SITECORE

Annual Report

01.07.2019 - 30.06.2020

Sitecore Holding II A/S
Vester Farimagsgade 3, 1606 Copenhagen V
CVR No. 37 62 40 71

The Annual Report was presented and adopted at the
Annual General Meeting of the Company on November 24, 2020
Chairman of the ordinary general meeting: Richard M. Foehr

Richard M Foehr

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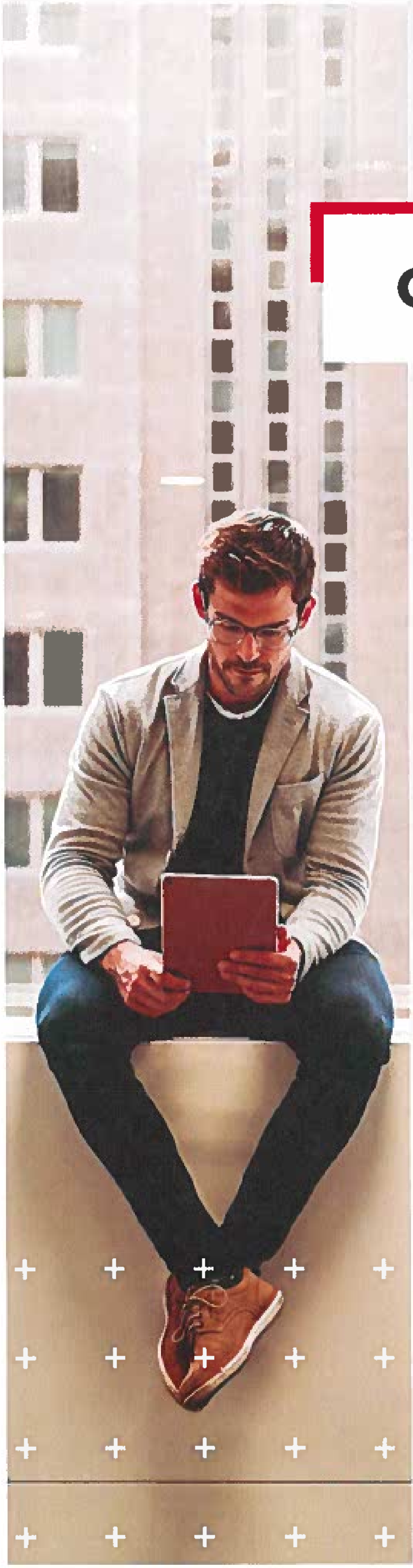

Company information

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Board of Directors
Jonas Persson (Chairman)
Craig Allen Conway
Sheila Gulati
Bjarne Hansen
Bert Janssens
Darren Roos
Carsten Thoma

Executive board
Steve Tzikakis
John Gardiner

Audit
EY
Godkendt Revisionspartnerselskab

SITECORE

Company profile

Sitecore provides a digital experience platform that enables brands to deliver meaningful digital experiences that foster lifelong customer relationships. We are the only company that brings together content, customer data, personalization, and commerce in one connected platform. Our customers rely on Sitecore to manage the end-to-end content lifecycle and provide more engaging, personalized experiences that drive their competitive advantage.

Our Vision

Create a world where everyone feels like a preferred customer.

Our Mission

Deliver innovation that connects brands with their customers for lifelong relationships.

Our Purpose

Create human connections in a digital world.

Our Core Values

- Customers First
- Foster Collaboration
- Cultivate Community
- Push Boundaries
- Take Ownership

Our products and services

Sitecore Experience Cloud™ is the marketer's answer to solving the "content crisis" that has arisen out of customers' demands for personalized experiences that offer a consistent experience across channels and devices; provide continuity throughout their customer journey; and deliver value by presenting information, products, or services that are relevant and meaningful to their individual wants and needs.

Sitecore Experience Cloud encompasses Sitecore's overall set of solutions and capabilities for content planning, creation, collaboration, management, and omnichannel delivery; digital commerce; and digital marketing tools, with unmatched ability to leverage rich data and machine learning-generated insights to personalize customer experiences. Sitecore Experience Cloud includes:

- **Sitecore Experience Manager ® (XM)**, our market-leading web content management (WCM) system, supports global, multilingual content and provides the flexibility that enterprises demand to deliver the right content to the right person at the right time, on any channel and device, at scale.

- **Sitecore Experience Platform™ (XP)** builds on the powerful content management capabilities of Sitecore XM with the addition of Sitecore Experience Database™ (xDB), Sitecore ® Experience Analytics, Sitecore Cortex® machine learning, and marketing automation capabilities. xDB is a single marketing repository of customer intelligence that creates complete, individual customer profiles based on historical interaction, behavior, and transactional data. Using this profile data, Sitecore Experience Analytics applies a sophisticated blend of web analytics, testing and optimization, and path analysis functionality to drive personalization and reveal which campaigns, channels, and traffic sources are performing best. In addition, the Sitecore Cortex data processing engine allows organizations to process the data in xDB using their choice of machine learning algorithms or platforms, enabling marketers to automate mundane tasks and surface intelligent insights – such as patterns, complex relationships, recommendations, and outcomes based on predictive scoring and other factors – to help marketing teams make better, more informed decisions that ultimately lead to better business outcomes.
  Sitecore XP's marketing automation capabilities let businesses orchestrate automated customer engagement strategies based on how customers are interacting with their brand in the moment. Solutions for email marketing and mobile applications deliver a connected experience that flows seamlessly from one channel to the next.
  As a modular, open, and integrable platform, Sitecore provides customers with the choice to start with basic content management and expand to add other integrated solutions such as commerce, email automation, and other omnichannel options to fit any environment and budget.
  In addition, Sitecore provides a variety of technologies that enhance the usability of the platform, lower the barrier to entry for business users, simplify development tasks, and reduce time to value.

- **Sitecore® Experience Accelerator (SXA)** is fully integrated into Sitecore's editing environment and reduces time-to-market by allowing content teams to design, assemble, and deploy web content across channels with fewer development resources.

- **Sitecore® JavaScript Services (JSS)** is a complete software development kit (SDK) that allows developers to build Sitecore-powered experiences using modern JavaScript UI libraries and the popular React, Angular, and Vue.js frameworks. With Sitecore JSS, front-end developers can build headless applications without sacrificing Sitecore's personalization, analytics, and A/B testing features. At the same time, creative teams can build full-fledged experiences such as websites or single page and progressive web applications, with full control over content, presentation, and marketing features.

- **Sitecore® AI** is a machine learning framework that empowers marketers with predictive insights to automate the delivery of personalized digital experiences. Automated Personalization – an add-on for

Sitecore XP – is the first of the next-generation services within Sitecore AI and automatically identifies visitor trends, creates customer segments, and modifies page elements to deliver personalized experiences at scale.

- **Sitecore Experience Commerce® (XC)** enables brands to blend relevant content with data from product catalog, pricing and promotion, and merchandising management capabilities to deliver content rich, experience-first commerce experiences that go beyond merely managing a transaction to win customers and bring them back time and time again. Using XC optimizes business results by reducing cart abandonment, boosting order size, increasing re-buy percentages, and delivering more completed online sales.
  xCustomers also have a wide array of deployment options with Sitecore XM, XP, and XC, with cloud options taking priority. Sitecore XM, XP, and XC are fully optimized for Microsoft Azure and can be deployed in a platform-as-a-service (PaaS) configuration that offers faster time to market for marketing users as well as reliability, speed, and scale for IT users. Customers can either self-deploy PaaS to their own Azure subscriptions or leverage a fully managed deployment supported by Sitecore's Cloud Operations team. Sitecore XM, XP, and XC also can be deployed as infrastructure-as-a-service (IaaS) on any public cloud platform including Amazon Web Services, Google Cloud Platform, and Azure.

- **Sitecore Content Hub™** is a single, software-as-a-service (SaaS)-delivered platform that supports content strategy, planning, creation, collaboration, and management. Consisting of Digital Asset Management (DAM) and Product Content Management (PCM), Content Marketing Platform (CMP), and Marketing Resource Management (MRM) capabilities, content marketers can set up content creation and delivery as a connected process with a single, unified solution.

Sitecore believes that every brand needs to take a personalized and optimized digital-first approach to remain relevant to its customers and to become, or continue to be, hyper-competitive within its market. Sitecore Business Optimization Strategies (SBOS™) is at the heart of this continuous critical business transformation process and supports customers through their entire lifecycle with Sitecore by sharing ever-evolving insights and best practices on processes, tactics, skills, organizational structure, and governance. SBOS-developed frameworks and methodologies are renowned for helping our customers to identify the most accessible and high-value opportunities to improve digital marketing maturity over time and maximize their investment in Sitecore.

Sitecore also provides, through its Professional Services organization, advisory and implementation services to ensure solutions are architected and implemented for scale, reuse, and maximal value from the capabilities of the software. These services are often delivered in collaboration with our services partners and are structured to enable and drive customer success. In particular, Sitecore Stepstone technical consulting service packages are available to help the customer to define their architecture at the content, application, and system level; provide reviews to assess the solution as the implementation progresses; and provide technical expertise to help the customer to better understand their platform.

The Sitecore Developer Collection of tools, which were acquired as part of Sitecore's acquisition of Hedgehog Development, also help optimize the productivity of Sitecore solution developers while ensuring best practices are followed from development to deployment. The tools in the Collection are designed to help control and gain visibility during the solution development process and to support the roles on the team including back- and front-end development, platform administration, and the continuous integration and continuous delivery (CI/CD) process.

Management review

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.

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.

Industry analyst recognition

During fiscal year 2020, Sitecore received accolades and recognition from leading industry analyst organizations, which we believe helps to promote our brand, increase understanding of our corporate and product strategy, and nurture demand for our offerings.

A leader in digital experience platforms

For the third consecutive year, Gartner positioned Sitecore in the "Leaders" Quadrant of the Magic Quadrant for Digital Experience Platforms (Irina Guseva, Gene Phifer, and Mike Lowndes, 29 January 2020). According to Gartner, "Leaders have ample ability to support a variety of DXP use cases and consistently meet customers' needs over substantial periods. Leaders have delivered significant product innovation in pursuit of DXP requirements and have been successful in selling to new customers across industries." We believe our position not only cements our thought leadership status and generates loyalty with our current customers, but also signals to large enterprises that Sitecore offers the depth and breadth across our product portfolio and partner ecosystem that makes us an excellent choice in an evolving, competitive, and demanding digital marketing technology landscape.

A leader in web content management

For the tenth year in a row, Gartner[1] positioned Sitecore as a "Leader" in the Magic Quadrant for Web Content Management (Irina Guseva, Mick MacComascaigh, 30 July 2019). In the final edition of this report, which is being discontinued as the market evolves to digital experience platforms, Gartner wrote:

"Leaders should drive market transformation. They have the highest combined scores for Ability to Execute and Completeness of Vision. They are doing well and are prepared for the future with a clear vision and a thorough appreciation of the broader context of digital business. They have strong channel partners, a presence in multiple regions, consistent financial performance, broad platform support and good customer support. In addition, they dominate in one or more technologies or vertical markets. Leaders are aware of the ecosystem in which their offerings need to fit. Leaders can: Demonstrate enterprise deployments; Offer integration with other business applications and content repositories; Support multiple vertical and horizontal contexts."

Validating our expansion into the content operations marketplace

In addition to being recognized by Forrester Research, Inc. as a "Strong Performer" in the "The Forrester Wave™: Content Marketing Platforms for B2C Marketers, Q2 2019" (published 6 May 2019), Sitecore was recognized as a "Strong Performer" in the analyst firm's report: "The Forrester Wave™: Digital Asset Management For Customer Experience, Q4 2019."

In addition to highlighting Sitecore's scalability and the "intuitiveness and consistency" of Sitecore's user interface, the report noted that "Sitecore is a good fit for companies looking for a midmarket or enterprise DAM solution in verticals that would benefit from a product that is closely aligned with adjacent digital experience (DX) software apps." We believe this recognition validates our product strategy to not only deliver personalized content across channels and devices, but also optimize the upstream creation, collaboration, and management processes that turn content into a force multiplier that drives our customers' competitive advantage.

Articulating a value proposition in the digital commerce market

Sitecore continues to communicate our market understanding, product innovation, and customer momentum in the digital commerce market and, in fiscal year 2020, the industry analyst community continued to position Sitecore among the most important digital commerce vendors in the market. For example, Forrester Research, Inc. positioned Sitecore as a "Challenger" in its report "The Forrester Wave™: B2C Commerce Suites, Q2 2020" that was published on 19 May 2020. Meanwhile, Sitecore was positioned as a "Niche Player" in the Gartner Magic Quadrant for Digital Commerce (Penny Gillespie, Christina Klock, Mike Lowndes, Sandy Shen, Jason Daigler, Yanna Dharmasthira, 22 August 2019). We believe these reports validate our ability to offer an end-to-end content, commerce, and personalization platform that gives our customers a one-stop-shop to address the complete content lifecycle, seamlessly create personalized digital

[1] NOTE: Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. The Gartner Reports described herein, (the "Gartner Report(s)") represent data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Annual Report) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

experiences across any channel, and connect marketing assets, customer data, and analytics to discover previously unobtainable insights based on customer behavior and the consumption of content across channels.

Major global customers choose Sitecore

Sitecore's customer base is comprised of well-known, global, and forward-thinking brands across all geographies, particularly from B2C and B2B organizations at the high-end of the "mid-market" and enterprise segments. Sitecore's ability to serve mid-market customers to large global enterprises is a result of the Sitecore platform's ability to address organizations' requirements to deliver rich, content-first experiences as the foundation of reaching their target audience and understanding their interests and preferences on an individual level.

In particular, our customers share our perspective that content-first experiences are the foundation to both reaching their target audience and understanding their interests, preferences, and pain points. They choose Sitecore because they want a strong core – focused on content planning, creation, management, and delivery capabilities combined with customer data and personalization - that can be scaled and extended with adjacent application capabilities (commerce, marketing automation, etc.) as well as integrated with other technologies such as customer relationship management (CRM) and enterprise resource planning (ERP), as required. Our customers want these capabilities available as cloud-native applications - and, increasingly, through an agile, software as-a-service architecture - that offer short time to value. They also desire applications with the ease of use that allows business users across functions and departments to fully leverage the toolsets with minimal IT involvement. In addition, they want a tool that both Marketing and IT can work with as customer experience is a shared responsibility that supports overarching business goals - not just individual team goals.

Corporate social responsibility

Sitecore seeks to achieve its business objectives by acting in a responsible and ethical way. We accomplish this by ensuring respect for adherence to laws, by creating a safe and inspiring workplace for employees, and by minimizing environmental and climate impact. The company is committed to ensuring good business conduct with a high level of integrity and standards of ethics.

To ensure the consistent application of these goals, Sitecore adheres to a global Code of Business Conduct (Code), which is reviewed annually by the Board of Directors. This Code together with other corporate policies, rules, standards, guidelines, and procedures, provides a strong governance structure and enforcement mechanism for the company.

The Code is tracks against the following eight guiding principles: (1) We promote a respectful workplace (2) We take ethics and compliance seriously, (3) We ask questions and report concerns, (4) We foster a safe and healthy work environment, (5) We avoid conflicts of interest, (5) We protect the company's assets and reputation, (6) We are trustworthy when conducting business, (7) We follow the letter and spirit of the law, (, and (8) We believe in social responsibility.

The Code is distributed to all new employees and is promoted companywide through training campaigns and other internal programs describing its principles. Annually, all company employees are trained on different aspects of the Code and certify their review and compliance with the Code.

In addition, during fiscal year 2020, Sitecore enhanced its commitment to encouraging ethical behavior by adopting a separate Anti-Corruption & Anti-Bribery Policy in combination with the launch of a new reporting hotline, specifically designed to allow for anonymous reporting of illegal, unethical or inappropriate behavior. The hotline is available 24 hours a day and is managed by a third-party vendor. During fiscal year 2020, no breaches of the Sitecore's Anti-bribery or anti-corruption polices were detected and as a result do not pose any significant risk to the company. Although Sitecore does not have specific global policies in place addressing climate change and environmental impact, our board of directors monitors programs related to sustainability, including initiatives to increase gender diversity, reduce greenhouse gases, reduce water use and reduce waste to landfill. Sitecore has not adopted a specific environmental or climate change policy.

We do conduct annual materiality assessments, which have determined that Sitecore's business activities do not pose any significant risks to the environment or the climate, human rights violations, or social and employee conditions. Management reports to the board of directors annually on achievement of related social responsibility and sustainability goals as part of our annual materiality assessments and guidelines presented by our shareholders.

In fiscal year 2019, Sitecore adopted a Supplier Code of Conduct which contains the company's commitment to human rights and applies to all vendors that engage with Sitecore. Through the adoption of the Supplier Code of Conduct, together with the Code, the company supports the protection of internationally proclaimed human rights. As part of the Supplier Code of Conduct, Sitecore conducts periodic audits to review and manage risks in our supplier relationships and takes action on any instance of non-compliance. During fiscal year 2020, no breaches of the Supplier Code of Conduct or Sitecore's human rights policy were detected.

Sitecore monitors new developments and practices relating to corporate social responsibility and updates its internal training initiatives, with a particular focus on its obligation to act as a responsible and ethical global corporate citizen. The company acknowledges that there are risks associated with strong social responsibility policies, such as limiting both potential vendors and customers, who may not adhere to the same standards the company requires. We expect to monitor and amend our social responsibility policies and practices to address changing business and environmental concerns.

Sitecore's business-driven corporate social responsibility strategy focuses on the following main areas:

- Global business ethics and transparency, including confidentiality, security and privacy commitments
- Employee diversity and well-being, including health, safety, fair treatment, and development
- Recruitment and retention

Diversity and well-being

In fiscal year 2020, the company implemented programs to increase diversity in its workforce, including newly launched Diversity and Inclusion initiatives.

Among the initiatives, Sitecore has a focused goal of increasing its ratio of female employees. The company continues to build-out and enhance the Women@Sitecore initiative, a program designed to enhance the careers and professional development of women within technology in general and Sitecore specifically. Sitecore's management is 28 percent women, up from 27 percent last year. The ratio of female managers has steadily increased over the past several years. While relevant professional qualifications remain key selection criteria for all positions within Sitecore, Sitecore's management will continue to focus on diversity and will continue to evaluate programs to enhance attracting and developing diversity in its employee base.

During the fiscal year, Sitecore created and sponsored summer internship programs with a particular focus on hiring under-represented minorities and women to encourage greater diversity in the technology industry. In addition, the company continues to offer equal opportunities for men and women throughout its global workforce and will continue to promote equal opportunities regardless of gender, ethnicity, race, religion, or sexual orientation.

Sitecore attracts a diverse workforce and monitors its people strategy and compliance on gender representation, with updates on any developments in its annual report.

Guidelines issued by the Danish Venture Capital Association

As a private-equity-owned company, Sitecore follows the recommendations of the Danish Venture Capital Association (DVCA) as described at www.dvca.dk.

Status on changes in representation in leadership positions

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

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.

Proforma Financials (Non-IFRS and Unaudited)[1]
Consolidated Profit and Loss Accounts

	Twelve months ending 30 June 2020 €M	Twelve months ending 30 June 2019 €M
Net revenue	267,5	254,0
Cost of sales	(52,1)	(23,2)
Gross profit	**215,4**	**230,8**
Sales and marketing costs	(119,9)	(123,6)
General and administrative expenses	(30,3)	(35,5)
Research and development costs	(29,0)	(27,6)
EBITDA before special items	**36,2**	**44,1**
Amortization and depreciation	(58,6)	(47,1)
Special items included in operating loss	(20,0)	(8,0)
Share Based Payment Cost	(0,8)	(1,5)
Operating Loss	**(43,2)**	**(12,5)**

[1] Figures are not according to International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act. EBITDA for the periods represent earnings before interest, taxes, depreciation, amortization and share based compensation.

Key Figures - Consolidated accounts

Profit and Loss Accounts	2019/20 €M (Audited unless otherwise stated)	2018/19[2] €M (Audited unless otherwise stated)	2017/18 €M* (Audited unless otherwise stated)	18.04.2016 - 30.06.2017 €M* (Audited unless otherwise stated)	2016/17[1] €M* (Un-audited 12 month comparable)
Revenue from contracts with customers	267,5	254,0	178,3	218,9	182,0
Gross profit	215,1	230,8	164,0	195,1	169,3
EBITDA before special items (Unaudited)	36,2	44,1	2,5	30,5	20,8
Operating loss	(43,2)	(12,5)	(57,3)	(17,5)	(21,8)
Financial items, net	(22,8)	(22,8)	(14,8)	(18,5)	(14,9)
Profit/loss for the year	(79,4)	(35,3)	(60,9)	(46,9)	(53,5)
Total assets	1.255,8	1.234,5	1.124,9	1.180,7	1.180,7
Equity	653,6	732,5	610,2	665,8	665,8

Cash flows

Operating activities	37,1	(4,7)	9,9	22,4	51,0
Investment activities	(10,4)	(47,3)	(9,3)	(23,2)	(9,0)
Investments in tangible fixed assets	(4,0)	(3,8)	(4,6)	(2,3)	(1,0)
Financing activities	12,4	54,2	(13,5)	(32,3)	(4,0)

Employees

Average number of staff (full-time)	1,109	1,079	907	884	808

Key ratios

Gross margin	81%	91%	92%	93%	94%
EBITDA as a % of revenue	14%	17%	1%	11%	25%

[1] Figures are not according to International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act. The figures for FY 16 and prior years include operating results for the full year excluding the impact of the acquisition of Sitecore to provide a meaningful comparison to current year numbers

[2] The Company has retrospectively adjusted the intangible assets and deferred tax liability associated with the EQT aquisition of the Sitecore Group on 10 May 2016. Refer to 'Restatements to Financial Statements' under accounting policies footnote

EBITDA for the periods represent earnings before interest, taxes, depreciation, amortization and share based compensation

* Not restated for the adoption of IFRS 15

Consolidated key figures

The Proforma key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the following definitions:

- Gross margin is calculated as the gross profit divided by net revenue.
- EBITDA as a % of revenue is calculated as the EBITDA divided by net revenue.

Financial review – consolidated financial statements

Audited consolidated financial statements

The audited consolidated financial statements for the period 1 July 2019 to 30 June 2020 represent the fourth-year financials of Sitecore Holding II A/S.

Financial statements

Profit and loss account

Revenue for the fiscal year aggregated EUR 268 million against EUR 254 million in the previous year, reflecting a year-over-year growth of 5% primarily due to new business growth.

Cost of goods sold consists of royalty costs for third-party products sold, hosting costs associated with our subscription offering, salaries and related expenses of network operations, implementation, technical support personnel, and allocated overhead. We enter into contracts with third parties for the use of their data center facilities, and our data center costs largely consist of amounts we pay to these third parties, power, and similar items. Cost of goods sold amounted to EUR 52 million against EUR 23 million in 2019, resulting in a gross profit of EUR 215, as against EUR 231 million in 2019.

Sales and marketing

Sales and marketing expenses include costs associated with our sales, marketing, and customer success personnel and consist of compensation and benefits, commissions and bonuses, promotional and advertising expenses, travel and entertainment expenses related to these personnel, and allocated overhead. Sales and marketing expenses were EUR 145 million against EUR 139 million in 2019.

Research and development

Research and development expenses include costs associated with the development of new products, enhancements of existing products for which technological feasibility has not been achieved, and quality assurance activities. This includes compensation and benefits, consulting costs, cost of software development tools and equipment, and allocated overhead. Research and development expenses for the year were EUR 60 million against EUR 59 million in 2019.

General and administrative

General and administrative expenses include costs for executive, finance, human resources, information technology, legal, and administrative support functions. This includes compensation and benefits, professional services costs, and allocated overhead. General and administrative expenses were EUR 53 million as against EUR 45 million in 2019.

Operating loss

Operating loss for the year was EUR 43 million against EUR 13 million in 2019. The increase in operating loss was primarily due the increase of cost of sales and general and administrative expenses, and partially offset by lower research and development expenses.

Loss before income tax

Loss before income tax amount to EUR 66 million against EUR 37 million in 2019. The main drivers for the increase in loss before income tax are identical to the ones included above in the section on operation loss.

Loss for the period

Loss for the period amount to EUR 79 million against EUR 35 million in 2019. The main drivers for the decrease in loss before income tax are identical to the ones included above in the section on operation loss above, together with income tax expense of EUR 14 million against income tax benefit of EUR 2 million in 2019.

Balance Sheet

Intangible and tangible assets

Intangible assets amount to EUR 1.009 million (2019: EUR 1.052 million). The decrease is due to the amortization during the year. Property, plant and equipment Property amounted to EUR 24 million against EUR 8 million in 2019. The increase is due to the recognition of right-of-use assets of EUR 16 million in 2020 resulting from the adoption of IFRS 16.

Trade Receivables

Total receivables amount to EUR 67 million against EUR 60 million in 2019. The increase is primarily due to the growth in sales during the current year.

Contract Assets

Total contract assets amount to EUR 50 million against EUR 62 in 2019. The decrease is due to increase in ratable revenue and decrease in point in time revenue.

Non-current liabilities

Total non-current liabilities amount to EUR 408 million against EUR 345 million in 2019.

Current liabilities

Total current liabilities amount to EUR 195 million against EUR 142 million in 2019. The increase is primarily due to increase of contract liabilities and other payables.

Parent Company

Net loss for the period

Net profit for the period amount to EUR 7 million against net loss of EUR 2 million in 2019. The reason for the increase in Net profit for the period is due to increase in income tax benefit.

Recognition and measurement

In preparing the annual report, Management makes various accounting estimates and assumptions that form the basis of presentation, recognition, and measurement of Sitecore's assets and liabilities. The most significant accounting estimates and judgments are made in relation to the accounting treatment of:

- Business combinations
- Impairment testing
- Useful lives and residual values for intangible assets with an infinite or finite useful life
- Deferred tax assets
- Receivables
- ROU assets and lease liabilities
- Share-based compensation
- Research and development costs
- Uncertain tax positions

There are no other significant uncertainties associated with recognition and measurement in the preparation of the financial statements.

Financial outlook for 2020/21

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.

Risk factors

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

To address the industry transition to subscription licensing and cloud computing, Sitecore has shifted its business model toward a focus on subscription licensing 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.

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.

Management's statement

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 Holding II A/S for the financial year 1 July 2019 - 30 June 2020.

The Consolidated Financial Statements and the Separate Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Separate Financial Statements give a true and fair view of the assets and liabilities and financial position at 30 June 2020 of the Group and the Company and of the results of the Group and Company's operations and cash flows for the financial year 1 July 2019 – 30 June 2020.

Further, in our opinion, the Management's Review includes a true and fair description of the development in the Group and Company's operations and financial matters and the results of the Group and Company's operations and financial position.

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

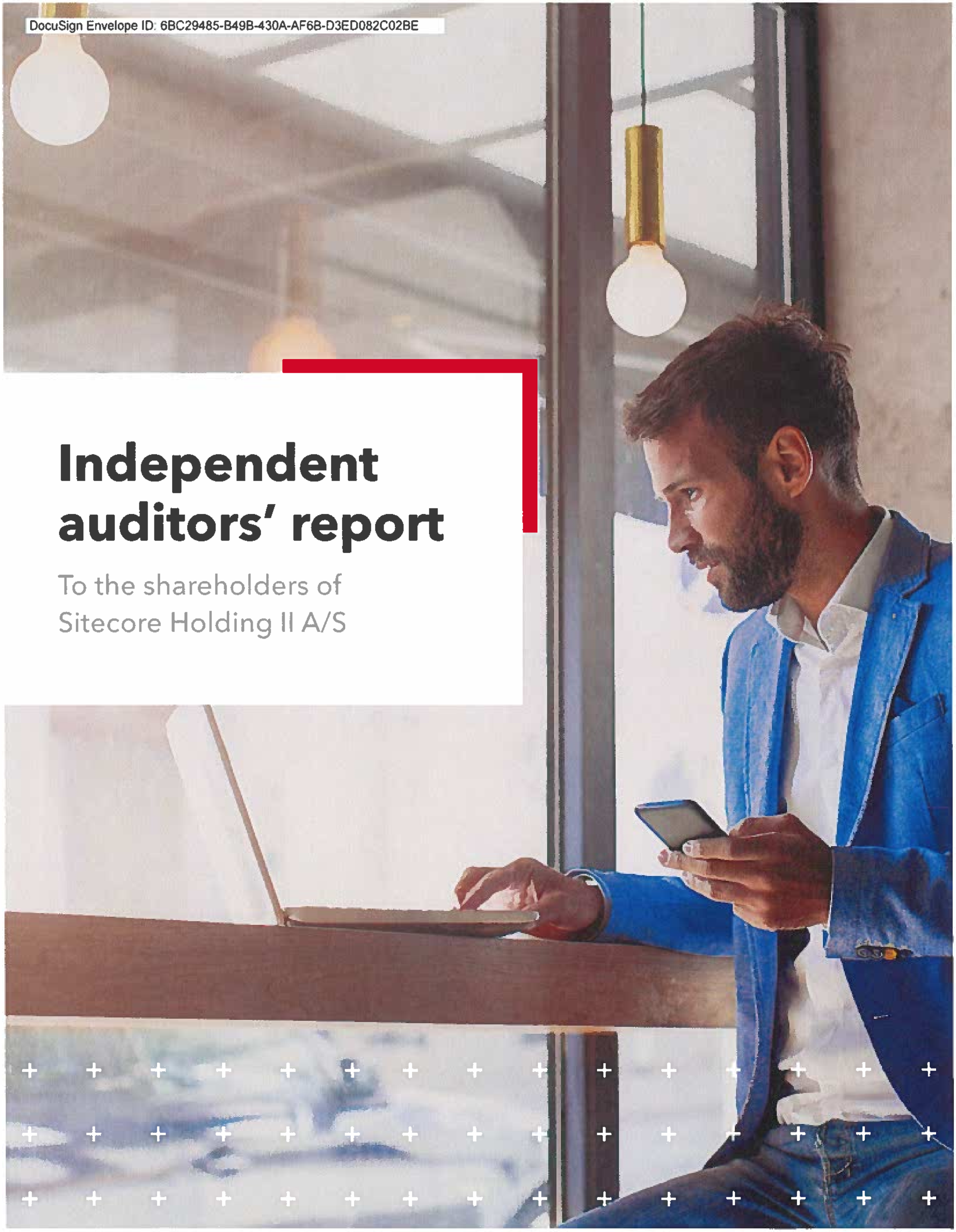
Copenhagen, 19 November 2020

Executive Board

Steve Tzikakis	CEO
John Gardiner	CFO

Board of Directors

Jonas Persson	Chairman
Craig Allen Conway	
Sheila Gulati	
Bjarne Hansen	
Bert Janssens	
Carsten Thoma	
Darren Roos	



Independent auditors' report

To the shareholders of
Sitecore Holding II A/S

Independent Auditors' Report

To the shareholders of Sitecore Holding II A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Sitecore Holding II A/S for the financial year 1 July 2019 - 30 June 2020, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 July 2019 – 30 June 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 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 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 19 November 2020
EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Christian Schwenn Johansen

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State Authorised Public Accountant
mne33234

Kennet Hartmann

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State Authorised Public Accountant
mne40036

Consolidated Financial Statements

Consolidated Statement of Profit and Loss

	Note	01.07.2019-30.06.2020 €M	01.07.2018 - 30.06.2019 €M
Net revenue	3	267,5	254,0
Cost of sales	4,5,6	(52,4)	(23,2)
Gross profit		**215,1**	**230,8**
Sales and marketing costs	4,5,6	(144,7)	(139,4)
General and administrative expenses	4,5,6,7	(53,3)	(45,4)
Research and development costs	4,5,6	(60,3)	(58,5)
Operating loss		**(43,2)**	**(12,5)**
Acquisition related and special items	8	-	(1,7)
Financial income		0,1	0,2
Financial expense	9	(22,8)	(23,0)
Loss before income tax		**(65,9)**	**(37,0)**
Income tax benefit (expense)	10	(13,5)	1,7
Loss for the period		**(79,4)**	**(35,3)**

Consolidated Statement of Comprehensive Income

	Note	01.07.2019- 30.06.2020 €M	01.07.2018 - 30.06.2019 €M
Loss for the period		(79,4)	(35,3)

Other comprehensive income:

Exchange differences on translation of subsidiaries (net)		0,3	(0,1)
Other comprehensive expense for the period, net of tax		**0.3**	**(0,1)**
Total comprehensive loss for the period		**(79,1)**	**(35,4)**

Consolidated Balance Sheet

	Note	30.06.2020 €M	30.06.2019 €M
Goodwill		752,0	752,0
Technology, customer base and brand		243,7	285,8
Patents, trademarks and product rights		1,2	1,8
Development projects		8,9	8,1
Development projects in progress		3,3	4,4
Total intangible assets	**11**	**1.009,1**	**1.052,1**
Property, plant and equipment	12	2,5	3,0
Other operating equipment, etc.	12	5,0	4,4
Construction in progress	12	0,3	0,2
Right-of-use assets	16	15,7	-
Total property, plant and equipment		**23,5**	**7,6**
Leasehold deposits		2,2	1,9
Total financial assets		**2,2**	**1,9**
Deferred tax assets	13	0,7	0,8
Deferred expenses		17,4	13,1
Contract assets	3	26,1	31,7
Total other non-current assets		**44,2**	**45,6**
Total non-current assets		**1.079,0**	**1.107,2**
Trade receivables	14	66,5	59,8
Contract assets	3	23,7	30,5
Deferred expenses		5,0	6,5
Prepayments and other		10,9	9,9
Income tax receivable	10	13,0	2,3
Total receivables		**119,1**	**109,0**
Cash		**57,7**	**18,3**
Total current assets		**176,8**	**127,3**
Total assets		**1.255,8**	**1.234,5**

Consolidated Balance Sheet *(cont'd)*

	Note	30.06.2020 €M	30.06.2019 €M
Share capital	17	7,7	7,7
Share premium		778,4	778,2
Reserve for exchange rate translation		(1,3)	(1,6)
Retained deficit		(131,2)	(51,8)
Total equity		**653,6**	**732,5**
Bank debt	18	276,5	266,8
Contract liabilities	3	5,6	4,4
Income tax payables		22,5	6,8
Deferred tax liabilities	13	90,9	81,1
Lease liabilities	16	11,2	-
Other payables		1,0	1,2
Total non-current liabilities		**407,7**	**360,3**
Bank debt	18	22,0	10,0
Trade payables		21,7	16,0
Accrued and other payables		58,3	41,1
Contract liabilities	3	87,1	74,6
Lease liabilities	16	5,4	-
Total current liabilities		**194,5**	**141,7**
Total liabilities		**602,2**	**502,0**
Total equity and liabilities		**1.255,8**	**1.234,5**

Consolidated Statement of Changes in Equity

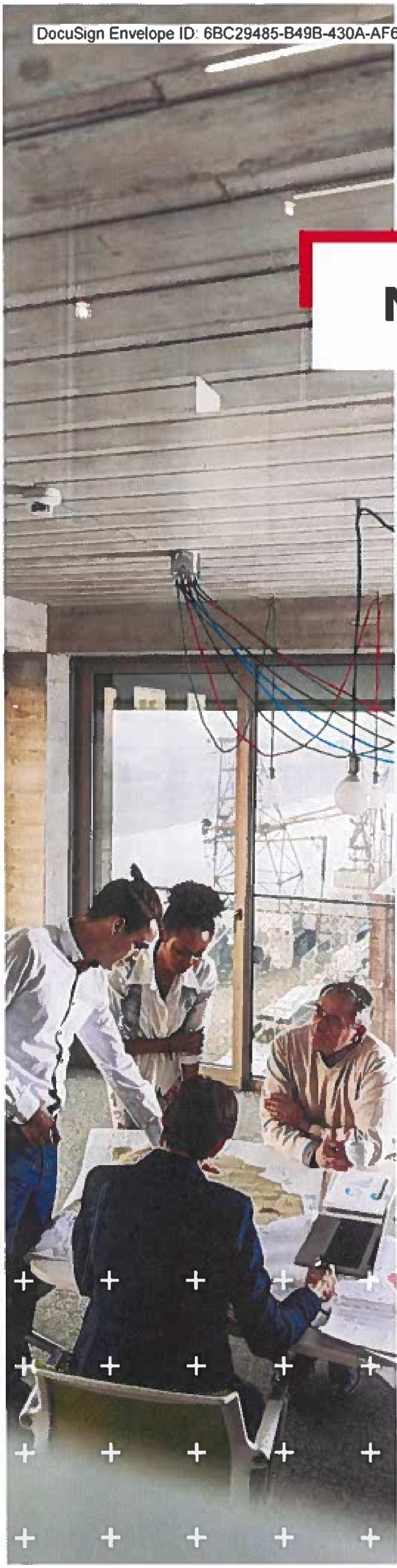
	Share capital	Share premium	Reserve for exchange rate transitions	Retained earnings	Total
	€M	€M	€M	€M	€M
Equity at 30.06.2018 *	**7,1**	**701,0**	**(1,5)**	**(96,4)**	**610,2**
Adjustment related to IFRS 15	**-**	**-**	**-**	**104,3**	**104,3**
Tax adjustment related to IFRS 15	**-**	**-**	**-**	**(23,8)**	**(23,8)**
Equity at 01.07.2018	**7,1**	**701,0**	**(1,5)**	**(15,9)**	**690,7**
Loss for the period	-	-	-	(35,3)	(35,3)
Exchange differences regarding subsidiaries in another currency	-	-	(0,1)	-	(0,1)
Total comprehensive loss for the period	**-**	**-**	**(0,1)**	**(35,3)**	**(35,4)**
Transactions with owners in their capacity as owners					
Capital increases	0,6	77,2	-	-	77,8
Purchase of treasury shares				(2,1)	(2,1)
Share based payment	-	-	-	1,5	1,5
Total transactions with owners in their capacity as owners	**0,6**	**77,2**	**-**	**(0,6)**	**77,2**
Equity at 30.06.2019	**7,7**	**778,2**	**(1,6)**	**(51,8)**	**732,5**
Loss for the period	-	-	-	(79,4)	(79,4)
Exchange differences regarding subsidiaries in another currency	-	-	0,3	-	0,3
Total comprehensive loss for the period	-	**-**	**0,3**	**(79,4)**	**(79,1)**
Transactions with owners in their capacity as owners					
Capital increases	-	0,2	-	-	0,2
Purchase of treasury shares	-	-	-	(0,8)	(0,8)
Share based payment	-	-	-	0,8	0,8
Total transactions with owners in their capacity as owners	-	**0,2**	**-**	**-**	**0,2**
Equity at 30.06.2020	7,7	**778,4**	**(1,3)**	**(131,2)**	**653,6**

* Company has retrospectively increased retained earnings by EUR 0,3 million primarily associated with the EQT's acquisition of the Sitecore Group on 10 May 2016. Refer to 'Restatements to Financial Statements' under Accounting Policies footnote.

Consolidated Cash Flow Statement

	Note	01.07.2019-30.06.2020 €M	01.07.2018 - 30.06.2019 €M
Loss for the period		(79,4)	(35,3)
Depreciation, amortization and impairment	6	58,6	47,1
Other non-cash items		14,9	(2,2)
Changes in contract assets	3	12,4	(20,9)
Changes in contract liabilities	3	13,8	6,4
Changes in accounts receivable	14	(6,4)	(9,4)
Changes in accounts payables and accrued liabilities		38,4	34,3
Change in other net working capital		(2,8)	(3,7)
Cash flow from primary operating activities		**49,5**	**16,3**
Interests paid on debt		(13,7)	(16,1)
Interest paid on leases	16	(1,0)	-
Income taxes refund		2,3	(4,9)
Net cash flow from / (into) operating activities		**37,1**	**(4,7)**
Payment for acquisition of subsidiary, net of cash acquired	21	-	(34,9)
Payments for property, plant and equipment	12	(4,0)	(3,8)
Payments for intangible assets	11	(6,4)	(6,9)
Divestment of shares		-	-
Divestment of building		-	-
Payments for acquisition related expenses	8	-	(1,7)
Net cash flow into investing activities		**(10,4)**	**(47,3)**
Repayment of bank debt	18	(12,0)	(8,4)
Withdrawal of bank debt	18	30,0	-
Principal payment for Leased properties		(5,0)	-
Issuance of equity		0,2	63,8
Treasury stock purchase		(0,8)	(1,2)
Cash flow from financing activities		**12,4**	**54,2**
Net cash flow for the year		**39,1**	**2,2**
Cash and cash equivalents, beginning of the year		18,3	16,3
Unrealized exchange rate gains & losses on cash		0,3	(0,2)
Cash and cash equivalents, end of the year		**57,7**	**18,3**

SITECORE



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Notes

Consolidated Financial Statements

1. Accounting policies

General Information

Sitecore Holding II A/S was founded on 18 April 2016. Sitecore Corporation A/S was acquired on 10 May 2016 through Sitecore Holding III A/S. The consolidated accounts include the parent company Sitecore Holding II A/S and subsidiaries in which Sitecore Holding II A/S directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling interest.

The consolidated financial statements of Sitecore Holding II A/S and its subsidiaries (collectively the Group) for the year ended 30 June 2020 were authorized for issue in accordance with a resolution of the board of directors on 24 November 2020.

The Consolidated Financial Statements for Sitecore Holding II A/S ("the group") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and additional Danish disclosure requirements applying to entities of reporting class C (large).

The annual report is prepared according to standards and interpretations effective for financial years beginning on 1 July 2019. No standards or interpretations have been adopted early.

The Financial Statements have been prepared under the historical cost method, except for the measurement of certain financial instruments at fair value.

Applying materiality

When preparing the annual report, management seeks to improve the value of the information in the report by focusing on information that will help the understanding of Sitecore's performance in the reporting period and the financial position at year-end. The focus is on presenting information that is considered of material importance for our stakeholders, rather than generic descriptions.

Disclosures that are required by IFRS are included in the annual report, unless the information is considered of immaterial importance to users of the annual report.

Materiality is not applied for items where disclosures are required for control purposes.

Restatements to Financial Statements

The company identified an adjustment related to the deferred tax liability and intangible assets associated with the EQT's acquisition of the Sitecore Group on 10 May 2016. Previously, the Company had recorded the deferred tax liability related to intangible assets at various jurisdictional statutory tax rates based on the jurisdictions to which the intangible assets were related. During the period, the Company has remeasured the intangible assets and deferred tax liability at the Danish statutory tax rate of 22% and therefore the company has retrospectively increased intangible assets by EUR 25,7 million, decreased the deferred tax liabilities by EUR 7,4 million, decreased goodwill by EUR 32,8 million and increased retained earnings by EUR 0,3 million, as of 1 July 2018.

Changes in Accounting Policies

IFRS 16 Leases

The Group 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 entity has elected to present right-of-use assets and lease liabilities separately in the consolidated balance sheet.

Depreciation of the right-of-use assets is presented separately in the consolidated statement of profit and loss. The cash outflows related to the principal portion of the lease liability and the related interest are also presented separately within financing activities in the consolidated cash flow statement.

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 recognize 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 Group.

The impacts of the policy change for fiscal 2020 were as follows:

	€M
Operating lease commitment 30 June 2019	**17,3**
Discounted using 5.5% incremental borrowing rate	(3,0)
Short term leases	(0,4)
Termination options reasonably certain not to be exercised and extension options reasonably certain to be exercised	4,5
Lease liability recognized 1 July 2019	**18,4**

IAS 12 – IFRIC 23 Uncertain tax positions

The Group adopted the interpretive guidance under IAS 12, IFRIC 23, which clarifies the accounting treatment for uncertainties in income taxes within the scope of IAS 12.

IFRIC 23 provides guidance for recognition and measurement of tax liabilities or assets in circumstances in which there is uncertainties.

IFRIC 23 have effect for financial years beginning on or after 1 January 2019, i.e. this is the first financial year where the new guidance is effective. The Group has applied the guidance under IFRIC 23 in evaluating potential uncertainties.

New standards not yet adopted

A number of new standards and interpretations not applicable/mandatory for the preparation of the 2020 annual report have been published. The Group expects to implement the new applicable and approved, not yet effective accounting standards and interpretations, as they take effect.

None of the other changed standards or interpretations are expected to have significant monetary effect on the statements of the Group's results, assets and liabilities or the equity.

Basis of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

On consolidation, elimination is made of intra-group income and costs, shareholdings, intra-group balances and dividend and realized and unrealized profits or losses on transactions between the consolidated companies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Functional and presentation currency

Items in the financial statements of each of the reporting companies of the Group are measured in the currency of the primary economic environment in which the company operates (the functional currency).

The financial statements are presented in Euros (EUR), due to the Group's international activities. The financial statements have been rounded to the nearest hundred thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average
- exchange rates.
- All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange comprehensive income.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other net assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred.
- Liabilities incurred to the former owners of the acquired business.
- Contingent consideration is measured at fair value at the date of acquisition as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair market value at each reporting date.
- Equity interests issued by the group are measured at fair value according to the most recent valuation report prepared by an external valuation firm.
- Contingent consideration which are not considered part of the business combination (e.g. renumeration depending on employment) are measured separately in line with other liabilities.

Identifiable assets, liabilities, and contingent liabilities of acquired businesses are measured initially at fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill.

Profit and loss

Revenue and Earnings

This section provides information related to the composition of revenue, and operating costs. The notes present details of the Group's profit and earnings for the year. Details include disclosures on revenue, operating costs, and employee costs and other operating profit (EBIT) items.

Revenue from Contracts with Customers per IFRS 15

Classes of revenue:

Revenue is mainly derived from fees charged for software licenses, software maintenance, hosting, SAAS, consulting, education, and other services.

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 possession of the software to a specified term, typically a period of one to three years.

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.

Maintenance

Maintenance revenue represents fees earned from providing customers with technical product support and unspecified future software updates, upgrades, and enhancements on an if-and-when available basis.

Cloud

Hosting services include hosting, monitoring, managing the installation of Sitecore licenses on Microsoft Azure's cloud platform. Hosting arrangements typically have minimum commitments from one to three years.

Software as a Service (SaaS) is software that is owned, delivered, and managed remotely by Sitecore, and consumed by users on a subscription basis. Unlike in an arrangement with a term license hosted by Sitecore, customers never gain control of the software through the license key and not able to benefit from the software or any other component of SAAS on a stand-alone basis. Like hosting, Sitecore SAAS arrangements typically have minimum commitments from one to three years.

Services

Services revenue represents fees earned from consulting services and education services.

The Company applies IFRS 15 in accounting for revenue arising from contracts with customers. The standard provides two approaches to revenue recognition: one point in time or over time. The model framework consists of five steps for analyzing transactions to determine the timing and amount of revenue recognition:

a. Identify the contract with the customer.

b. Identify the separate performance obligations in the contract.

c. Determine the transaction price.

d. Allocate the transaction price to each of the performance obligations in the contract.

e. Recognize revenue as each performance obligation is satisfied, while making a distinction between satisfying an obligation on a certain date and satisfying an obligation over time.

Identify the contract:

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.

We combine contracts entered into with the same customer within the same month if they are economically interrelated. Significant judgment is required in determining if contracts are interrelated. Considerations include:

- Multiple contracts were negotiated as a single package with a single business objective,
- Price in one contract is tied to a price or performance of the other contract.

Promised software and services represent a single performance obligation.

Identify performance obligations:

Our contracts with customers often include promises to transfer multiple software offerings and services to a customer. Determining whether software and services are considered distinct performance obligations that should be accounted for separately versus together may require judgement.

Contract elements discussed above in the Classes of Revenue section above generally qualify for accounting purposes as separate performance obligations.

We frequently grant customers options to purchase additional software and services in future at a price defined in current contracts. Significant judgment is required in determining if such options represent material right that the customer would not otherwise receive without entering into the current contract. Judgment includes evaluation if the discount on an optional purchase greater than the discount included in the current purchase as well as in relation to a range of discounts historically provided to a similar class of customers or in a similar deal size.

Determine the transaction price:

Significant judgment is required to determine the amount of consideration to be received by Sitecore in exchange for software and services. Significant judgement include estimates of concessions based on prior history, evaluation of rights of return and customer acceptance clauses in contracts, assessment of variable consideration.

Our customer contracts do not have significant financing components.

Allocate the transaction price:

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.

Our software maintenance contracts are generally priced as a percentage of the net fees paid by the customer for the license.

Recognize Revenue:

1. Software license revenue is recognized at a point in time, when the license key is delivered to the customer enabling the customer to download the software, but not earlier than the start of the contractual license term.
2. Maintenance revenue is 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. Customers simultaneously receive and consume the benefits of these support services as Sitecore performs.
3. Cloud revenue, including Hosting services and SAAS revenue recognized over time as services are provided, Our performance obligation for hosting is to host a software for a certain term. Performance obligation for SAAS is to grant right access and use our software for a certain term. Performance for both types of obligations is measured on a time elapsed basis. Therefore, revenue is recognized ratably over the contract term.
4. Education service revenue is recognized over time as services are delivered. Consulting services revenue is recognized over time based on percentage of completion method measuring performance progress based on actual time incurred compared to the estimated budgeted time required to fully deliver a service. Significant judgment is required in estimating budgeted time. We use hour history with similar projects when estimating total budgets required to deliver a consulting service.

Contract balances

Contract assets represent revenue recognized 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 consolidated balance sheets.

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

Costs to obtain a contract

The Group recognizes 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 "Deferred Expenses" in the Consolidated balance sheet. Incremental costs of obtaining contracts are those costs that the Group 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 sales and marketing expense in our consolidated statements of profit and loss.

During the year ended 30 June 2019, the Group had a total of EUR 21,7m capitalized on the Consolidated balance sheet, of which EUR 11,6m related to open contracts as of 1 July 2018. For the year ended 30 June 2019, amortization associated with the assets arising from contract costs was EUR 16,2m.

Cost of sales

Cost of goods sold and services delivered consists of third- party royalty and hosting costs associated with subscription offering, salaries and related expenses of network operations, implementation, technical support personnel, and allocated overhead.

Sales and marketing costs

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

General and administrative

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

Research and development

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

Acquisition related and special items

Acquisition related and special items consists of costs incurred in relation to the acquisitions (as explained in note 21 of the financial statements). This consists of professional fees paid to advisors, lawyers and other service providers who were directly involved in acquisition related activities.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realized and non-realized capital gains/ losses on transactions in foreign currency, on interest rate swaps and interest rate changes, amortization of financial assets and liabilities etc.

Income tax and deferred tax

The Group is part of the mandatory joint taxation scheme in Denmark which covers parent company Sitecore Holding II A/S and the Danish subsidiaries. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are taxed under the Danish tax payment scheme. Additions, deductions, and allowances are recognized under financial income or financial costs.

The income tax expense or credit for the period is the tax effect on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will reverse in the future and that there is sufficient taxable profit available, against which the temporary difference can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Our tax positions are subject to income tax audits by multiple tax jurisdictions throughout the world. An uncertain tax position arises when there is uncertainty over whether the approach we have applied will be accepted by the tax authority. IFRIC 23 requires consistent judgments and estimates to be applied to current and deferred taxes. The judgments and estimates made to recognize and measure the effect of uncertain tax treatments are also reassessed whenever circumstances change or when there is new information that affects those judgments. Although we believe we have adequately provided for the uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different.

We adjust these allowances when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our consolidated financial statements.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in net fair value of the net identifiable assets, liabilities, and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's, or groups of CGU's, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Customer contracts

The customer contracts were acquired as part of a business combination. They are recognized at their fair value at the date of acquisition and are subsequently amortized on a straight-line basis over their estimated useful lives of 20 years.

Technology, customer base, and brand

Separately acquired technology, customer base, and brand are shown at the cost per the business combination accounting.

Technology, customer base, and brand have a finite useful life and are carried at cost less accumulated amortization.

Amortization is calculated using the straight-line method to allocate the cost of technology, customer base, and brand over their estimated useful lives of 3-5 years for technology and 20 years for customer base and brand.

Development projects

Development projects regarding Sitecore's platform are measured at cost less accumulated amortization and impairment losses.

Development projects on clearly defined and identifiable products and processes, for which the technical rate utilization, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to develop, market or apply the product or process in question, are recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred.

The cost of development projects comprise costs such as salaries and benefits that are directly attributable to the development projects.

Amortization is calculated using the straight-line method to allocate the cost of development projects over their estimated useful lives of 3-5 years.

The amortization begins when the development project is at a stage where its commercial potentials can be utilized in the manner intended by Management.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life (Goodwill) and intangible assets not yet available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non- financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Tangible assets

Leasehold improvements, other systems, operating equipment, and fixtures and fittings are measured at cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Property, plant, and equipment: 2-5 years
- Other operating equipment: 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses arising from disposal of tangible assets are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains and losses are recognized in the profit and loss account under the relevant category.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognized in the income statement when the impairment is identified.

The Group chose to present right-of-use assets together with the underlying assets of the same nature which it owns. Therefore, from 1 July 2019, property, plant and equipment include right-of-use assets arising from lease agreements. For more information on the adoption of IFRS 16 'Leases', please refer to note 16.

Leasehold deposits

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 Group expect to receive at the end of the lease.

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.

Receivables

Receivables are initially recognised at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortised cost, which usually corresponds to the nominal value.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the days past due.

For receivables the expected loss in the first 12 month are measured and the receivables are supervised. If credit risk is significantly changed expected credit loss in the lifetime is measured.

Prepayments

Prepayments comprise various prepaid expenses such as rent and insurance. Prepayments are measured at cost.

Equity and liabilities

Reserve for share premium

The reserve for share premium consists of the excess amount received above the par value of the shares.

Reserve for currency translation

The reserve for exchange adjustments consists of exchange rate differences that occur when translating the foreign subsidiaries financial statements from their functional currency into the Group's presentation currency. On disposal of the net investment, the reserve for exchange adjustments of that foreign subsidiary is recognized in the income statement.

Reduction of a net investment in a foreign operation which does not result in loss of control is not treated as a disposal.

Dividend distribution

Dividends are recognized as a liability in the period in which they are adopted at the Annual General Meeting.

Treasury shares

Purchase of Treasury Shares are deducted from retained earnings.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are subsequently measured at amortized cost. Any differences between the proceeds and the redemption value are recognized in the income statement over the period of the borrowings using the effective interest method.

Other liabilities

Other debt or liabilities covering trade creditors and other debt are recognized at amortized cost, which is usually equivalent to the nominal value.

Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The gain or loss is recognized immediately in the income statement within other gains/losses - net. The Group does not apply hedge accounting.

Share-based payment

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense and credited to equity. Fair value is determined at grant date. The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions excluding the impact of any service conditions and non-market vesting conditions and including the impact of any non-vesting conditions.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

OR

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

OR

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Statement of cash flow

The cash flow statement shows the consolidated cash flows during the year distributed on operating, investing, and financing activities, changes in cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are calculated using the indirect method and comprise operating profit/loss for the year adjusted for non-cash items, changes in working capital, interest paid and received etc., and payments of corporate tax.

Cash flows from investing activities comprise payments in connection with acquisitions and divestment of businesses and purchase and sale of intangible, tangible, and financial assets.

Cash flows from financing activities comprise proceeds from and repayment of loans, proceeds from share issues, and dividends to shareholders.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and other short-term highly liquid investments with original maturities of three months or less.

2. Critical accounting estimates and judgements

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.
- Calculation of revenue based on percentage of completion method for consulting projects requires significant judgment in estimating budgeted time. We use prior history with similar projects when estimating total budgets required to deliver a consulting service.
- Judgment is required to determine the amount of consideration to be received by Sitecore from contracts with customers. Judgement include estimates of concessions based on prior history, evaluation of rights of return and customer acceptance clauses in contracts, assessment of variable consideration. Significant judgment is required in determining if options to purchase software or services at a price defined in current contracts represent material right that the customer would not otherwise receive without entering into the current contract. Judgment includes evaluation if the discount on an optional purchase greater than the discount included in the current purchase as well as in relation to a range of discounts historically provided to a similar class of customers or in a similar deal size.

Impairment testing of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 11).

As of 30 June 2020, the Carrying value of Goodwill amount to EUR 752,0m (2018/19: 752,0m).

Business combinations

For acquisitions of entities, the assets, liabilities, and contingent liabilities of the acquiree are recognized using the acquisition method. The most significant assets acquired generally comprise goodwill, trademarks, non-current assets, receivables, and inventories.

No active market exists for the majority of the acquired assets and liabilities, in particular in respect of acquired intangible assets. Accordingly, management makes estimates of the fair value of acquired assets, liabilities, and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently.

Management makes judgements related to the accounting treatment and valuation of contingent considerations which are part of Business combinations. Judgement is related to the likelihood of continued employment criteria and certain R&D milestones being met.

Accordingly, Management makes estimates of the fair value of acquired assets, liabilities, and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently.

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 EUR 12,2m (2018/19: EUR 12,5m).

Share-based payments

Determination of fair value of the options requires significant judgment regarding fair value of the underlying shares, expected life, and volatility. Due to EQT's acquisition of Sitecore, uncertainly in respect of determination of fair value of the underlying shares is in Management's view limited. The expected life of the options is based on the assumption that the holder will exercise the options upon an exit event. Actual exercise patterns may differ from the assumption used herein. The expected volatility is based on peer group data and reflects the assumption that the historical volatility over a period similar to the life of the equity awards is indicative of future trends, which may not necessarily be the actual outcome. The peer group consists of listed companies that management believes are similar to the Company in respect to industry and stage of development.

Fair value of the options issued and the assumptions applied regarding the valuation is disclosed in note 5.

For the financial year 2019/20 the expense related to Share-based payments amount to EUR 0,8m (2018/19: EUR 1,5m).

Deferred Tax Assets

A deferred tax asset is recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. We regularly review the deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. Our judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute our business plans and tax planning strategies.

Uncertain Tax Positions

Our tax positions are subject to income tax audits by multiple tax jurisdictions throughout the world. An uncertain tax position arises when there is uncertainty over whether the approach we have applied will be accepted by the tax authority. IFRIC 23 requires consistent judgments and estimates to be applied to current and deferred taxes. The judgments and estimates made to recognize and measure the effect of uncertain tax treatments are also reassessed whenever circumstances change or when there is new information that affects those judgments. Although we believe we have adequately provided for the uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We adjust these allowances when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our consolidated financial statements.

3. Revenue

Classification	2019/20 €M	Share of Revenue	2018/19 €M	Share of Revenue
License*	83,2	31%	108,0	43%
Maintenance	124,2	47%	114,7	45%
Cloud	27,6	10%	10,3	4%
Services and other	32,5	12%	21,0	8%
Total revenue	**267,5**	-	**254,0**	-

* License includes both term license and perpetual license revenues. Perpetual license revenues were €4,6 million and €10,7 million for fiscal 2020 and 2019, respectively.

Timing of Revenue Recognition	2019/20 €M	Share of Revenue	2018/19 €M	Share of Revenue
At a point in time	83,2	32%	108,1	43%
Over time ratably the contract term	151,8	57%	125,0	49%
Over time as services are provided	32,5	11%	20,9	8%
Total revenue	**267,5**	-	**254,0**	-

Significant changes in the contract assets and the contract liabilities balances are as follows in the table below:

Changes in Contract Assets and Liabilities	Contract Assets €M	Contract Liabilities €M
30 June 2019	**62,2**	**79,0**
Amount transferred to trade receivables from contract assets	(30,5)	–
Contract assets additions	18,1	–
Performance obligations satisfied during the period that were included in the contract liability balance at the beginning of the period	–	(74,6)
Increases due to invoicing prior to satisfaction of performance obligations	–	88,4
30 June 2020	**49,8**	**92,8**

Remaining performance obligations

Remaining performance obligations represent contracted revenue that has not yet been recognized, and include contract liabilities, and amounts that will be invoiced and recognized as revenue in future periods. As of 30 June 2020, the Company's remaining performance obligations were EUR 221,0 million, approximately two thirds of which it expects to recognize as revenue over the next 12 months and the remaining balance thereafter.

4. Staff costs

	2019/20 €M	2018/19 €M
Wages and salaries	137,5	116,2
Pensions, defined contribution plans	4,4	3,3
Share based payments (Note 5)	0,8	1,5
Other staff costs	12,5	11,2
Total staff cost	**155,2**	**132,2**
Average number of full time employees	1,109	1,079

Staff Costs are recognized in the income statement:	2019/20 €M	2018/19 €M
Cost of Services Sold	27,2	9,6
Sales and marketing costs	79,3	76,8
General and administrative expenses	21,7	21,2
Research and development costs	27,0	24,6
Total	**155,2**	**132,2**

Key management compensation

Key Management includes Board of Directors (BoD) and Executive Management (EM). The compensation paid to key management for employee services is shown to the right:

	2019/20 €M BoD	2019/20 €M EM	2018/19 €M BoD	2018/19 €M EM
Wages and salaries	0,3	1,0	0,3	1,0
Pensions	-	-	-	-
Share based payments (Note 5)	0,2	0,4	0,4	1,1
Total key management compensation	**0,5**	**1,3**	**0,7**	**2,1**

5. Share-based payments

New Program

The exercise of the options is subject to continued employment and vest with 1/4 on each anniversary after grant date. Unvested options will vest upon an exit event. The exercise of the options is subject to achieving a certain rate of return on the investment upon an exit event. The options expire after 10 years.

Fair value of the options subject to continued employment is determined by applying a Black Scholes option valuation model. Fair value of the options subject to achieving a certain rate of return is determined by a Monte Carlo simulation applying the same assumptions as applied under the Black Scholes option valuation model using the assumptions previously stated.

The calculation of the fair value of the options require the input of subjective assumptions such as:

- The share price is based on the most recent valuation of Sitecore performed by an external valuation firm
- The expected life of the options is based on Management's expectation of future exercises
- The future expected volatility is based on a peer group analysis of publicly listed companies similar to the business of Sitecore
- The risk-free interest rate is based on the yield on a German government EUR-denominated bonds with a time to maturity that matches the option's time to maturity. The German yield is used as the exercise price is denominated in EUR and is considered to be the best proxy for the risk-free rate
- The expected dividend is based on the future cash flow forecasts as approved by Management

Share Options	**2019/20**	**2018/19**
Granted during the year	4.725.168	6.097.379

Assumptions applied

Share price	EUR 1,75	EUR 1,61
Expected life of options	2,0 - 2,9	1,7 - 2,3
Expected volatility	45% - 49%	37% - 48%
Risk free interest rate	(0,6%) - (1,0%)	(0,5%) - (0,6%)
Expected dividend	0%	0%

Stock options were granted under the global stock incentive plan for key management and key personnel during 2019/20 and 2018/19. For the FY20 grants, each option grants the holder the right to buy one share of common stock at the exercise price of EUR 1,61 per share for grants issued prior to 31 December 2019 and EUR 1,71 for grants issued on 1 January 2020 and subsequently. For the FY19 grants, each option grants the holder the right to buy one share of common stock at the exercise price of EUR 1,25 per share for grants issued prior to 31 March 2019 and EUR 1.61 for grants issued on 1 April 2019 and subsequently.

Fair value

Fair value of the options subject to continued employment amounts to EUR 8,6m (30 June 2019: EUR 8,6m) while fair value of the options subject to achieving a certain rate of return on the investment upon an exit amounts to EUR 2,5m (30 June 2019: EUR 3,5m).

The expected volatility was determined as the observable volatility for the expected life of the options for a peer group of listed companies.

Former Program

As part of the acquisition of the Sitecore Corporation Group, existing options (24.157.130 options in total) granted to employees and management, were exchanged for options in Sitecore Holding II A/S on similar terms.

Fair value attributable to services provided up until the acquisition date forms part of the cost price for the shares in Sitecore Corporation A/S. Fair value attributable to services to be provided subsequent to the acquisition is accounted for as share-based payment.

Fair value is determined by applying a Black Scholes option valuation model.

The following assumptions were applied:

Share price	EUR 1
Expected life of options	0,3 - 3,4
Expected volatility	50 %
Risk free interest rate	0%
Expected dividend	0%

Share Options	Board of Directors	Executive Management	Average Exercise Price	Other	Weighted Average Price
Outstanding as at 30 June 2018	3.725.000	17.120.484	-	24.302.997	-
Adjustment related to prior years	-	-	-	(1.605.000)	-
Granted during the year	1.280.000	-	EUR 1,25	4.817,379	EUR 1,32
Exercised during the year	-	-	-	(2.146.315)	EUR 0,44
Forfeited during the year	-	-	-	(7.255.289)	EUR 0,80
Outstanding as at 30 June 2019	**5.005,000**	**17.120.484**	**-**	**18.113,772**	**-**
Granted during the year	-	2.175.000	EUR 1,66	2.550.168	EUR 1,67
Exercised during the year	-	(546.899)	EUR 0,67	(87.102)	EUR 0,37
Forfeited during the year	(475.000)	(2.586.081)	EUR 1,08	(4.314.062)	EUR 0,98
Outstanding as at 30 June 2020	**4.530.000**	**16.162.504**	**-**	**16.262.776**	**-**

Of which 10.073.412 options are currently exercisable.
Share based compensation costs are recognized in the income statement:

	2019/20 €M	**2018/19 €M**
Sales and marketing costs	0,7	0,5
General and administrative expenses	0,1	0,9
Research and development costs	-	0,1
Total share-based compensation	**0,8**	**1,5**

6. Amortization, Depreciation & Impairment

	2019/20 €M	2018/19 €M
Amortization	49,0	44,2
Depreciation	3,9	2,9
Total amortization, depreciation and impairment	**52,9**	**47,1**

Amortization, depreciation and impairment are recognized in the income statement:

Sales and marketing costs	18,7	13,5
General and administrative expenses	3,9	3,0
Research and development costs	30,3	30,6
Total amortization, depreciation and impairment	**52,9**	**47,1**

7. Audit fees

	2019/20 €M	2018/19 €M
Statutory audit	0,5	0,8
Other assurance engagements	-	-
Tax assurance services	-	-
Other services	-	-
Total audit fees	**0,5**	**0,8**

8. Acquisition Related & Special Items

	2019/20 €M	2018/19 €M
Acquisition related special items	-	1,7
Total acquisition related and special items	**-**	**1,7**

Acquisition related special items relate to various non recurring expenses which are related to the acquisition of Stylelabs and Hedgehog.

9. Financial Expenses

	2019/20 €M	2018/19 €M
Interest expenses, bank borrowings (see note 18)	16,1	16,3
Amortization of financing fees (see note 18)	2,0	2,0
Other financial expenses, including bank fees	1,4	0,3
Interest on leases	1,0	-
Exchange rate adjustments, expenses	2,3	3,2
Fair value losses on derivatives	-	1,2
Total financial expenses	**22,8**	**23,0**

10. Income Tax

Current tax:	**2019/20 €M**	**2018/19 €M**
Current tax on profits for the year	16,1	9,2
Current tax on profits for previous years	(12,3)	-
Total current tax expense	**3,8**	**9,2**

Deferred tax:		
Deferred tax benefit for the year and previous years	9,8	(10,9)
Deferred tax charge/(benefit) as a result of tax rate changes	(0,1)	-
Total deferred tax	**9,7**	**(10,9)**
Income tax benefit for the period	**13,5**	**(1,7)**

Income tax benefits are specified as follows:		
Calculated 22,0% tax on profit for the year before income tax	(14,6)	(8,1)

Tax effects of:		
Higher/Lower tax rate in subsidiaries	0,3	(0,4)
Non-taxable income	-	(0,3)
Non-deductible finance expenses	1,9	4,9
Non-deductible expenses	0,6	1,6
Adjustments in respect of prior years	8,9	0,5
Tax losses not recognized	3,5	-
Recognition of uncertain tax positions	11,0	-
Non-deductible earn out expenses	1,7	-
Other	0,2	0,1
Total income tax benefit for the period	**13,5**	**(1,7)**
Effective tax rate	**(20,5%)**	**4,5%**

Non-taxable income includes dividends received from subsidiaries that are not subject to income tax in Denmark.

Non-deductible finance expenses relate to costs which are not deductible under the Danish interest ceiling rules.

Non-deductible expenses include non deductible meals and entertainment and non deductible legal and professional fees.

Adjustments in respect of prior years relates to a prior year loss carryback under enactment of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") in the United States and adjustments that the Company made to its Danish tax return for the treatment of IFRS 15 for the year ended 30 June 2019

Tax losses not recognized relate to EUR 15.9m losses generated during the current period for which a deferred tax asset is not recognized.

Recognition of Uncertain Tax Positions relates to the recognition of a potential exposure pursuant to IFRC 23

Non-deductible earn out expenses related to non deductible contingent consideration, related to the acquisitions of Stylelabs and Hedgehog which are not considered to be part of the purchase consideration

11. Intangible Assets

Cost:

	Goodwill	Technology, customer base and brand	Patents, trademarks & product rights	Development Projects	Development Projects in Progress	Total
	€M	€M	€M	€M	€M	€M
At 01.07.2018*	717,8	386,3	3,1	11,1	3,5	1.121,8
Reclass to tangible assets	-	-	-	-	(0,4)	(0,4)
Additions during the year	-	-	-	-	6,9	6,9
Additions through business combination	34,2	15,9	-	-	-	50,1
Completed Development projects	-	-	-	5,6	(5,6)	-
Exchange rate differences	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 30.06.2019	**752,0**	**402,2**	**3,1**	**16,7**	**4,4**	**1.178,4**

Amortization

	Goodwill	Technology, customer base and brand	Patents, trademarks & product rights	Development Projects	Development Projects in Progress	Total
	€M	€M	€M	€M	€M	€M
At 01.07.2018	-	78,1	0,7	3,3	-	82,1
Amortization charge	-	38,3	0,6	5,3	-	44,2
At 30.06.2019	**-**	**116,4**	**1,3**	**8,6**	**-**	**126,3**
Carrying amount 30.06.2019	**752,0**	**285,8**	**1,8**	**8,1**	**4,4**	**1.052,1**

* The Group has retrospectively decreased goodwill by €32,8 and increased technology customer base and brand by €25,7 million that were primarily associated with the EQT's acquisition of the Sitecore Group on 10 May 2016. Refer to 'Restatement to Financial Statements' under Accounting Policies footnote

Cost:

	Goodwill	Technology, customer base and brand	Patents, trademarks & product rights	Development Projects	Development Projects in Progress	Total
	€M	€M	€M	€M	€M	€M
At 01.07.2019	752,0	402,2	3,1	16,7	4,4	1.178,4
Additions during the year	-	-	-	-	6,0	6,0
Complete development projects	-	-	-	7,1	(7,1)	-
At 30.06.2020	**752,0**	**402,2**	**3,1**	**23,8**	**3,3**	**1.184,4**

Amortization:

	Goodwill	Technology, customer base and brand	Patents, trademarks & product rights	Development Projects	Development Projects in Progress	Total
	€M	€M	€M	€M	€M	€M
At 01.07.2019	-	116,4	1,3	8,6	-	126,3
Amortization charge	-	42,1	0,6	6,3	-	49,0
At 30.06.2020	**-**	**158,5**	**1,9**	**14,9**	**-**	**175,3**
Carrying amount 30.06.2020	**752,0**	**243,7**	**1,2**	**8,9**	**3,3**	**1.009,1**

Impairment test for goodwill

Goodwill is monitored by management at group level. Goodwill relate to the acquisition of the Sitecore Group in May 2016 and the acquisition of Stylelabs and Hedgehog in 2019/20.

Carrying value of Goodwill:

EURm	2019/20	2018/19
Sitecore	717,8m	717,8m
Stylelabs	25,9m	25,9m
Hedgehog	8,3m	8,3m
Total	**752,0m**	**752,0m**

Carrying value of Technology, customer base and brand:

EURm	2019/20	2018/19
Sitecore	233,4m	271,8m
Stylelabs	6,3m	9,1m
Hedgehog	4,0m	4,9m
Total	**243,7m**	**285,8m**

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGU is determined based on the Discounted Cash Flow Method.

The Discounted Cash Flow Method involves value-in-use calculations which require the use of assumptions. The calculations use forecasted cash flow for a five year period approved by management. Cash flows beyond this period are extrapolated using the estimated growth rate stated below. Long term growth rate and discount rate used in the value-in-use calculations are as follows:

Assumptions at 30.06.2019

Long term growth rate	3,0%
Pre-tax discount rate	21,0%

Assumptions at 30.06.2020

Long term growth rate	3,0%
Pre-tax discount rate	17,7%

An estimate was made of the future net free cash flow based on a forecast approved by Management. The growth rate in the forecast period and the long term growth rate is based on the expectation that the current business model transition will significantly increase long-term revenue growth and profitability by attracting new customers and drive higher revenue per customer.

The discount rate used in determining the value in use is determined based on the weighted average cost of capital (WACC). The WACC is determined on a risk free rate of 1,2% (2018/19: 2,6%) and a risk premium of 6,0% (2018/19: 6,0%), assuming a beta of 1,2 (2018/19: 1,45). The risk free rate is based on a 20-year Treasury Bond. In addition to these factors Sitecore applied Country Risk Premium of 0,2% (2018/19: 0,2%), a Small Stock Risk Premium of 1,5% (2018/19: 1,8%) and a Company-Specific Risk Premium of 5,0% (2018/19: 5,0%).

12. Property, Plant & Equipment

Cost:

	Production, plant & machinery	Other operating equipment etc.	Construction in progress	Total
At 01.07.2018	3,2	6,4	-	9,6
Additions during the year	2,2	1,2	0,2	3,6
Transfer	-	0,4	(0,4)	-
Additions from business combination	0,4	0,5	-	0,9
Transfer disposals during the year	(0,3)	(1,6)	-	(1,9)
Exchange differences	-	-	-	-
At 30.06.2019	**5,5**	**6,9**	**0,2**	**12,6**

Depreciation:

	Production, plant & machinery	Other operating equipment etc.	Construction in progress	Total
At 01.07.2018	1,3	2,7	-	3,8
Depreciation charge	1,4	1,5	-	2,9
Additions from business combination	0,2	0,1	-	0,3
Reversed depreciation, disposed assets	(0,4)	(1,6)	-	(2,0)
At 30.06.2019	**2,5**	**2,5**	**-**	**5,0**
Carrying amount 30.06.2019	**3,0**	**4,4**	**0,2**	**7,6**

12. Property, Plant & Equipment (cont'd)

Cost:

	Production, plant & machinery	Other operating equipment etc.	Construction in progress	Total
At 01.07.2019	5,5	6,9	0,2	12,6
Additions during the year	1,4	2,4	0,3	4,1
Reclass from intangibles				
Transfer		0,2	(0,2)	-
Transfer disposals during the year	(0,9)	(0,7)		(1,6)
Exchange differences	-	-	-	-
At 30.06.2020	**6,0**	**8,8**	**0,3**	**15,1**

Depreciation:

	Production, plant & machinery	Other operating equipment etc.	Construction in progress	Total
At 01.07.2019	2,5	2,5	-	5,0
Depreciation charge	1,9	2,0	-	3,9
Reversed depreciation, disposed assets	(0,9)	(0,7)	-	(1,6)
At 30.06.2020	**3,5**	**3,8**	**-**	**7,3**
Carrying amount 30.06.2020	**2,5**	**5,0**	**0,3**	**7,8**

13. Deferred Tax

	2019/20 €M	2018/19 €M
Deferred tax, beginning of year	80,5	65,7
Deferred tax added as part of the adoption of IFRS 15	-	22,8
Deferred taxes added as part of the acquisition of the Stylelabs and Hedgehog	-	2,8
Deferred taxes added as a result of benefit from uncertain tax position	(2,4)	-
Deferred tax recognized in the income statement	12,1	(10,9)
Deferred tax at end of year	**90,2**	**80,3**

Deferred tax relates to:

Intangible assets	50,5	65,1
Property, plant and equipment	0,7	0,3
Contract costs and contract liabilities	36,6	15,6
Tax loss carry-forwards	(0,1)	(0,2)
Right-of-use assets	1,7	-
Lease liabilities	(1,9)	-
Accruals, provisions & reserves	(0,5)	-
Other temporary differences	3,2	(0,5)
Total	**90,2**	**80,3**
Of which presented as deferred tax assets	0,7	0,8
Of which presented as deferred tax liabilities	90,9	81,1
Total	**90,2**	**80,3**

As part of the adoption of IFRS 15 in 2018/2019 the Group has recognized deferred tax liabilities related to the Contract Cost and Contract Liability balances.

As part of the adoption of IFRS16 on 1 July 2019, the Group has recognized deferred tax assets related to lease liabilities and deferred tax liabilities related to Right-of-Use Assets.

As part of the adoption of IFRIC 23 in 2019/2020 the Group has recognized deferred tax asset related to Intangible Amortization.

The company has retrospectively decreased the deferred tax liability associated with the intangible assets by €7,4 million as of 1 July 2018. Refer to the 'Restatements to Financial Statements' within the 'Accounting policies' section

As part of operating a global business there are inherent risks, one of these risks is that tax authorities may challenge the company's current global operating model, Management believes that the provisions made pursuant to IAS 12 and IFRIC 23 are adequate Any necessary reserves for uncertain tax positions are properly assessed and reflected on the Company's financials as of the balance sheet date.

The company has not recognized a deferred tax asset of 14,3m on carried forward tax losses as there is no sufficient certainty that suitable taxable profits will exist in future years against which this deferred tax asset may be offset

14. Trade Receivables

Trade receivables consist of sale of licenses, maintenance, cloud, and services to customers and have the same risk profile. Provisions for bad debt are made in accordance with the simplified expected credit loss model, considering Sitecore's credit policy and debt collection procedures.

30.6.2020	Gross receivable balance €M	Expected loss ratio	Expected loss €M	Total €M
Current	40,7	-	-	40,7
0-90 days	22,4	-	-	22,4
90-180 days	3,2	0,2%	-	3,2
180-360 days	0,2	18,4%	-	0,2
Over 360 days	0,7	94,2%	0,7	-
Trade receivables net	**67,2**		**0,7**	**66,5**

30.6.2019	Gross receivable balance €M	Expected loss ratio	Expected loss €M	Total €M
Current	37,4	-	-	37,4
0-90 days	20,8	-	-	20,8
90-180 days	1,2	-	-	1,2
180-360 days	0,6	45,0%	0,2	0,4
Over 360 days	0,9	100,0%	0,9	-
Trade receivables net	**60,9**		**1,1**	**59,8**

Movement on the group provision for impairment of trade receivables are as follows:	2019/20 €M	2018/19 €M
Allowances during the year based on expected credit loss model	0,2	0,3
Write-offs during the year	0,4	-
Reversed allowances	(1,0)	-
Provision for impairment of trade receivables	**(0,4)**	**0,3**

15. Fair Values

Financial instruments measured at fair value can be divided into three levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The fair value of interest rate swaps (level 2) is calculated as the present value of the estimated future cash flows based on observable yield curves. Fair value losses on interest rates swap for the financial year 2018/19 was 1,2 million. The Group did not have any interest rate swap in the financial year 2019/20.

16. Leases

Right-of-use Assets:	**Buildings €M**	**Vehicles €M**	**Total**
Adjustment IFRS 16 adoption	17,7	0,4	18,1
Additions	3,2	-	3,2
Depreciation expense	(5,4)	(0,2)	(5,6)
Disposals	-	-	-
At 30.06.2020	**15,5**	**0,2**	**15,7**

The decrease in carrying value of buildings primarily results from depreciation expenses offsetting the carrying value during the period. The group has not generated income from subleasing right-of-use assets during the financial year.

Lease Liabilities:	**FY2020**
Current	5,4
Non-current	11,2
Total Lease Liabilities	**16,6**

Undiscounted lease liabilities:	**FY2020**
Payable within 1 year	6,3
Payable within 2 to 5 years	12,2

The interest expense on liabilities for the period was 1,0 million. Expense related to the short-term leases was 0,9 million.

17. Share Capital

The share capital comprises 771.499.331 shares of a nominal value of EUR 0,01 each. No shares carry any special rights.

Changes in share capital:	**€M**	**Number of shares**
Incorporation on 18.04.2016	0,1	6.717.812
Capital increases	7,0	698.560.259
Share capital at 30.06.2017	**7,1**	**705.278.071**
Capital increases	-	4.222.809
Share capital at 30.06.2018	**7,1**	**709.500.880**
Capital increases	**0,6**	**61.840.027**
Share capital at 30.06.2019	**7,7**	**771.340.907**
Capital increases	**-**	**158.424**
Share capital at 30.06.2020	**7,7**	**771.499,331**

Capital Management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. Any surplus liquidity is used to reduce debt. The board of directors monitors the share and capital structure to ensure that the group's capital resources support the strategic goals.

18. Borrowings

The borrowings comprise of acquisition related loans as well as revolving facilities to fund the ongoing operations. There are covenants attached to the loan facilities.

	Principal amount, €M	Effective interest rate	Currency	Maturity	Carrying amount, 2019/20 €M	Carrying amount, 2018/19 €M
Facility A	60	3,6% (Fixed)	EUR	10 May 2022	31,2	43,2
Facility B1	120	4,4% (Fixed)	EUR	10 May 2023	120,0	120,0
Facility B2	137	6,3% (Variable)	USD	10 May 2023	122,0	120,4
Capex/Acquisition facility	30	2,5% (Fixed)	EUR	10 April 2023	30,0	-
Revolving credit facility	30	2,3% (Variable)	EUR	10 April 2023	-	-
Total bank borrowings					**303,2**	**283,6**

Facility A is repayable in instalments with last payment on 30 June 2022. Facility B is to be repaid on 10 May 2023.

Capex/Acquisition Facility is to be repaid in three instalments with the first installment in is due in 30 June 2021 and the last instalment on 10 April, 2023.

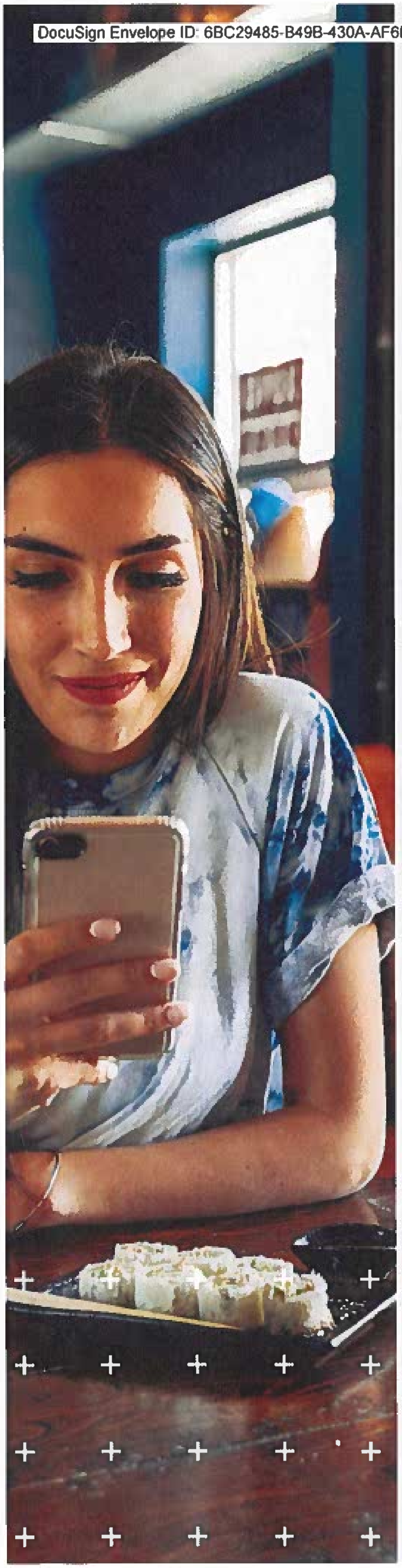
Revolving Credit Facility is to be repaid no later than 10 April 2023. Utilized funds under the Revolving Credit Facility are subject to repayment 12 months after credit is utilized.

In compliance with IAS 7, the following disclosure aim to enable users of financial statements to evaluate changes in liabilities arising from repayments and currency revaluations:

	2019/20 €M
Total bank borrowings at beginning of year	283,6
Repayment of bank debt	(12,0)
Withdrawal of bank debt	30,0
Currency revaluations of debt denominated in USD	1,6
Total bank borrowings at end of year	**303,2**
Amortized loan costs	4,7
Total Bank Debt as presented in the Balance Sheet	**298,5**
Non-current	**276,5**
Current	**22,0**

18. Borrowings *(cont'd)*

Lease Liabilities:	**Total**
Adjustment IFRS 16 adoption	18,4
Additions	3,2
Principal repayment	(5,0)
At 30.06.2020	**16,6**
Non-current	**11,2**
Current	**5,4**



19. Related Parties

The group is controlled by Dynamite Holding I S.á r.l. The group's ultimate parent is EQT. VII. "Key management compensation" is disclosed in note 4.

During 2019/20 sales to other companies within the EQT AB fund structures amount to EUR 0,2m (2018/19: EUR 0,4m). Sitecore did not purchase any goods or services from other companies within the EQT AB fund structures in 2019/20 (2018/19: EUR 0,0m).

20. Commitments & Contingent Liabilities

Securities:

As collateral for credit facilities the Group has provided the following securities to Nordea Bank ABL, FILIAL SVERIGE: Pledge of the following shares:

- Sitecore Deutschland GmbH, Sitecore Australia Pty Ltd, Sitecore Danmark A/S, Sitecore UK Ltd., Sitecore USA Inc. and Sitecore USA Holding Inc.

Owners mortgage of EUR 6m in:

- Sitecore Corporation A/S, Sitecore Danmark A/S and Sitecore International A/S

The following companies have issued a negative pledge:

- Sitecore International A/S, Sitecore Danmark A/S, Sitecore Corporation A/S, Sitecore USA Inc., Sitecore USA Holding Inc. and Sitecore Australia Pty Ltd.

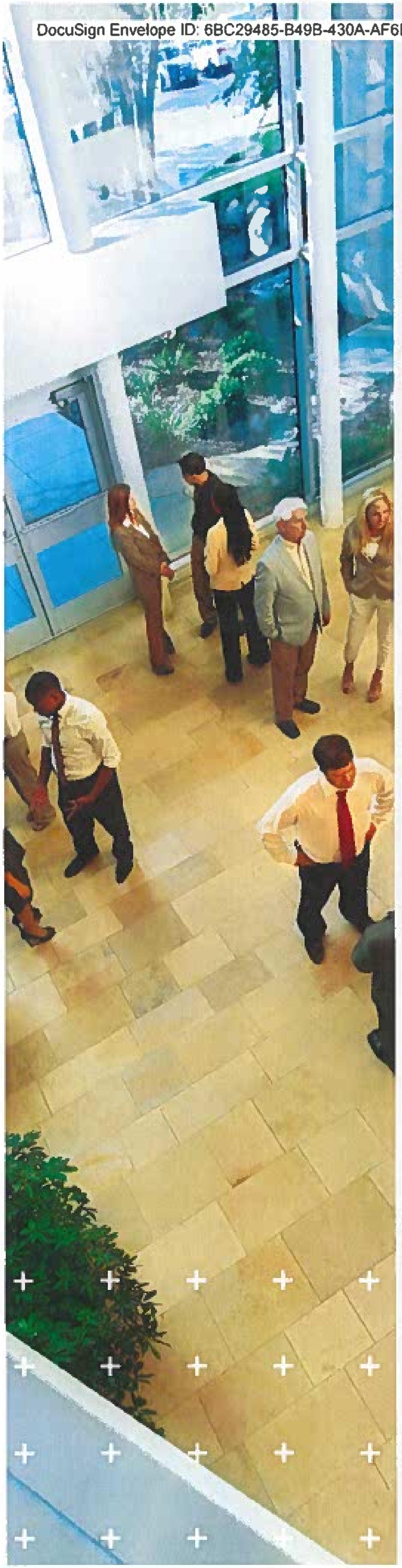
Pledge of Intellectual properties:

- Sitecore Corporation A/S

The aggregate value of assets provided as security for credit facilities amount to EUR 1.052,6m (2018/19: EUR 1.087,0m).

Bank Guarantee:

- The group has issued guarantees with a total of EUR 0,7m (2018/19: EUR 0,7m).



SITECORE

21. Business Combinations

Acquisition of Stylelabs NV

On 25 October 2018 the group acquired 100% of the share capital in Stylelabs NV.

Stylelabs is a software company providing DAM (Digital Asset Management), PIM (Product Information Management) and CM (Content Management). The company was founded in 2001 and is headquartered in Belgium with current operations in Belgium and USA with more than 80 employees. The purpose of the acquisition is to add product and functionalities to the Sitecore Experience product portfolio.

The total consideration of EUR 36,6m consisted of a cash consideration of EUR 25,4m on a debt free basis and Sitecore shares equivalent to EUR 10m. Goodwill of EUR 26,9m arising from the acquisition can mainly be attributed to synergies related to future revenue growth achieved from combining the product offering and strong employee base of Stylelabs with the Global business model applied by Sitecore.

Contingent consideration

As part of the purchase agreement with the previous owners of Stylelabs, a contingent consideration, which are not considered as part of the business combination, has been agreed for a total of up to EUR 12m.

Other acquisition related information

Transaction costs amounted to EUR 1,3m which has been recognized in "Acquisition related and Special items".

Subsequent to the acquisition Stylelabs has been consolidated into the existing operating model of Sitecore and is no longer reporting as a separate business. Had the acquisition happened on 1 July 2018, the estimate is that Stylelabs would have contributed with a net loss.

As of the balance sheet date the Purchase Price Allocation is provisional.

Fair value of the assets and liabilities acquired is summarized in the following table, which discloses recognized amounts of identifiable assets acquired and liabilities assume:

21. Business Combinations *(cont'd)*

	2019/20 €M
Technology, customer base and brand	10,9
Other operating equipment etc.	0,4
Leasehold deposits	0,2
Trade receivables	3,0
Other receivables	0,5
Cash	1,2
Contract liabilities	(0,9)
Deferred tax liabilities	(2,8)
Other debt	(1,8)
Net assets	**10,7**
Consideration paid	**36,6**
Goodwill	**25,9**

Cash flows from operation:	2018/19 €M
Consideration paid	36,6
Hereof provided by payment in shares	(10,0)
Less Cash received	(1,2)
Net consideration paid	**25,4**

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21. Business Combinations *(cont'd)*

Acquisition of Hedgehog

On 7 June 2019 the group acquired 100% of the Hedgehog Development.

The goodwill of EUR 8,3m arising from the acquisition is attributable to the workforce and expected growth in the acquired business.

Hedgehog is a Sitecore Platinum Partner, who provides digital consultancy services related to the Sitecore Platform. As a complementary offering Hedgehog has developed a tool which help developers work together in teams and maximize efficiency when developing on the Sitecore platform. The company was founded in 2007 and is headquartered in USA. It currently has operations in Bulgaria and USA and has more than 80 employees.

The purpose of the acquisition is to accelerate Sitecore's growth and bolster the people, technology, and services resources supporting Sitecore Solution Partners as they continue to solve customers' most critical digital transformation challenges.

The acquisition of Hedgehog Group was completed with an acquisition date of 7 June 2019. The total consideration of EUR 14,3m consisted of a cash consideration of EUR 9,5m on a debt free basis and Sitecore shares equivalent to EUR 4m.

Goodwill of EUR 8,3m arising from the acquisition can mainly be attributed to synergies related to future growth achieved from combining the product offering and strong employee base of Hedgehog with the Global business model applied by Sitecore.

Contingent consideration

As part of the purchase agreement with the previous owners of Hedgehog, a contingent consideration, which are not considered as part of the business combination, has been agreed for a total of up to EUR 7m.

Other acquisition related information

Transaction costs amounted to EUR 0,4m which has been recognized in "Acquisition related and Special items".

Subsequent to the acquisition Hedgehog contributed with a net profit of EUR 0,1m. Had the acquisition happened on 1 July 2018, the estimated impact would have a net profit of EUR 1,0m.

As of the balance sheet date the Purchase Price Allocation is provisional.

Fair value of the assets and liabilities acquired is summarized in the following table, which discloses recognized amounts of identifiable assets acquired and liabilities assumed:

21. Business Combinations *(cont'd)*

	2019/20 €M
Technology, customer base and brand	5,0
Trade receivables	1,4
Cash	0,8
Contract liabilities	(1,0)
Other debt	(0,2)
Net assets	**6,0**
Consideration paid	**14,3**
Goodwill	**8,3**

Cash flows from operation:	2018/19 €M
Consideration paid	14,3
-Hereof provided by payment in share of EUR 4,0m	(4,0)
Less cash received	(0,8)
Net consideration paid	**9,5**

22. Financial Risk Management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (currency and interest risk), credit risk, and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

The Financial risks of the group are managed centrally. The overall risk management guidelines and policies have been approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The CFO manages contracts and risk exposures in accordance with the guidelines and policies and reports to the board of directors on a regular basis.

Market Risk

Foreign exchange risk

As a consequence of the Group's structure, most net sales and expenditure in foreign currency are set off against each other, so that the Group is not exposed to major exchange-rate risks.

The foreign exchange risk is related to the USD loan.

The group's revenue and expenses are mostly in the functional currency of the operating entity creating a natural currency hedge. Consequently, the group treasury's risk management policy is to not to hedge foreign exchange rate risks.

The acquisition of Stylelabs and Hedgehog does not change the foreign exchange risk of the Group as the operations of Stylelabs and Hedgehog are mainly carried out through EUR and USD.

Sensitivity analysis

The group is primarily exposed to changes in EUR/USD exchange rate. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial liabilities.

As at 30.06.2019	Impact on post tax profit €M	Impact on other components of equity €M
EUR/USD exchange rate - increase 10%	13,4	-
EUR/USD exchange rate - decrease 10%	(10,9)	-

All other variables are held constant

As at 30.06.2020	Impact on post tax profit €M	Impact on other components of equity €M
EUR/USD exchange rate - increase 10%	13,6	-
EUR/USD exchange rate - decrease 10%	(11,1)	-

All other variables are held constant

22. Financial Risk Management *(cont'd)*

Interest rate risk

The group's interest rate risk arises from long-term borrowings related to the acquisitions. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

Sensitivity analysis

Profit or loss is sensitive to higher/lower interest from borrowings as a result of changes in interest rates.

As at 30.06.2019	**Impact on post tax profit €M**	**Impact on other components of equity €M**
Interest rates - increase by 100 basis points	(3,5)	-
Interest rates - decrease by 100 basis points	3,5	-

All other variables are held constant

As at 30.06.2020	**Impact on post tax profit €M**	**Impact on other components of equity €M**
Interest rates - increase by 100 basis points	(3,3)	-
Interest rates - decrease by 100 basis points	3,3	-

All other variables are held constant

Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. For customers individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored. The maximum exposure corresponds to the carrying amount of receivables.

The Group has obtained external credit ratings for all significant customers to assess the risk profile of the customers with a view to determine the risk of credit losses.

22. Financial Risk Management *(cont'd)*

Liquidity risk

Cash flow forecasting is performed on group level by management. Management monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) or any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans and covenant compliance.

The group has undrawn revolving credit facilities of EUR 30m that may be available for future operating activities and to settle capital commitments.

The table below analyses the group's non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

For floating rate borrowings, the rate at the balance sheet date has been applied.

The primary objective of Sitecore's capital management is to ensure that the Group is able to fulfil all its obligations as set out in the Senior Facilities Agreement. Financial covenants are calculated and reported to the syndicate banks with a compliance certificate on a quarterly basis. The following covenants are tested on a quarterly basis:

- Net debt cover: Net Debt / Cash EBITDA
- Interest cover: Cash EBITDA / Net Finance Charges
- Where Cash EBITDA is defined as EBITDA calculated on the basis of billings instead of Revenue from contracts with customers.
- The covenants are all met up to 30 June 2020.

Note that the Bank debts / Borrowings amounts below include both principal and interest payments due over the periods noted.

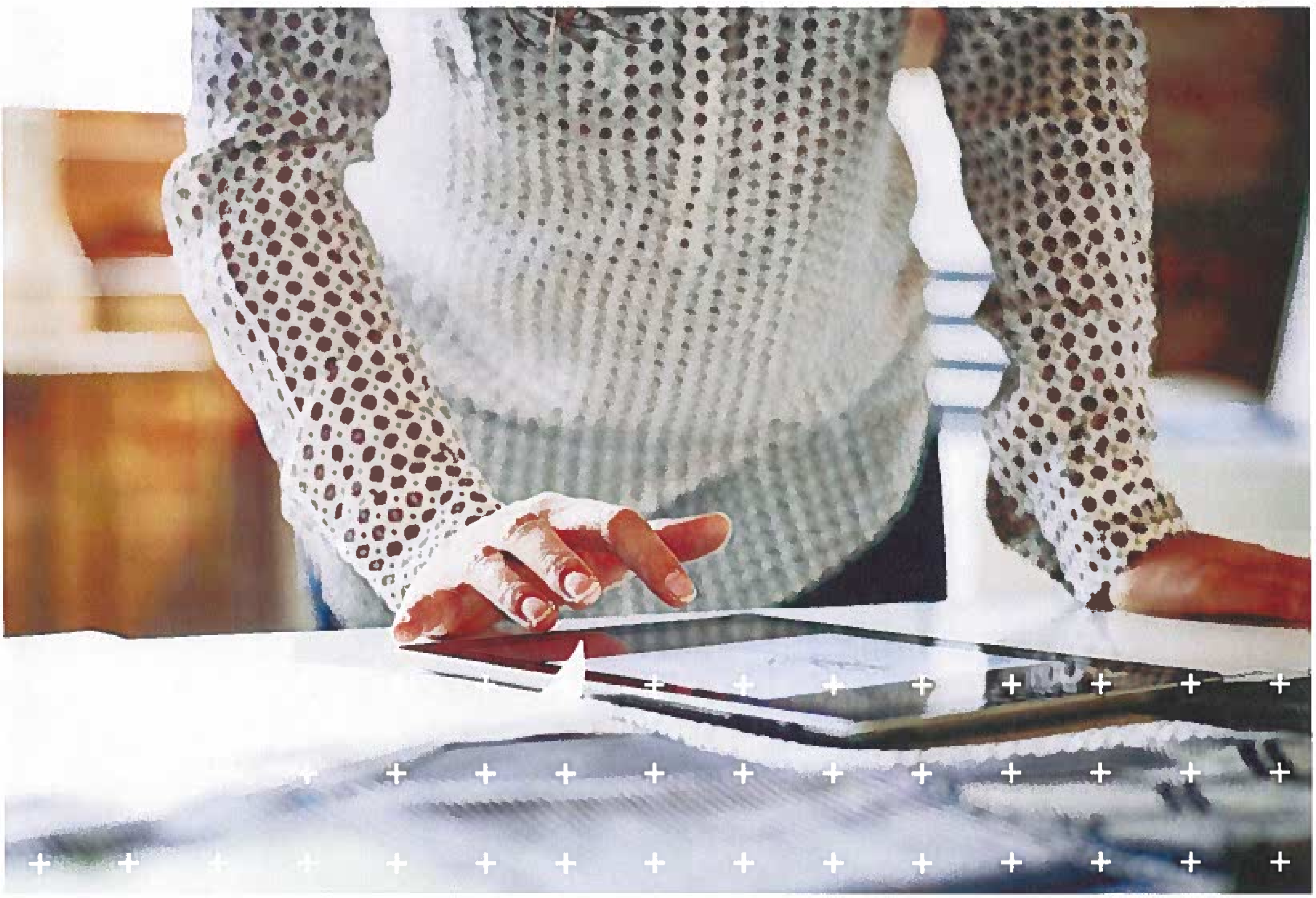
As at 30.06.2019	**Less than 1 year €M**	**1-5 years €M**	**>5 years €M**	**Total €M**
Bank debts / Borrowings	28,0	313,3	-	341,3
Trade payables	16,0	-	-	16,0
Other payables	41,2	1,2	-	42,4
Total	**85,2**	**314,5**	**-**	**399,7**

As at 30.06.2020	**Less than 1 year €M**	**1-5 years €M**	**>5 years €M**	**Total €M**
Bank debts / Borrowings	40,0	308,4	-	348,4
Trade payables	21,7	-	-	21,7
Other payables	58,3	1,0	-	59,3
Total	**120,0**	**309,4**	**-**	**429,4**

23. 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 Group will continue to actively monitor the situation to assess any impact on the Group's financial operations.

There are no other significant events after the Balance Sheet Date.



Profit and Loss (Parent company)

	Note	2019/20 €M	2018/19 €M
General and administrative expenses		(0,7)	(1,4)
Operating loss		**(0,7)**	**(1,4)**
Acquisition related and special items	3	-	(0,2)
Financial income	4	0,5	-
Financial expense	5	-	(0,2)
Loss before income tax		**(0,2)**	**(1,8)**
Income tax benefit	6	-	0,1
Profit / (loss) for the period		**(0,2)**	**(1,7)**

Statement of comprehensive income (parent company)

	Note	2019/20 €M	2018/19 €M
Loss for the period		(0,2)	(1,7)
Purchase of treasury shares		0,8	-
Share based payment		(0,8)	-
Other comprehensive income for the period, net of tax		-	-
Comprehensive loss for the period		**(0,2)**	**(1,7)**

Balance sheet (Parent company)

	Note	2019/20 €M	2018/19 €M
Assets			
Investment in subsidiaries	7	768,6	760,6
Total financial assets		**768,6**	**760,6**
Total non-current assets		**768,6**	**760,6**
Receivables from related parties	14	37,7	40,2
Deferred tax receivable		-	-
Income tax receivable		-	0,2
Total receivables		**37,7**	**40,4**
Cash		0,1	0,1
Total current assets		**37,8**	**40,5**
Total assets		**806,4**	**801,1**

Equities and Liabilities

Share capital		7,7	7,7
Share premium		778,4	778,2
Retained earnings		3,9	4,1
Total equity		**790,0**	**790,0**
Other payables		0,9	0,9
Total non-current payables		**0,9**	**0,9**
Trade payables		-	0,3
Income Tax Payable		-	6,2
Other Debt		6,8	3,0
Payables to related parties		8,7	0,7
Total current liabilities		**15,5**	**10,2**
Total liabilities		**16,4**	**11,1**
Total equity and liabilities		**806,4**	**801,1**

Statement of changes in equity (Parent company)

	Share capital €M	Share premium €M	Retained earnings €M	Total
Equity at 01.07.2018	**7,1**	**701,0**	**4,7**	**712,8**
Loss for the period	-	-	(1,7)	(1,7)
Total comprehensive income for the period	-	-	(1,7)	(1,7)
Transactions with owners in their capacity as owners				
Capital increase	0,6	77,2	-	77,8
Purchase of treasury shares	-	-	(0,4)	(0,4)
Share based payment	-	-	1,5	1,5
Total transactions with owners in their capacity as owners	0,6	77,2	1,1	78,9
Equity at 30.06.2019	**7,7**	**778,2**	**4,1**	**790,0**

Equity at 01.07.2019	**7,7**	**778,2**	**4,1**	**790,0**
Loss for the period	-	-	(0,2)	(0,2)
Total comprehensive income for the period	-	-	(0,2)	(0,2)
Transactions with owners in their capacity as owners				
Capital increase	-	0,2	-	0,2
Purchase of treasury shares	-	-	(0,8)	(0,8)
Share based payment	-	-	0,8	0,8
Total transactions with owners in their capacity as owners	-	0,2	-	0,2
Equity at 30.06.2020	**7,7**	**778,4**	**3,9**	**790,0**

Cash flow Statement (Parent company)

	Note	2019/20 €M	2018/19 €M
Operating loss		(0,7)	(1,4)
Acquisition related special items		-	(0,2)
Other non-cash items		-	-
Changes in net working capital	14	1,3	0,8
Cash flows from primary operating activities		**0,6**	**(0,8)**
Income taxes (paid)/received		-	0,6
Net cash flow from operating activities		**0,6**	**(0,2)**
Acquisition of companies		-	(36,9)
Net cash flow from investing activities		**-**	**(36,9)**
Capital increases		0,2	63,8
Intercompany funding		-	(25,4)
Purchase of treasury shares		(0,8)	(1,2)
Interest paid			-
Net cash flow from financing activities		**(0,6)**	**37,2**
Net cash flow for the year		-	0,1
Cash and cash equivalents, beginning of the year		0,1	-
Unrealized exchange rate gains and losses on cash		-	-
Cash and cash equivalents, end of the year		**0,1**	**0,1**

Notes (Parent company)

Notes (Parent Company)

1. Accounting policies

The Financial Statements for the parent company, Sitecore Holding II A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as additional Danish disclosure requirements applying to entities of reporting class C (large).

The annual report is prepared according to standards and interpretations effective for financial years beginning on 1 July 2019. No standards or interpretations have been adopted early.

The parent company has the same accounting policies for recognition and measurement as Group. The parent company's accounting policies deviate from the Group's accounting policies as described below. For a detailed description of the group's accounting policies please refer to the consolidated financial statements, note 1.

Reporting Currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Share-based payment

Fair value of equity instruments granted as share-based payment to employees of subsidiaries is recognized as an investment in the respective subsidiaries and credited to equity.

Investments in subsidiaries

Investments in subsidiaries are measured at cost.

Dividend

Dividends from investments in subsidiaries are recognized in the income statement in the financial year in which the dividend is declared.

Impairment of investment in subsidiary

Impairment tests are performed on subsidiaries if events or changes in circumstances indicate that their carrying amount may not be recoverable. If cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

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

The group annually tests whether the investment in subsidiaries has suffered any impairment, in accordance with the accounting policy stated in note 1 of consolidated financial statements. As part of the impairment test receivables from investments are evaluated for potential impairment and impaired if the group assess that investment will not be able to repay the loan.

2. Critical accounting estimates and judgements

For a description of other significant accounting estimates, assumptions and uncertainties please refer to the consolidated financial statements, note 2.

It is the Management's judgement that all critical accounting estimates with respect to the parent company are included in note 2 of the consolidated financial statements and that there are no critical accounting estimates which are unique to the parent company.

3. Acquisition related special items

Acquisition related special items relate to various non-recurring expenses which are related to the acquisition of Stylelabs and Hedgehog. There were no acquisitions in financial year 2019/20.

4. Financial income

	2019/20 €M	2018/19 €M
Interest income, affiliates	0,4	-
Exchange rate adjustment	0,1	-
Total financial income	**0,5**	**-**

5. Financial expense

	2019/20 €M	2018/19 €M
Exchange rate adjustment	-	0,2
Total financial expense	**-**	**0,2**

6. Income tax benefit

Current tax:	2019/20 €M	2018/19 €M
Income tax benefit for the year	-	0,1
Income tax benefits are specified as follows:		
Calculated 22.0% tax on loss for the year before income tax	-	0,4
Tax effects of:		
Non-deductible expenses	-	(0,3)
Total income tax benefit	**-**	**0,1**

Sitecore Holding II A/S has not recognized a deferred tax asset of 0,2m on carried forward tax losses as there is no sufficient certainty that suitable taxable profits will exist in future years against which this deferred tax asset may be offset.

7. Investment in subsidiaries

Cost:	2019/20 €M	2018/19 €M
At beginning of year	760,6	704,3
Share-based compensation	0,8	3,2
Acquisition	7,2	53,1
At end of year	**768,6**	**760,6**
Impairment:		
At beginning of year	-	-
Addition during the year	-	-
At end of year	**-**	**-**

Owned by Sitecore Holding II A/S:

Subsidiaries	Own	Legal form	Registered office	Voting shares & stakes	Profit (FY19) €M	EQ (FY19) €M
Sitecore Holding II A/S	Sitecore Holding III A/S	A/S	Copenhagen, Denmark	100%	87,9	814,0
Sitecore Holding III A/S	Sitecore Corporation	A/S	Copenhagen, Denmark	100%	15,3	365,0
Sitecore Holding III A/S	Sitecore USA Holding	LLC	Delaware, USA	100%	(0,2)	118,6
Sitecore Corporation	Sitecore Danmark	A/S	Copenhagen, Denmark	100%	0,4	1,1
Sitecore Corporation	Sitecore International	A/S	Copenhagen, Denmark	100%	0,4	1,0
Sitecore Corporation	Sitecore UK	Ltd.	London, United Kingdom	100%	0,9	6,2
Sitecore Corporation	Sitecore Sverige	AB	Stockholm, Sweden	100%	0,3	0,8
Sitecore Corporation	Sitecore Deutschland	GmbH	Münich, Germany	100%	0,5	3,0
Sitecore Corporation	Sitecore Nederland	B.V.	Amsterdam, Netherlands	100%	0,4	2,4
Sitecore Corporation	Sitecore Bulgaria	EOOD	Sofia, Bulgaria	100%	-	0,7
Sitecore Corporation	Sitecore Middle East	DMCC	Dubai, UAE	100%	0,1	0,1
Sitecore Corporation	Sitecore Japan Co.	Ltd.	Tokyo, Japan	100%	0,1	(2,7)
Sitecore Corporation	Sitecore Singapore Pte.	Ltd.	Singapore	100%	0,3	1,6
Sitecore Corporation	Sitecore Software Co	Ltd.	Shanghai, China	100%	(0,1)	(0,2)
Sitecore Corporation	Sitecore Malaysia Sdn.	Bhd.	Kuala Lumpur, Malaysia	100%	0,7	2,1
Sitecore Corporation	Sitecore Ukraine	Foreign Enterprise	Dniepropetrovsk, Ukraine	100%	0,2	(0,1)
Sitecore Corporation	Sitecore Australia	Pty Ltd.	Sydney, Australia	100%	0,3	0,1
Sitecore Corporation	Sitecore Belgium	NV	Brussels, Belgium	100%	6,9	9,1
Sitecore Singapore Pte.	Sitecore India	Private limited	Gurgaon, India	100%	-	0,2
Sitecore USA Holding LLC	Sitecore USA Inc.	LLC	Delaware, USA	100%	6,1	20,1
Sitecore USA Inc.	Stylelabs	Inc.	Delaware, USA	100%	-	0,6
Sitecore USA Inc.	Sitecore Canada	Ltd.	Nova Scotia, Canada	100%	-	2,5
Sitecore USA Inc.	Hedgehog	Ltd.	New York, USA	100%	0,1	0,1

8. Related parties

Compensation paid to Board of Directors and Executive Management.

For Key Management remuneration please refer to note 4 in the consolidated financial statements.

Related party transactions consist of financing transactions carried out at market rates."

9. Commitments and contingent liabilities

Operating leases

The company has no lease obligations.
There are no pending court and arbitration cases.

Mortgage and securities

As collateral for credit facilities in Sitecore Holding III A/S and Sitecore Corporation A/S the Group has issued the following securities to Nordea Bank ABP, FILIAL SVERIGE:

- The Company has provided a negative pledge.

Other contingent liabilities

As Management Company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities liable for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

The Company has issued letters of support to subsidiaries within the Group.

10. 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.

11. Capital management

For a description of capital management please refer to the consolidated financial statements

12. Financial instruments

Sitecore Holding II A/S does not have exposure to financial instruments. Financial debt and all operations of the Sitecore Group is carried out through subsidiaries of Sitecore Holding II A/S and affiliated companies.

13. Audit fee

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements, note 7.

14. Receivables from related parties

Historically the Company has incurred no losses on receivables from subsidiaries and is not expected to going forward.