Sitecore Corporation A/S

Vester Farimagsgade 3, 5., 1606 København V

CVR no. 26 03 25 12

Annual report 2019/20

Approved at the Company's annual general meeting on 4 December 2020

Chairman:

DocuSigned by:

Jonas Persson

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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 2019 - 30 June 2020.

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 2020 and of the results of the Company's operations for the financial year 1 July 2019 - 30 June 2020.

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, 4 December 2020
Executive Board:

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Steve Tzikakis

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John Houston Gardiner

Board of Directors:

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Jonas Persson
Chairman

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Sheila May Gulati

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Bjarne Kock Hansen

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Craig Allen Conway

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Carsten Oliver Thoma

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Bert Alfons Janssens

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Darren Roos

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 2019 - 30 June 2020, 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 2020 and of the results of the Company's operations for the financial year 1 July 2019 - 30 June 2020 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, 4 December 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kennet Hartmann	Rikke Buchholt
State Authorised Public Accountant	State Authorised Public Accountant
mne40036	mne46359

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 2019 - 30 June 2020
Website	www.sitecore.net
Telephone	+45 70 23 66 60
Board of Directors	Jonas Persson, Chairman Sheila May Gulati Bjarne Kock Hansen Craig Allen Conway Carsten Oliver Thoma Bert Alfons Janssens Darren Roos
Executive Board	Steve Tzikakis John Houston Gardiner
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
Key figures					
Revenue	216,116	402,668	96,388	307,261	81,364
Gross profit	-24,567	240,780	-38,976	164,798	58,222
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-71,760	170,960	-102,753	103,223	32,788
Operating profit/loss	-140,520	119,072	-144,868	77,779	30,769
Net financials	47,438	79,843	81,488	74,117	-4,090
Profit/loss for the year	-121,597	98,799	-48,220	36,014	223,957
Non-current assets	1,610,427	2,841,184	2,375,577	2,038,059	37,801
Current assets	353,919	260,290	70,107	255,618	267,133
Total assets	1,964,346	3,101,474	2,445,684	2,293,677	304,934
Investment in property, plant and equipment	17,711	5,637	4,859	718	208
Share capital	10,473	10,473	10,473	10,473	1,404
Equity	1,031,617	2,600,749	1,647,756	1,695,976	260,686
Non-current liabilities	620,133	176,662	52,310	28,960	3,055
Current liabilities	312,596	324,063	745,618	568,741	41,193
Financial ratios					
Gross margin	-11.4%	59.8%	-40.4%	53.6%	71.6%
EBITDA-margin	-33.2%	42.5%	-106.6%	33.6%	40.3%
Return on equity	-6.7%	4.7%	-2.9%	3.7%	150.7%
Average number of employees	115	112	116	125	130

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

Management's review

Business review

The income statement for 2019/20 shows a loss of DKK 121,597 thousand against a profit of DKK 98,799 thousand last year, and the balance sheet at 30 June 2020 shows equity of DKK 1,031,617 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.

In June 2019, Sitecore Holding II A/S completed the acquisition of Hedgehog, which included the ownership interests of two separate entities: Hedgehog Development Group LLC ("HHDG") and Hedgehog Development LLC ("HHD"). Following the completion of the acquisition, the Board of Sitecore Holding II A/S approved the contribution of the ownership interests for HHDG and HHD to Sitecore Holding III A/S. That entity, in turn, approved the contribution of HHDG to Sitecore Corporation and HHD to Sitecore USA Holding LLC. During FY2019/20, it was observed that the financial statements of the Company reflected the ownership interest of both HHD and HHDG. This was a misstatement as it was the intention to contribute the membership interest of HHDG to the Company and the membership interests of HHD to Sitecore USA Holding LLC. As a result, the Company's investments and retained earnings in prior financial years are overstated. The error in financial statements for FY 2018/19 has been corrected as a material misstatement by restating investments and retained earnings for FY 2018/19 by DKK 100.779 thousand.

Sitecore's strong position

20 years ago, when the world was moving from print to digital, Sitecore was born when its founders recognized Web Content Management (WCM) - architected such that content was decoupled from presentation - could solve the challenge of dealing with the velocity of digital content and the different possibilities of shaping the customer experience.

Sitecore quickly established itself as a leader in the WCM market, and then the company again differentiated itself from the competition by pioneering the market for a digital marketing suite centered on content management to deliver omnichannel experiences to customers. Today, Sitecore is the market leader in the Digital Experience Platform (DXP) market.

That creative, disruptive mindset drives our mission - to help our customers create human connections in a digital world - which is at the core of what our customers deeply care about: providing their customers with relevant and actionable experiences at every step of their journey. In turn, we operate with clarity of purpose to deliver innovative technologies that enable brands to deliver experiences that exceed the elevated expectations of their customers.

In the course of the last year, Sitecore has delivered significant advancements that make the power of personalized digital experiences more accessible, with solutions that enable brands to deliver meaningful digital experiences with ease, excellence, and at scale. For example, we integrated Sitecore Content Hub and Sitecore Experience Platform to help our clients take control of their content crisis by managing their content from start to finish. We also integrated Sitecore Content Hub with Salesforce Marketing Cloud, which means easier and broader content distribution for our customers. And in an industry-first, we released Sitecore AI, which automatically identifies visitor trends, creates customer segments, and then modifies web pages to deliver the right personalized content to customers. All together, we now help our customers to deliver consistent, continuous, and compelling experiences that put customers first, at every touchpoint, and we enable our customers to master these strategies with technologies that are more intelligent, easy to adopt, and agile.

As a result, Sitecore is experiencing growth in our core, strategic businesses and we're pulling away from the competition. In fiscal year 2020, we continued to push more deeply into the enterprise, consistently landed deals over one million Euro, improved our win rate against key competitors, and saw customers expand their use of Sitecore more broadly throughout their organizations.

Management's review

These results validate that we're on the right path and, only a few weeks after the conclusion of our fiscal year 2020, we released Sitecore 10 and delivered the only digital experience platform that creates efficiencies for both marketing and IT. Never before has a digital experience platform treated marketers and developers as equal shareholders in the delivery of customer experience. By resolving this core conflict, we are addressing one of the most essential problems that plagues every other WCM solution and digital experience platform (DXP) on the market. And as we look to fiscal year 2021, Sitecore 10 sets the stage for our journey to SaaS, which reimagines a lot of what we have done in the past for a cloud-first world. 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.

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 modeltoward a focus on subscription licensing cloud deployment and subscription as a service. 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, operational, 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. Further, a security incident impacting our own data centers or those controlled by our service providers may compromise the confidentiality, integrity or availability of data. A compromise of any such data could damage our reputation, resulting in the loss of customers and harm to our business.

Management's review

The impacts of the global emergence of COVID-19 on our business and financial results are currently unknown. We are conducting business with substantial modifications to employee travel, employee work locations, and virtualization or cancellation of certain sales and marketing events, among other modifications. We have observed other companies as well as many governments taking precautionary and preemptive actions to address COVID-19, and they may take further actions that alter their normal business operations. We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities. It is not clear what the potential effects any such alterations or modifications may have on our business, including the effects on our customers and prospects, or on our financial results.

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. 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 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.

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.

Management's review

Account of the gender composition of Management

Board of directors

Following the resignation of Dominik Stein in January 2020, Bert Janssens joined the Board of Directors. Mr. Janssens serves as a partner at EQT AB since starting there in September 2015. Prior to joining EQT AB he worked at Venturebay, a start-up incubator, and BCG in Belgium, followed by 8 years at Warburg Pincus in London, in their TMT and Business Services sector team. Bert holds a B.Sc. and M.Sc. in Mechanical and Mechatronical Engineering, a Postgraduate in Finance from the University of Leuven (KUL) in Belgium, and an MBA from Harvard Business School.

In March 2020, Darren Roos joined the Board of Directors. Mr Roos, has been the CEO of IFS, a global enterprise applications company, since April 2018. He previously served as President of SAP's global ERP Cloud business, with prior roles as General Manager of Northern Europe and Chief Operating Officer of EMEA for the company. Darren also was formerly the President of EMEA, APJ, LATAM at Software AG, during which time he also served on Software AG's Group Executive Board.

At the end of the fiscal year, the Board consisted of seven members, including Jonas Persson, Craig Conway, Sheila Gulati, Bjarne Hansen, Bert Janssens, Darren Roos, and Carsten Thoma. Sheila Gulati's service on the Board reflects Sitecore's continued efforts to adhere to a 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 14.3 percent women. The target figure has not been fulfilled this year as all members of the Board has been appointed based on the qualifications of the candidates and irrespective of gender. At the annual general meeting held in January 2020, the Board proposed reelection of the candidates, as the Board assessed that the competencies and qualifications of the members met the needs of the company. Hence, the composition of the Board did not change. While the target has not been fulfilled as of the end of the fiscal year, the Company will continue its efforts to fill vacant board seats to reflect this gender distribution target. The target continues to be for the Board to consist of at least 15 percent women in 2024.

Executive management board and leadership team

In September 2020, Steve Tzikakis was appointment as the Chief Executive Officer of the Company. Steve is a digital transformation technology leader with a strong track record for translating vision and strategy into world-class go-to-market execution, and the ability to bring together teams and ecosystems to drive rapid growth. Prior to Sitecore, he spent 13 years at SAP – the last five as President of South Europe, Middle East and Africa, which is an organization spanning 4,700 employees, 85 nationalities, 24 office locations, and 5 time zones. During his tenure in this role, SAP doubled its business in the region and currently has 23,000+ customers and 19,000+ partners across EMEA South. Steve's accomplishments led him to be named by Forbes Middle East as one of the most influential executives leading global companies in the Middle East, and the top-ranked executive among technology companies.

In October 2020, John Gardiner was appointed as the Chief Financial Officer of the Company. John is an experienced CFO with over two decades of building successful hyper-growth, global SaaS businesses. He combines vision and strategy with high-performance operational execution to build award-winning companies. Prior to Sitecore, he was the President and CFO at ZoomInfo, growing the company 5-fold in four years into what is now a near $20 billion, publicly traded company. During his tenure, he helped shape a winning culture that was honored as Fortune's Top 100 Best Places to Work, Inc. Magazine's Top 50 Best Workplaces, Inc. Magazine's Fast 5000 growth companies, and the Software Information and Industry Association's Growth Company of the Year. His career also included leading Citrix to over a billion dollars in revenue and working for high-growth PE firms such as TA Associates, The Carlyle Group, Francisco Partners, and Vista Equity.

Events after the balance sheet date

In March 2020, a global pandemic referred to as COVID-19 emerged. Management does not currently envisage a significant impact from COVID-19. The Company will continue to actively monitor the situation to assess any impact on the Company's financial operations.

There are no other significant events after the balance sheet date.

Management's review

Outlook

Sitecore's ambition is to continue to generate long-term, healthy double-digit annual recurring revenue growth, and to gradually improve our profitability margin.

Sitecore has transitioned to and continues to sell predominantly subscription-based term licenses. We also sell cloud offerings along with licenses and we expect a significant growth in cloud adoption.

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 cloud model along with subscription will increase the company's recurring revenue.

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 to continue to trend upwards during fiscal 2021 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 sales, product development, customer support, and distribution at times in advance of revenue.

Financial statements 1 July 2019 - 30 June 2020

Income statement

Note	DKK'000	2019/20	2018/19
	Revenue	216,116	402,668
	Cost of sales	-149,422	-65,685
	Other operating income	8,728	0
	Other external expenses	-99,989	-96,203
	Gross profit	-24,567	240,780
4	Staff costs	-47,193	-69,820
	Amortisation/depreciation of intangible assets and property, plant and equipment	-60,033	-51,888
	Profit/loss before net financials	-131,793	119,072
	Income from investments in group enterprises	37,260	6,223
	Write-down of investments in group enterprises	-16,929	-59,883
5	Financial income	70,807	99,918
6	Financial expenses	-23,369	-20,075
	Profit/loss before tax	-64,024	145,255
7	Tax for the year	-57,573	-46,456
	Profit/loss for the year	-121,597	98,799

Financial statements 1 July 2019 - 30 June 2020

Balance sheet

Note	DKK'000	2019/20	2018/19
	ASSETS		
	Non-current assets		
8	Intangible assets		
	Completed development projects	65,971	58,992
	Patents, trademarks and product rights	8,729	13,343
	Development projects in progress and prepayments for intangible assets	24,822	28,005
		99,522	100,340
9	Property, plant and equipment		
	Plant and machinery	6,107	7,283
	Fixtures and fittings, other plant and equipment	492	638
	Right-of-use assets	9,515	0
		16,114	7,921
10	Financial assets		
	Investments in group enterprises	515,006	459,427
	Receivables from group enterprises	979,619	2,272,866
	Other receivables	0	464
	Deposits, investments	166	166
		1,494,791	2,732,923
	Total non-current assets	1,610,427	2,841,184
	Current assets		
	Receivables		
	Trade receivables	39	127
	Contract assets	21,446	22,779
	Receivables from group enterprises	224,128	231,624
	Tax credit receivable	6,158	0
	Joint taxation contribution receivable	774	0
	Other receivables	830	503
11	Prepayments	4,259	5,257
		257,634	260,290
	Cash	96,285	0
	Total current assets	353,919	260,290
	TOTAL ASSETS	1,964,346	3,101,474

Financial statements 1 July 2019 - 30 June 2020

Balance sheet

Note	DKK'000	2019/20	2018/19
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	10,473	10,473
	Reserve for development costs	70,819	67,858
	Retained earnings	950,325	1,022,418
	Dividend proposed	0	1,500,000
	Total equity	1,031,617	2,600,749
13	Non-current liabilities		
14	Deferred tax	273,950	133,783
	Bank debt	149,041	0
	Lease liabilities	5,721	0
	Payables to group enterprises	191,285	42,591
	Other payables	136	288
	Total non-current liabilities	620,133	176,662
	Current liabilities		
	Bank debt	74,518	156,050
	Lease liabilities	4,052	0
	Trade payables	6,831	131
	Payables to group enterprises	183,808	46,892
	Joint taxable contribution payable	0	80,402
	Other payables	43,387	40,588
	Total current liabilities	312,596	324,063
	Total liabilities	932,729	500,725
	TOTAL EQUITY AND LIABILITIES	1,964,346	3,101,474

1 Accounting policies
2 Recognition and measurement uncertainties
3 Events after the balance sheet date
15 Contractual obligations and contingencies, etc.
16 Collateral
17 Related parties
18 Appropriation of profit/loss

Financial statements 1 July 2019 - 30 June 2020

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Dividend proposed	Total
	Equity at 1 July 2018	10,473	63,437	1,573,847	0	1,647,757
	Adjustment of equity through corrections of errors	0	0	-100,779	0	-100,779
	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 1 July 2019	10,473	67,858	1,022,418	1,500,000	2,600,749
18	Transfer, see "Appropriation of profit/loss"	0	2,961	-124,558	0	-121,597
	Increase from contribution in kind	0	0	52,465	0	52,465
	Dividend distributed	0	0	0	-1,500,000	-1,500,000
	Equity at 30 June 2020	10,473	70,819	950,325	0	1,031,617

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 2019 - 30 June 2020

Notes to the financial statements

1 Accounting policies

The annual report of Sitecore Corporation A/S for 2019/20 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 the new leasing standard IFRS 16 Leases on 1 July 2019 using the modified retrospective transition method, and thus prior comparatives were not restated. The Company has elected to present right-of-use assets and lease liabilities separately in the balance sheet. Depreciation of the right-of-use assets is presented separately in the statement of profit and loss. IFRS 16 introduces the new definition of a lease and other new or modified disclosure requirements for lessee accounting. In general, all leases within the scope of IFRS 16 are required to be brought on to the balance sheet by the lessee, and the lessee is required to recognise a ‘right-of-use’ asset and a related lease liability at the commencement of the lease. The subsequent accounting is similar to the finance lease model set out in IAS 17. IFRS 16 establishes a control model for the identification of a lease, which distinguishes lease contracts from service contracts on the basis of whether there is an identified asset controlled by the lessee.

The following permitted practical expedients were applied at transition:
• The right-of-use asset at the date of transition was adjusted by the amount of the existing onerous lease provision on 30 June 2019, without re-assessment.
• Leases ending within 12 months of the transition date were treated as short-term leases on a lease-by-lease basis.
• Initial direct costs were excluded from the measurement of the right-of-use asset at the transition date on a lease-by-lease basis.
• Hindsight was applied, such as in determining the lease term where contracts contained options to extend or terminate the lease.

Amortisation of leased assets is calculated using the straight-line method to allocate their cost, net of residual value, over the existing useful lives being the lesser of the remaining lease term and the life of the asset. The weighted average incremental borrowing rate, which is the risk-free interest rate plus a credit spread to obtain external financing, was 5.5% on 1 July 2019 for discounting the lease liabilities of the Company.

Material misstatements

During the year, it was noted that the push-down exercise of the value of the aquired Hedgehog Group from Sitecore Holding II A/S to Sitecore Corporation A/S and Sitecore USA Holding LLC. was wrongly posted. The entire value of Hedgehog Group was moved to Sitecore Corporation A/S instead of a split between Sitecore Corporation A/S and Sitecore USA Holding LLC. At the time of the aquisition of Hedgehog Group Management decided to place most of the value in USA Holding LLC. When the error was noted during the financial year it was corrected back in time, which impacts the Company's previous annual reports. As a result, the Company's investments in group enterprises and retained earnings in prior financial years are recognised at too high amounts, and the financial statements for 2018/19 do not give a true and fair view. Therefore, the error has been corrected as a material misstatement by restating comparatives and opening equity figures in the current-year financial statements. In consequence of the restatement, investments in group enterprises for 208/19 has been adversely affected by DKK 100.779 thousand, and retained earnings at have been adversely affected by DKK 100.779 thousand. In total, the balance sheet total at 30 June 2019 has been adversely affected by DKK 100.779 thousand, and equity has been adversely affected by DKK 100.779 thousand. Reference is also made to the comments in the Management's review.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

1 Accounting policies (continued)

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.

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's revenue mainly consists of intercompany revenue from the Group's sales entites. The Group have 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.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

1 Accounting policies (continued)

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.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets and income from investment tax credits.

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 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.

Amortisation/depreciation

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

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

1 Accounting policies (continued)

In the case of changes in the depreciation period or the residual value, the effect on the depreciation 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

Right-of-use assets are depreciated using the straight-line method fromthe commencement date to the end of the lease term. In addition, theright-of-use assets are periodically reduced by any impairment losses.

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or 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

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.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

1 Accounting policies (continued)

Leases

The Company has chosen IFRS 16 as interpretation for classification and recognition of leases.

Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease amount, initial direct costs incurred when entering into the lease less any incentives received.

An impairment review is undertaken for any right-of-use lease asset that shows indicators of impairment and an impairment loss is recognised against any right-of-use lease asset that is impaired.

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance sheet date. Lease payments are apportioned between the finance charges and a reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the lease liability. Lease payments for buildings exclude service fees for cleaning and other costs.

Lease modifications are accounted for as a new lease with an effective date of the modification.

Leasehold deposits are initially recognized at the value paid to the landlord. Deposits are subsequently measured at net realizable value based on the amount the Company expect to receive at the end of the lease.

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.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

1 Accounting policies (continued)

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.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

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	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA) x 100}}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Financial statements 1 July 2019 - 30 June 2020

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 2020, the Carrying value of Development Projects and Development Projects in progress amount to DKK 91m (2017/18: DKK 87m).

3 Events after the balance sheet date

In March 2020, a global pandemic referred to as COVID-19 emerged. Management does not currently envisage a significant impact from COVID-19. The Company will continue to actively monitor the situation to assess any impact on the Company's financial operations.

There are no other significant events after the balance sheet date.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

	DKK'000	2019/20	2018/19
4	Staff costs		
	Wages/salaries	85,819	91,145
	Pensions	6,563	6,716
	Other staff costs	2,758	3,344
	Capitalized salaries	-47,947	-31,385
		47,193	69,820
	Average number of full-time employees	115	112

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	2019/20	2018/19
5	Financial income		
	Interest income, group entities	70,742	86,931
	Gain on disposal of investment	0	5,554
	Other financial income	65	7,433
		70,807	99,918
6	Financial expenses		
	Interest expenses, group entities	15,961	14,309
	Other financial expenses	7,408	5,766
		23,369	20,075
7	Tax for the year		
	Estimated tax charge for the year	-947	80,362
	Deferred tax adjustments in the year	6,930	-35,335
	Tax adjustments, prior years	51,590	1,429
		57,573	46,456

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

8 Intangible assets

DKK'000	Completed development projects	Patents, trademarks and product rights	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 July 2019	155,022	23,072	28,005	206,099
Additions	0	0	49,775	49,775
Transferred	52,958	0	-52,958	0
Cost at 30 June 2020	207,980	23,072	24,822	255,874
Impairment losses and amortisation at 1 July 2019	96,030	9,729	0	105,759
Amortisation for the year	45,979	4,614	0	50,593
Impairment losses and amortisation at 30 June 2020	142,009	14,343	0	156,352
Carrying amount at 30 June 2020	65,971	8,729	24,822	99,522

Completed development projects

Completed development projects relate to the Sitecore Experience Platform 10 and subsequent releases completed during the financial year 2019/20. In addition to the core platform other products such as next-generation SaaS platform One Sitecore and supporting features are also part of Completed development projects.

Development projects in progress

Development projects in progress relate to future releases and updates of Sitecore Experience Cloud which encompasses Sitecore's overall set of solutions.

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 2019 - 30 June 2020

Notes to the financial statements

9 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, other plant and equipment	Right-of-use assets	Total
Cost at 1 July 2019	12,979	3,414	0	16,393
Additions	3,285	339	14,087	17,711
Disposals	-3,597	-2,468	0	-6,065
Cost at 30 June 2020	12,667	1,285	14,087	28,039
Impairment losses and depreciation at 1 July 2019	5,696	2,776	0	8,472
Depreciation	4,461	485	4,572	9,518
Reversal of accumulated depreciation	-3,597	-2,468	0	-6,065
Impairment losses and depreciation at 30 June 2020	6,560	793	4,572	11,925
Carrying amount at 30 June 2020	6,107	492	9,515	16,114

10 Investments

DKK'000	Investments in group enterprises	Receivables from group enterprises	Other receivables	Deposits, investments	Total
Cost at 1 July 2019	481,795	2,283,764	464	166	2,766,189
Additions	57,316	0	0	0	57,316
Disposals	0	-1,293,247	-464	0	-1,293,711
Cost at 30 June 2020	539,111	990,517	0	166	1,529,794
Value adjustments at 1 July 2019	-22,368	-10,898	0	0	-33,266
Impairment losses	-1,737	0	0	0	-1,737
Value adjustments at 30 June 2020	-24,105	-10,898	0	0	-35,003
Carrying amount at 30 June 2020	515,006	979,619	0	166	1,494,791

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

10 Investments (continued)

Equity and profit/loss disclousures for the subsidiaries are based on financial statements for 1 July 2018 - 30 June 2019 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%	7,891	3,090
Sitecore International	A/S	Copenhagen, DK	100.00%	7,584	3,098
Sitecore UK	Ltd.	London, UK	100.00%	47,513	6,702
Sitecore Sverige	AB	Stockholm, SE	100.00%	5,918	2,194
Sitecore Deutschland	GmbH	Bremen, DE	100.00%	22,448	3,917
Sitecore Nederland	B.V.	Amsterdam, NL	100.00%	18,045	3,020
Sitecore Belgium	NV	Brussels, BE	100.00%	67,753	51,726
Sitecore Middle East	DMCC	Dubai, UAE	100.00%	1,033	965
Sitecore Japan Co.	Ltd.	Tokyo, JP	100.00%	-19,582	787
Sitecore Singapore Pte.	Ltd.	Singapore, SG	100.00%	11,819	2,287
Sitecore Software Co.	Ltd.	Shanghai, CN	100.00%	-1,258	-735
Sitecore Malaysia Sdn.	Bhd.	Kuala Lumpur, MY	100.00%	16,119	5,457
Sitecore Ukraine	Foreign Enterprise	Dniepropetrovsk, UA	100.00%	-432	1,166
Sitecore Australia	Pty Ltd	Sydney, Australia	100.00%	684	1,948
Sitecore Bulgaria	EOOD	Sofia, Bulgaria	100.00%	5,000	142

11 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

12 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.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

13 Non-current liabilities

Of the non-current liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

DKK'000	2019/20	2018/19
14 Deferred tax		
Deferred tax at 1 July	133,783	5,142
Deferred tax on profit for the year	6,777	-36,497
Changes in accounting policies (IFRS 15 impact on equity)	0	163,976
Deferred tax adjustment, previous years	133,390	1,162
Deferred tax at 30 June	273,950	133,783

15 Contractual obligations and contingencies, etc.

Contingent liabilities

	2019/20	2018/19
Guarantee commitments	228	1,701
	228	1,701

The following Group entites have declared to Sitecore Corporation A/S, that inter-company balances of DKK 133,969 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 NV, Sitecore Middle East DMCC and Sitecore USA Holding LLC. This declaration is effective until 30 June 2021.

Sitecore Corporation A/S has declared to the following Group entities, that inter-company balances of DKK 979,619 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 NV, Sitecore Middle East DMCC and Sitecore USA Holding LLC. This declaration is effective until 30 June 2021.

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 NV, Sitecore Middle East DMCC and Sitecore USA Holding LLC. This declaration is effective until 30 June 2021.

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.

Financial statements 1 July 2019 - 30 June 2020

Notes to the financial statements

16 Collateral

The Company has an owner's mortgage of EUR 6,000 thousand to Nordea Bank AB (publ) as security for certain credit facilities.

As collateral for credit facilities the Company has issued a negative pledge and pledged its investments in group entities as security to Nordea Bank ABP, filial i Sverige.

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

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

The following transactions were not carried out on an arm's length basis:

Related party	Amount	Description of transaction
	DKK'000	
Sitecore USA Inc.	354	Management fee

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	2019/20	2018/19
18 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Proposed dividend recognised under equity	0	1,500,000
Other statutory reserves	2,961	4,421
Retained earnings/accumulated loss	-124,558	-1,405,622
	-121,597	98,799