

## Sitecore Danmark A/S

Vester Farimagsgade 3, 5., 1606 Copenhagen V

CVR no. 31 57 98 64

### Annual report 2017/18

Approved at the Company's annual general meeting on 13 November 2018

Chairman:

DocuSigned by:

*Rich Foehr*

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## 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 Danmark A/S for the financial year 1 July 2017 - 30 June 2018.

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 2018 and of the results of the Company's operations for the financial year 1 July 2017 - 30 June 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 13 November 2018  
Executive Board:

DocuSigned by:  
*Rich Foehr*  
Richard Max Foehr

Board of Directors:

DocuSigned by:  
*Udit Tibrewal*  
Udit Tibrewal  
Chairman

DocuSigned by:  
*Daniel Edwin Griggs*  
Daniel Edwin Griggs

DocuSigned by:  
*Rich Foehr*  
Richard Max Foehr



## Independent auditor's report

To the shareholder of Sitecore Danmark A/S

### Opinion

We have audited the financial statements of Sitecore Danmark A/S for the financial year 1 July 2017 - 30 June 2018, 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 2018 and of the results of the Company's operations for the financial year 1 July 2017 - 30 June 2018 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.
- ▶ 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.





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### Independent auditor's report

- ▶ 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, 13 November 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

A blue ink signature of Peter Gath, written in a cursive style.

Peter Gath  
State Authorised Public Accountant  
mne19718

A blue ink signature of Kennet Hartmann, written in a cursive style.

Kennet Hartmann  
State Authorised Public Accountant  
mne40036



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## Management's review

### Company details

Name	Sitecore Danmark A/S
Address, Postal code, City	Vester Farimagsgade 3, 5., 1606 Copenhagen V
CVR no.	31 57 98 64
Established	24 June 2008
Registered office	Copenhagen
Financial year	1 July 2017 - 30 June 2018
Board of Directors	Udit Tibrewal, Chairman Daniel Edwin Griggs Richard Max Foehr
Executive Board	Richard Max Foehr
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark



## **Management's review**

### **Business review**

The company's primary activity has in line with previous years, consisted of the sale of Sitecore's CMS-systems in Denmark, Norway and Finland.

### **Financial review**

The income statement for 2017/18 shows a profit of DKK 2,558 thousand against a profit of DKK 2,070 thousand last year, and the balance sheet at 30 June 2018 shows equity of DKK 6,238 thousand. Management considers the Company's financial performance in the year satisfactory.

### **Events after the balance sheet date**

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



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## Financial statements 1 July 2017 - 30 June 2018

### Income statement

Note	DKK'000	2017/18	2016/17
	Gross margin	18,794	21,064
2	Staff costs	-15,584	-18,147
	Depreciation of plant and equipment	0	-5
	<b>Profit before net financials</b>	<b>3,210</b>	<b>2,912</b>
	Financial income	63	6
3	Financial expenses	-42	-198
	<b>Profit before tax</b>	<b>3,231</b>	<b>2,720</b>
	Tax for the year	-673	-650
	<b>Profit for the year</b>	<b>2,558</b>	<b>2,070</b>
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	2,500	2,500
	Retained earnings/accumulated loss	58	-430
		<b>2,558</b>	<b>2,070</b>





## Financial statements 1 July 2017 - 30 June 2018

## Balance sheet

Note	DKK'000	2017/18	2016/17
	<b>ASSETS</b>		
	<b>Current assets</b>		
	<b>Receivables</b>		
	Trade receivables	10,640	28,096
	Receivables from group entities	60,536	28,577
	Income taxes receivable	7	0
	Prepayments	1,340	21,448
		<u>72,523</u>	<u>78,121</u>
	<b>Cash</b>	<u>263</u>	<u>1,422</u>
	<b>Total current assets</b>	<u>72,786</u>	<u>79,543</u>
	<b>TOTAL ASSETS</b>	<u>72,786</u>	<u>79,543</u>



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## Financial statements 1 July 2017 - 30 June 2018

### Balance sheet

Note	DKK'000	2017/18	2016/17
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	500	500
	Retained earnings	3,238	3,180
	Dividend proposed for the year	2,500	2,500
	<b>Total equity</b>	<b>6,238</b>	<b>6,180</b>
	<b>Non-current liabilities</b>		
	Deferred tax	0	3,876
	Other payables	621	1,089
	Deferred income	2,010	2,549
	<b>Total non-current liabilities</b>	<b>2,631</b>	<b>7,514</b>
	<b>Current liabilities</b>		
	Trade payables	2,491	4,577
	Payables to group entities	0	1,422
	Joint taxation contribution payable	4,736	531
	Other payables	8,846	13,338
	Deferred income	47,844	45,981
	<b>Total current liabilities</b>	<b>63,917</b>	<b>65,849</b>
	<b>Total liabilities</b>	<b>66,548</b>	<b>73,363</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>72,786</b>	<b>79,543</b>

- 1 Accounting policies
- 4 Contractual obligations and contingencies, etc.
- 5 Related parties



## Financial statements 1 July 2017 - 30 June 2018

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 July 2017	500	3,180	2,500	6,180
Transfer through appropriation of profit	0	58	2,500	2,558
Dividend distributed	0	0	-2,500	-2,500
<b>Equity at 30 June 2018</b>	<b>500</b>	<b>3,238</b>	<b>2,500</b>	<b>6,238</b>

The Company's share capital is DKK 500 thousand, divided into shares of DKK 1 or any multiple thereof.

The Company's share capital has remained DKK 500 thousand over the past 5 years.



## Financial statements 1 July 2017 - 30 June 2018

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Sitecore Danmark A/S for 2017/18 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Reclassifications have been made in the comparison figures. Current other payables are DKK 1,089,423 lower than the reported annual report for 2016/17, and non-current other payables are equivalent higher.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### 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

Revenues consist of software license fees, software maintenance, education and consulting services.

Revenues are recognized when 1) persuasive evidence of an arrangement exists, 2) delivery has occurred or services have been rendered, 3) the sales price is fixed or determinable, and 4) collectability is probable.

Software revenue associated with perpetual licenses is recognized when shipped if all other revenue recognition criteria are met. Revenue associated with software sold on a subscription basis is recognized ratably over the subscription period, which is typically one year.

Maintenance revenue, associated with perpetual licenses, is recognized ratably over the maintenance period, which is typically one year.

Education services revenue is recognized upon delivery of training.

Consulting service revenue is recognized as services are performed.

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 2017 - 30 June 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Gross margin

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

##### Cost of sales

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

##### External expenses

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

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

##### 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.

##### 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 2017 - 30 June 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Impairment of non-current assets

The carrying amount of property, plant and equipment 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.

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.

##### Prepayments

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

##### 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".





## Financial statements 1 July 2017 - 30 June 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Other payables

Other payables are measured at net realisable value.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Deferred revenue is recorded when a customer pays for products or services, but the criteria for revenue recognition have not been met as of the balance sheet date.

Sales, use, and value added taxes billed are recorded to our customers on a net basis.



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### Notes to the financial statements

DKK'000	2017/18	2016/17
<b>2 Staff costs</b>		
Wages/salaries	14,848	17,541
Pensions	650	542
Other social security costs	32	32
Other staff costs	54	32
	<u>15,584</u>	<u>18,147</u>
 Average number of full-time employees	 <u>11</u>	 <u>10</u>
 <b>3 Financial expenses</b>		
Interest expenses, group entities	23	89
Exchange adjustments	0	80
Other financial expenses	19	29
	<u>42</u>	<u>198</u>

### 4 Contractual obligations and contingencies, etc.

#### 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 failing due for payment.

### 5 Related parties

#### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Sitecore Holding II A/S	Copenhagen, Denmark	<a href="http://www.cvr.dk">www.cvr.dk</a>

#### 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 Corporation A/S	Copenhagen, Denmark