax adjustment, previous years	1,162	0
Deferred tax at 30 June	133,783	5,142

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Notes to the financial statements

14 Deferred income

Deferred income consist of contract liabilities and reflect invoices due or payments received in advance of revenue recognition. Our contract balances will be reported as net contract assets or liabilities on a contract-by-contract basis at the end of each reporting period.

15 Contractual obligations and contingencies, etc.

Contingent liabilities

DKK'000	2018/19	2017/18
Guarantee commitments	1,701	0
	1,701	0

The following Group entites have declared to Sitecore Corporation A/S, that inter-company balances of DKK 42,591 thousand (debt in Sitecore Corporation A/S) does not have to be repaid until Sitecore Corporation A/S has the liquidity to do so: Sitecore Holding II A/S, Sitecore Holding III A/S, Sitecore Danmark A/S, Sitecore International A/S, Sitecore Sverige AB, Sitecore UK Ltd, Sitecore Belgium BVBA, Sitecore Middle East DMCC and Stylelabs NV. This declaration is effective until 30 June 2020.

Sitecore Corporation A/S has declared to the following Group entities, that inter-company balances of DKK 2,272,866 thousand (receivable in Sitecore Corporation A/S) does not have to be repaid until the counterparts have the liquidity to do so: Sitecore Holding II A/S, Sitecore Holding III A/S, Sitecore Danmark A/S, Sitecore International A/S, Sitecore Sverige AB, Sitecore UK Ltd, Sitecore Belgium BVBA, Sitecore Middle East DMCC and Stylelabs NV. This declaration is effective until 30 June 2020.

Furthermore, Sitecore Corporation A/S has declared to provide financial support the following Group entities if these do not have sufficient resources to settle any liabilities as they fall due: Sitecore Holding II A/S, Sitecore Holding III A/S, Sitecore Danmark A/S, Sitecore International A/S, Sitecore Sverige AB, Sitecore UK Ltd, Sitecore Belgium BVBA, Sitecore Middle East DMCC and Stylelabs NV. This declaration is effective until 30 June 2020.

Other contingent liabilities

The Company is jointly taxed with its ultimate Danish parent, Sitecore Holding II A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2018/19	2017/18
Rent and lease liabilities	3,889	1,982

The company has entered into rental contracts, which are terminable with 6 months' notice.

16 Collateral

The Company has an owner's mortgage of EUR 6m to Nordea Bank AB (publ) as security for certain credit facilities.

Financial statements 1 July 2018 - 30 June 2019

Notes to the financial statements

17 Related parties

Sitecore Corporation A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Sitecore Holding II A/S	Copenhagen, Denmark	Ultimative parent
Sitecore Holding III A/S	Copenhagen, Denmark	Owner

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Sitecore Holding II A/S	Copenhagen, Denmark	www.cvr.dk

Related party transactions

There are no group enterprise transactions with Sitecore Holding II A/S or Sitecore Holding III A/S that have not been carried through on normal market terms.

All transactions have been carried out on an arm's length basis.

Related party transactions with subsidaries and sister companies are not disclosed with reference to section 98c(3) of the Danish Financial Statements Act.

Information on the remuneration to management

Information on the remuneration to Management appears from note 3, "Staff costs".

Information about security for loans relating to group entities

Information about security for loans relating to group entities appears from 16, "Collateral".

Ownership

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

Name	Domicile
Sitecore Holding III A/S	Copenhagen, Denmark

DKK'000	2018/19	2017/18
18 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Proposed dividend recognised under equity	1,500,000	0
Other statutory reserves	4,421	10,567
Retained earnings/accumulated loss	-1,405,622	-58,787
	98,799	-48,220