Sitecore International A/S

Vester Farimagsgade 3, 5., 1606 København V

CVR no. 31 57 98 80

Annual report 2016/17

Approved at the Company's annual general meeting on 30/11 2017

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Sitecore International A/S for the financial year 1 July 2016 - 30 June 2017.

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 2017 and of the results of the Company's operations for the financial year 1 July 2016 - 30 June 2017.

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, 30 November 2017
Executive Board:

DocuSigned by:
Rich Foehr
F9393887C25A49D...
Richard Max Foehr

Board of Directors:

DocuSigned by: Udit Tibrewal 443C2F2BACFE4DB...	DocuSigned by: Dan Griggs 0C1A6E0FC18A48C...	DocuSigned by: Rich Foehr F9393887C25A49D...
Udit Tibrewal Chairman	Daniel Edwin Griggs	Richard Max Foehr

Independent auditor's report

To the shareholder of Sitecore International A/S

Opinion

We have audited the financial statements of Sitecore International A/S for the financial year 1 July 2016 - 30 June 2017, which comprise an 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 2017 and of the results of the Company's operations for the financial year 1 July 2016 - 30 June 2017 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- 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 conclusion is 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 our procedures, 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, 30 November 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath
State Authorised Public Accountant

Kennet Hartmann
State Authorised Public Accountant

Management's review

Company details

Name	Sitecore International A/S
Address, Postal code, City	Vester Farimagsgade 3, 5., 1606 København V
CVR no.	31 57 98 80
Registered office	København
Financial year	1 July 2016 - 30 June 2017
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

Management commentary

Business review

The Company's primary activity has in line with previous years, consisted of the sale of Sitecore's CMS-systems in market where the Sitecore Group has not established any sales subsidiaries, as well as developing new markets.

Financial review

The income statement for 2016/17 shows a profit of DKK 1,157,175 against a profit of DKK 365,899 last year, and the balance sheet at 30 June 2017 shows equity of DKK 3,726,926. 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.

Financial statements 1 July 2016 - 30 June 2017

Income statement

Note	DKK	2016/17	2015/16
	Gross margin	19,009,679	20,556,116
2	Staff costs	-16,375,332	-18,095,911
	Depreciation of plant and equipment	-9,549	-16,461
	Profit before net financials	2,624,798	2,443,744
3	Financial expenses	-939,904	-1,601,442
	Profit before tax	1,684,894	842,302
4	Tax for the year	-395,749	-175,355
	Other taxes	-131,970	-301,048
	Profit for the year	1,157,175	365,899

	Recommended appropriation of profit		
	Proposed dividend recognised under equity	1,000,000	0
	Retained earnings	157,175	365,899
		1,157,175	365,899

Financial statements 1 July 2016 - 30 June 2017

Balance sheet

Note	DKK	2016/17	2015/16
	ASSETS		
	Non-current assets		
5	Property, plant and equipment		
	Plant and machinery	0	9,549
		0	9,549
	Financial assets		
	Deposits	86,474	86,491
		86,474	86,491
	Total non-current assets	86,474	96,040
	Current assets		
	Receivables		
	Trade receivables	24,301,556	21,563,917
	Receivables from group entities	8,844,686	1,439,229
	Other receivables	100,907	294,199
	Prepayments	7,484,053	4,411,421
		40,731,202	27,708,766
	Cash	4,412	0
	Total current assets	40,735,614	27,708,766
	TOTAL ASSETS	40,822,088	27,804,806

Financial statements 1 July 2016 - 30 June 2017

Balance sheet

Note	DKK	2016/17	2015/16
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500,000	500,000
	Retained earnings	2,226,926	2,069,751
	Dividend proposed for the year	1,000,000	0
	Total equity	3,726,926	2,569,751
	Non-current liabilities		
	Deferred tax	883,857	38,631
	Deferred income	498,252	1,538,387
	Total non-current liabilities	1,382,109	1,577,018
	Current liabilities		
	Trade payables	3,032,727	1,848,624
	Joint taxation contribution payable	356,300	122,254
	Other payables	6,470,766	4,795,874
	Deferred income	25,853,260	16,891,285
	Total current liabilities	35,713,053	23,658,037
	Total liabilities	37,095,162	25,235,055
	TOTAL EQUITY AND LIABILITIES	40,822,088	27,804,806

1 Accounting policies
6 Contractual obligations and contingencies, etc.
7 Collateral
8 Related parties

Financial statements 1 July 2016 - 30 June 2017

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 July 2016	500,000	2,069,751	0	2,569,751
Transfer through appropriation of profit	0	157,175	1,000,000	1,157,175
Equity at 30 June 2017	500,000	2,226,926	1,000,000	3,726,926

The Company's share capital is DKK 500,000, divided into shares of DKK 1 or any multiple thereof.

The Company's share capital has remained DKK 500,000 over the past 5 years.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies

The annual report of Sitecore International A/S for 2016/17 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.

Changes in accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement.

In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

This change does not impact the income statement or the balance sheet for 2016/2017 or the comparative figures.

Apart from the above change as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

In addition, the Company has decided to present its balance sheet in horizontal format where non-current and current assets and liabilities are broken down.

A reclassification of DKK 14,104 thousand has been made in the comparative figures between cash and receivables/payables from and to group entities. Furthermore there has been made a reclassification between current and non-current deferred income.

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.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Depreciation

The item comprises depreciation of property, plant and equipment.

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

Plant and machinery	3-5 years

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

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

Financial expenses

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

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

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

Balance sheet

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.

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.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

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".

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.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

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 to our customers are recorded on a net basis.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

DKK		2016/17	2015/16
2	Staff costs		
	Wages/salaries	14,418,425	16,313,994
	Pensions	492,611	623,121
	Other social security costs	1,419,416	1,149,169
	Other staff costs	44,880	9,627
		16,375,332	18,095,911
	Average number of full-time employees	8	12
3	Financial expenses		
	Interest expenses, group entities	191,837	519,221
	Exchange rate adjustments	685,650	928,812
	Other financial expenses	62,417	153,409
		939,904	1,601,442
4	Tax for the year		
	Estimated tax charge for the year	350,515	122,254
	Deferred tax adjustments in the year	845,226	70,116
	Tax adjustments, prior years	-799,992	-17,015
		395,749	175,355

5 Property, plant and equipment

DKK	Plant and machinery
Cost at 1 July 2016	19,249
Cost at 30 June 2017	19,249
Depreciation at 1 July 2016	9,700
Depreciation in the year	9,549
Depreciation at 30 June 2017	19,249
Carrying amount at 30 June 2017	0

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

6 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 falling due for payment.

Other financial obligations

Other rent and lease liabilities:

DKK	2016/17	2015/16
Rent and lease liabilities	75,665	75,665

7 Collateral

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

8 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	www.cvr.dk

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