

Siteimprove Holding A/S

Sankt Annæ Plads 28
DK-1250 Copenhagen, Denmark
CVR No. 41 62 46 98

Annual Report 2020-2021

The Annual Report was presented and adopted at the Annual General Meeting on
29 June 2022

Erik Jonas Fredrik Näslund
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Siteimprove Holding A/S for the financial year January 1st – December 31st 2021. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act. The Financial Statements of the Parent Company are prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements of the Parent Company give a true and fair view of the financial position at December 31st 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year January 1st – December 31st 2021.

In our opinion, Management's Report includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Copenhagen, 29 June 2022

Executive Board

Michael Shane Paladin
CEO

Board of Directors

Erik Jonas Fredrik Näslund
Chairman

Morten Ersbøll Ebbesen

Sarah Nadine Raida

Rolf Ernst Torsøe

Independent Auditor's Report

To the shareholders of Siteimprove Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 26 August 2020 to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2021 and of the results of the Parent Company's operations for the financial year 26 August 2020 to 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Siteimprove Holding A/S for the financial year 26 August 2020 - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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, 29 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Rasmus Friis Jørgensen

State Authorised Public Accountant
mne28705

Niels Henrik B. Mikkelsen

State Authorised Public Accountant
mne16675

Company Details

Company	Siteimprove Holding A/S Sankt Annæ Plads 28 DK-1250 Copenhagen Denmark
Cvr. No.:	CVR No. 41 62 46 98
Fiscal year	26 August 2020 – 31 December 2021
Municipality of registration office	Copenhagen
Board of directors:	Erik Jonas Fredrik Näslund, Chairman Morten Ersbøll Ebbesen Sarah Nadine Raida Rolf Ernst Torsøe
Executive Board:	Michael Shane Paladin, CEO
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's Review

Management's Review is based on the activities in the Siteimprove A/S Group as these amount to the vast majority of activity in the Siteimprove Holding A/S Group.

Welcome

During 2020 Nordic Capital acquired the majority of the shares in Siteimprove Group. Nordic Capital is a leading private equity investor with a resolute commitment to creating stronger, sustainable businesses through operational improvement and transformative growth. Nordic Capital focuses on selected regions and sectors where it has deep experience and a long history.

Siteimprove is a global provider of digital performance technology, amplifying the digital marketing efforts of leading brands. Siteimprove democratizes access to the web and empowers digital marketers with insights to increase marketing reach, supercharge performance, and deliver maximum ROI across digital channels.

Siteimprove's performance-with-a-purpose optimization allows marketers to spend more time on efficient, effective content creation that truly impacts revenue and validates our core mission: helping marketing teams consistently deliver the most accessible, inclusive, relevant, discoverable, and usable content.

Siteimprove has more than 550 employees across offices in 15 countries, helping around 7,200 customers achieve their digital potential from a single solution.

Financial review

Income statement

2021 marked another year with double-digit revenue growth for Siteimprove.

Revenue totaled USD 112.3 million in 2020/2021. Revenue is generated across all reported markets, with North America being the most noteworthy driver of revenue measured in absolute numbers.

EBITDA totaled USD -105.6 million corresponding to an EBITDA margin of -94.0%.

Net profit/loss: The current loss after taxation of USD 48.8 million resulted from our investments in the business in accordance with the new strategy following the acquisition of Siteimprove in 2020.

Balance sheet

The **balance sheet** totaled USD 697.3 million as of December 31st 2021.

Equity as of December 31st 2021 totaled USD 522.1 million. Please refer to other comprehensive income for more details.

Net interest-bearing debt was negative USD 10.6 million as of December 31st 2021.

<i>USD million</i>	2021
Cash and cash equivalents	11.7
Interest-bearing borrowings	(22.3)
NIBD (Net Interest Bearing Debt)	(10.6)

Cash Flow

Cash outflow from operating activities in 2020/2021 was USD 7.3 million. The net loss, was partially offset by a positive impact from non-cash items and contract liabilities in 2020/2021.

Cash outflow from investing activities totaled USD 566.0 million in 2020/2021. The outflow if mainly related to investment in Siteimprove A/S.

Cash generated from financing activities in 2020/2021 was USD 584.9 million, driven by proceeds from capital increase of USD 575.3 million and increased borrowings.

As a combination of the above, **net cash increase for the financial year 2020/2021** was USD 11.7 million 2020/2021.

Outlook for 2022

In 2022, Siteimprove expects to see a continued growth in total customers following an increased demand for Siteimprove's Intelligence Platform. Siteimprove will maintain its position as the world leader helping organizations and companies improve their digital presence through continuous innovative solutions.

The growth will continue to require investments in our setup and implementation of strategic plan, particularly investments in our platform and personnel. Next year's estimated revenue growth will fall short to cover the planned expenditures. As a result, Management expects a further loss during 2022.

The Company has in June 2022 increased the share capital with USD 30m. The capital increase will ensure, that the company has sufficient funds to execute the planned strategy and continue its operations.

Diversity

At Siteimprove, we are committed to universal human rights. It is Siteimprove's policy to not discriminate, which entails offering equal opportunities for all employees and candidates. Siteimprove employs more than 45 different nationalities, and the company benefits hugely from the variety of backgrounds, experiences, and knowledge that our employees bring to the company. Similarly, Siteimprove benefits from the unique accessibility expertise that our employees with disabilities provide. While we take great pride in being an inclusive workplace, we know we can do even better. We are proud to report that our efforts have paid off as our gender diversity increased in 2021.

The Siteimprove Diversity Policy and our goals

Siteimprove's commitment to offering equal opportunities is stated in our Code of Conduct, as well as in our Diversity Policy, adopted in 2019. The Diversity Policy sets out the elements of Siteimprove's approach to diversity, including our overall aim and the company's focus areas. Our specific goals for gender diversity, approved by the Executive Management Team, are also included in the policy.

While the policy covers multiple diversity groups, the goals described in the policy are gender specific as per legal requirements and it being one of our main focus areas currently. The policy states: our goal is to add one woman to the Board of Directors by 2021; to add an additional woman to the Executive Leadership Team (ELT) by the year 2021; and to have an overall gender ratio of at least 40-60 (female-male) in other management levels by 2022.

In addition to the goals stated, we also aim to increase the general diversity of our workforce, including minorities, people with disabilities, and veterans.

2021 results

By the end of 2021 our overall gender ratio for the whole company was 43-57 (female-male) which is a slight improvement compared to 2020 where the ratio was 42-58. That means we've increased the ratio of women in Siteimprove three years in a row, a trend that we are looking to continue in 2022.

On management level, the gender ratio is 37-63 (female-male) which is an improvement compared to 2020's ratio of 33-67. The gender ratio among managers remains a little behind our target for 2022. On the top leadership level, gender ratio improved to 23-77 in 2021, which is a slight improvement from 2020's ratio of 20-80. Our 2021 target of adding one additional woman to the Executive Leadership Team was reached in 2020, and in 2021 we added another woman to the top leadership team.

The situation of the Board of Directors remains unchanged as it is currently 100% male, which means we have failed to achieve our goal of adding a woman to the Board of Directors. Unfortunately, we have yet to find the right candidates for the tasks at hand, but it is a priority to expand and add diverse candidates to the board, which we will aim to do in 2022.

Increasing diversity in our management positions has been an important focus area in the past year and we are proud to report that we came a step closer toward our 2022 goal of having a 40-60 gender ratio among management positions. We aspire to take the final step in the coming year and achieve our goal.

Having reached our 2021 goal of adding a female leader to our Executive Leadership Team (we have added two), we intend to set a new diversity target for our top leadership in 2022.

2021 initiatives

The progress we've seen on our gender ratios across all levels of the business can be attributed to several factors. At the beginning of the year, we rolled out our Diversity & Inclusion Toolkit for Managers, which provides all Siteimprove managers with useful tools for creating and maintaining a diverse and inclusive workplace. While our diversity and inclusion efforts at Siteimprove focus on increasing the diversity of our workforce in general, this toolkit was designed with a specific focus in mind: gender diversity. However, many of the tools are applicable to all employees and are not specific to gender. The toolkit is divided into 5 topics:

1. Understanding unconscious bias
2. Hiring a diverse team
3. Creating a dialogue about career development
4. Managing employees going on parental leave
5. Creating an inclusive culture

We continue to use our Gender Diversity Data Report, which we created in 2020 and update annually, where we track gender diversity within our organizational levels as well as within recruitment, promotions, and employee turnover. This data report helps us keep everyone in the organization accountable and it enables us to identify areas that need more of our attention.

Besides gender, we have also increased our focus on another underrepresented group: minorities. In 2021, we made the decision to make Martin Luther King Jr Day a holiday in Siteimprove in the United States. Our Culture Committee also did a great job celebrating both Black History Month and Women's History Month, sharing eye-opening stories with the whole company. In February, the Culture Committee found interesting stories and suggestions for eye-opening experiences all throughout the month enriched with knowledge and resources about the history of black Americans, and black history in Minnesota, where Siteimprove US has its home, in particular.

Siteimprove continuously looks for valuable partnerships that can help us drive the diversity and inclusion agenda. Since 2017 we have sponsored Women in Tech in Denmark, and in 2021 we established a formal partnership with HackYourFuture, a coding school for refugees. We are also members of the Disability:IN, a leading nonprofit resource for business disability inclusion worldwide, and St. Paul Chamber of Commerce, whose focus is racial diversity, as well as The Eagle Group that focuses on veterans in Minnesota.

Corporate Social Responsibility

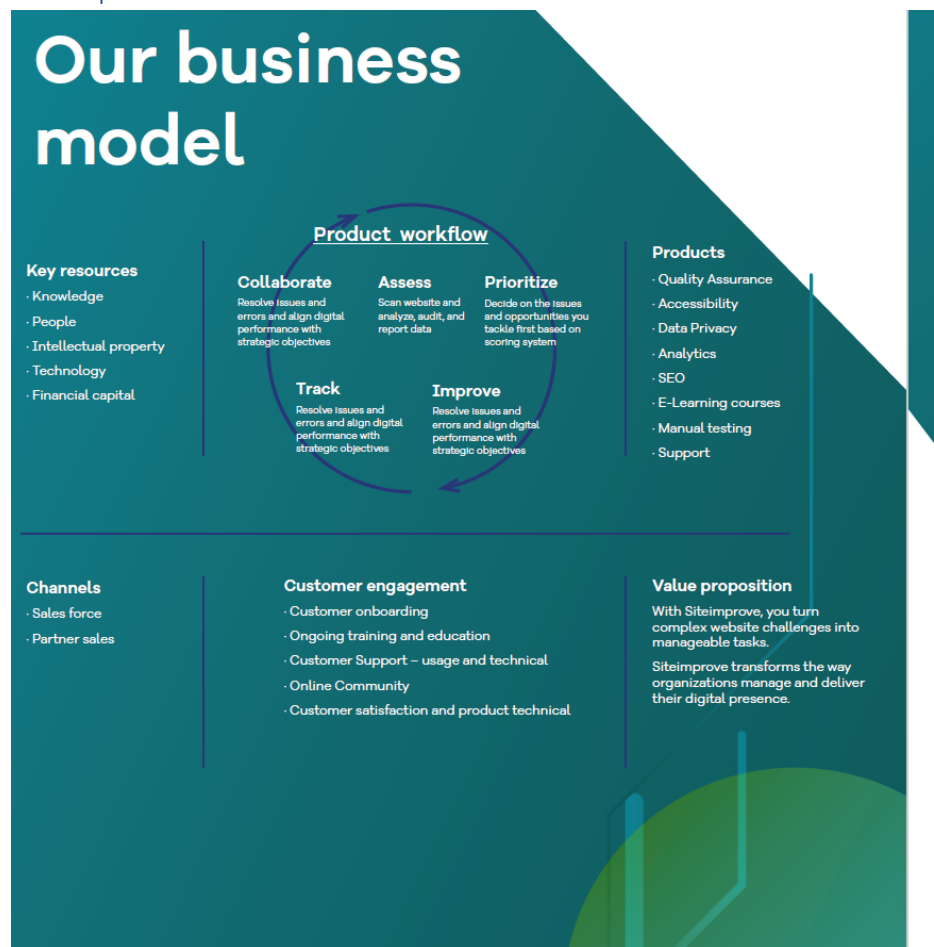
Sustainability and corporate social responsibility

Since 2010, Siteimprove has remained a proud member of the United Nations Global Compact initiative, which sets standards and universally accepted principles within human rights, labor rights, environment, and anti-corruption. Siteimprove continues to follow the requirements of the Global Compact and its 10 principles, which includes reporting on our progress in our Sustainability Report each year.

Since 2018, Siteimprove has committed to the Sustainable Development Goals (SDGs), the 17 global goals that are part of United Nations’ ambitious 2030 agenda, taking the company’s sustainability efforts a step further. The overall objective of the SDGs is to leave no one behind and ensure a better and more sustainable future for all. Siteimprove is a strong supporter of the SDGs and encourages others to take part and join us on the path toward a sustainable future.

Siteimprove is uniquely positioned to contribute to the SDGs within digital human rights. Our primary focus is on three specific goals where we can make the biggest impact. The three goals align with Siteimprove’s core business and areas of expertise, and we view them as great shared value opportunities.

Siteimprove’s business model



Social and environmental risk

Potential negative impact



Goal 13: Climate impact

There's a risk of negative climate impact from Siteimprove's extensive processing of large amounts of data. We mitigate this risk by using a data center that is powered by renewable energy sources.

Social and environmental benefit

Focused positive impact



Goal 4: Quality education

Siteimprove provides inclusive and equitable quality education through our accessibility software and by educating our stakeholders about accessibility and inclusion.



Goal 10: Reduced inequalities

Siteimprove promotes and contributes to the social, economic, and political inclusion of everyone through our software solutions and public advocacy for accessibility and inclusion, and by sharing our knowledge and expertise.



Goal 17: Partnerships for the goals

Siteimprove encourages and participates in effective public, public-private, and civil society partnerships in order to put accessibility on the global agenda and extend our reach so that we can have a positive impact on even more people around the world.

Potential direct or indirect benefit



Siteimprove's Sustainable Development Goals

Main Contribution

Goal 4: Quality Education

- The Siteimprove Academy has a long list of accessibility courses, both practical and theoretical. The Academy hosts courses for customers, partners, and employees.
- Siteimprove educates customers, partners, employees, and more through trainings, events, blog posts, social media campaigns, and webinars.

Goal 10: Reduced Inequalities

- Siteimprove's Accessibility product, the free toolkit on the Accessibility World Map website, and the Siteimprove Accessibility Checker for Google Chrome enable organizations to eliminate barriers that prevent people with disabilities or limited internet access from utilizing their websites.
- Siteimprove creates awareness and provides education about accessibility and inclusion by sharing our resources and knowledge through multiple channels.

Goal 17: Partnerships for the goals

- Siteimprove focuses on public and private partnerships through which we can leverage our expertise and solutions within digital accessibility.

2021 Highlights

Goal 4: Quality Education

- 1,600+ educational institutions are using Siteimprove Accessibility to make information and services on their websites more accessible to people with disabilities.
- We introduced 6 new Accessibility courses in the Siteimprove Academy, which means we now offer 31 different Accessibility courses in the Siteimprove Academy, and Siteimprove customers completed a total of 9,724 accessibility courses in 2021.

Goal 10: Reduced Inequalities

- We launched a new and improved version of our free Accessibility Checker for Google Chrome in connection with the launch of Siteimprove's Accessibility NextGen. The new extension reached more than 10,000 weekly users in 2021, while the old one still helps 50,000+ users weekly.
- Our free Accessibility Statement Generator was used more than 1,800 times, a 38% increase compared to 2020.
- Our free Color-Contrast Checker was used more than 6,000 times, an 85% increase compared to 2020.

Goal 17: Partnerships for the goals

- We completed the WAI-Tools project, an Innovation Action project under the European Commission's Horizon 2020 program. The new and improved Siteimprove Accessibility tool was created through this partnership.
- For the third year running, we co-funded the World Wide Web Consortium's (W3C) Diversity Fund helping people with limited resources and diverse backgrounds attend the W3C's TPAC event.

Human rights

Policies

Siteimprove follows principle 1 and 2 of the Global Compact regarding human rights:

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.

Siteimprove's commitment to human rights is stated in our Code of Conduct. The section "Contributing to the Global Community" contains two clauses which all Siteimprove employees must respect and adhere to:

- We Oppose Exploitive, Inhumane Labor Practices
- We Are Committed to Universal Human Rights

As stated in Siteimprove's Supplier Code of Conduct, Siteimprove Suppliers must support and respect the protection of internationally declared human rights. Moreover, Siteimprove's suppliers shall ensure that they do not contribute to the violation of human rights.

As a reporting measure, we have a whistleblower policy in place that encourages and enables all our employees and third parties to report if they witness any violations such as unethical business practices and serious health and safety concerns. These reports can be made anonymously.

2021 Activities

Siteimprove's business model poses little risk to universal human rights. The area where we see a potential risk of violating human rights is in our choice of providers and suppliers. To mitigate this risk, Siteimprove seeks to work with business partners that promote and follow set standards within human rights, including offering equal rights, providing safe and healthy work conditions, respecting lawful freedoms, and paying a respectable wage. These standards are explained in detail in Siteimprove's Supplier Code of Conduct.

As Siteimprove acts as a data processor for our customers and users, we also have a big responsibility to make sure their personal data remains secure and is used in line with their instructions. Siteimprove takes data privacy very seriously and strongly believes in the right to own your own personal data, which is why it's Siteimprove policy not to sell or otherwise share our clients' data to third parties, in addition to complying with data privacy regulations such as the General Data Protection Regulation (GDPR). We are strongly committed to compliance in both our own internal processing of personal data as well as customer use of the Siteimprove Intelligence Platform.

Our GDPR compliance efforts have direct executive-team oversight and are implemented by the Siteimprove Legal, Information Security, and IT departments. We ensure compliance with GDPR by providing transparency for our customers and users, completing audits, and enhancing security measures on an ongoing basis. Every year, Siteimprove employees complete a GDPR training course, obtaining a GDPR certification. The course equips our employees with the necessary knowledge about what personal data is, how to safeguard it, and how to be GDPR compliant.

Siteimprove's contribution to human rights is focused on improving digital accessibility across the world wide web. Our goal is to enable everyone, regardless of disabilities and impairments, to access the internet on equal terms. We work toward this goal by increasing awareness for digital inclusion and educating other organizations about how they can become digitally accessible, while also providing the tools needed to achieve it. As the whole world was working from home for much of 2020 and 2021, and most interaction happened through technology, it has never been more important that all online information, services, and tools are accessible.

While the Siteimprove Accessibility product is our most comprehensive accessibility tool, we have created a range of other free-to-use accessibility. That includes our Accessibility Checker for Google Chrome, our Accessibility Statement Generator, and our Color-Contrast Checker, all of which are available on accessibilityworldmap.org. All tools saw a big increase in the number of users in 2021 and we are proud to continue to offer the free toolkit that allows everyone to make a targeted effort to remove the accessibility barriers that exist on their websites.

For our annual Global Accessibility Awareness Day (GAAD) celebration we organized a substantial list of local initiatives, including activities in Australia, Canada, United States, Austria, Germany, Switzerland, Italy, Spain, and the Nordics. We asked customers to share stories on how they are creating a better web for all, donated to accessibility charities, partnered up with disability organizations, and hosted multiple online sessions to spread awareness about digital accessibility. Siteimprove Academy also launched the new course "Fundamentals of Alt Text" in connection with GAAD, and we had daily updates on our Accessibility LinkedIn page leading up to the official GAAD on May 20th. As a global inclusion advocate, Siteimprove has marked GAAD every year since its inception in 2012.

Internally, our accessibility pledge continues to guide our employees, stressing the importance of accessibility within the company. The mandatory accessibility awareness training that we introduced in 2019 also continues to be an integral part of our onboarding of new employees. We have even started developing department-specific accessibility training to onboard new colleagues and help them be inclusive from day one.

2021 Results

- 98% of Siteimprove's revenue comes from customers with Siteimprove Accessibility as part of their Siteimprove suite, which shows how central inclusivity is to Siteimprove's business model.
- More than 6,300 organizations are using the Siteimprove Accessibility product to improve their digital accessibility and make their digital platforms inclusive.

For 2022, it is our goal to continue running a business that only has a positive impact on human rights around the world. We will continue our efforts to promote digital inclusion and act as a best-in-class data processor for our clients.

Labor rights

Policies

Siteimprove follows principles 3, 4, 5, and 6 of the Global Compact regarding labor rights:

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor; and
6. the elimination of discrimination in respect of employment and occupation.

Siteimprove's commitment to proper labor practices and being socially responsible is also described in the section "Working Together" of our Code of Conduct. The company and all employees are committed to the following clauses:

- Open and Honest Communication
- People Are Our Greatest Resource

Siteimprove's Supplier Code of Conduct requires Siteimprove's suppliers to have proper working conditions, to ensure that no forced labor or child labor is used in their own operations or by their partners and suppliers, and to commit to complying with all local laws and regulations.

As Siteimprove strives to create and maintain a safe, mutually respectful working environment free of all forms of harassment, we have a zero-tolerance policy toward harassment. It is considered a collective problem and responsibility to intervene, should it take place. A safe and respectful working environment contributes to employee retention and is a precondition for productive and happy employees.

Siteimprove's Whistleblower Policy enables employees, and other stakeholders, to make good faith reports pertaining to serious violations such as suspected fraud, unethical business practices, bribery, corruption, or other improper or unlawful activity, or serious health and safety concerns within Siteimprove.

Siteimprove's Diversity Policy promotes equality and inclusion and describes Siteimprove's commitment to offering equal opportunities. Being an Equal Opportunity Employer means that no one will be discriminated because of their race, gender, marital status, ideology, political opinions, nationality, religion or any other personal, physical, or social condition. We preach inclusion externally in our efforts to make the web better for all, and we find it only natural not to discriminate in our hiring process or in the way we treat employees. We are very focused on fostering a workplace culture where everyone is included and treated fairly and equally, and we take pride in being a workplace for people of all abilities.

2021 Activities

At Siteimprove, our employees are our greatest resource. Without them, there would be no innovative top-of-the-line software, no happy customers, no Siteimprove. That means one of the biggest risks for Siteimprove is dissatisfied employees and not doing our due diligence in regard to employee health, safety, and well-being. This risk is mitigated through a variety of activities and procedures that are in line with the policies stated above.

To monitor the well-being and satisfaction of employees, Siteimprove runs annual employee engagement surveys. The results are shared with the Executive Management Team, and each manager receives the results for their team and develops an action plan together with the team to improve within selected areas.

To ensure that we maintain a safe and healthy work environment for all employees, Siteimprove has a work environment organization in place, which consists of employee representatives elected by their colleagues. The organization arranges, among other things, first aid courses for employees.

It goes without saying that Siteimprove does not use child or any form of forced labor. In the 16 countries in which we have employees, we adhere to all local labor laws.

If employees see any violations of our Code of Conduct, including harassment, discrimination, or unsafe or unhealthy working conditions, they must reach out to their manager, Human Resources, the Legal department, or higher levels of management, or make an anonymous report through the process described in our Whistleblower Policy.

Continuing to take care of our employees during the pandemic

While we all had hoped that we didn't have to include this section again for this year's report, 2021 was another year where the COVID-19 pandemic had a huge impact on our work- and private lives. Ever since the pandemic broke out, it has forced Siteimprove's employees to work at home for lengthy spells and has complicated working in our offices. In 2021, we continued to keep a close eye on the well-being of our employees and built on the measures that we took when the pandemic first hit us. To deal with the situation, our employees have had to adapt their work and personal lives, and for many it came with the risk of added pressure on their mental well-being. As a responsible employer, we feel obligated to do everything in our power to keep our employees safe and make the work-from-home experience as stress free and efficient as possible.

When working from a Siteimprove office, our employees have experienced the highest hygiene standards as we provide oceans of sanitizer and have implemented increased cleaning frequencies and numerous measures to ensure distance between people in the offices.

Communication has also been a key measure in ensuring that our employees feel safe. From the start of the pandemic, we made a point out of sending regular communication from our top leadership and HR department. This was to ensure that employees felt safe, informed, and included. We also distributed guides and help on how to take care of one's mental well-being while working from home, and we equipped managers with knowledge about how to support a remote workforce. These pieces of communication continued into 2021, albeit less frequently as people were getting more used to the situation and "knew the drill".

Following from 2020, we ran an employee survey, unrelated to our regular employee engagement surveys, to monitor the overall well-being of our workforce in Q2. While people were generally coping well and good at helping each other, the surveys helped us identify any areas that we needed to pay additional attention to. Asked about how they've been feeling during the past week on a scale from 1 (Terrible) to 7 (Great), our employees averaged 5.2, which is almost identical to how they were feeling the year before (5.1), where they'd been through the first COVID-19 lockdown. The results of the survey showed that we could move forward as a hybrid workplace with confidence as our employees are

feeling well when working remotely, and our managers are doing a good job supporting remote employees.

2021 Results

- Our employee well-being improved slightly when we did our well-being survey in Q2, even after more than a year where our ways of working had been impacted by COVID-19.
- Our employees spent more than 400 hours of their working days giving back to the community through our “Give Back Days” initiative.
- Our gender ratio among our total workforce improved from 42-58 (female-male) to 43-57.

For 2022, it is our goal to continue running a business that respects universal labor rights and only do business with organizations that share that sentiment. We will continue our efforts to promote diversity and inclusion and remain focused on creating a great working environment for our employees.

Environment

Policies

Siteimprove follows principle 7, 8, and 9 of the Global Compact in regard to the environment:

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

In addition to the Global Compact, Siteimprove has established an Environmental Policy that applies to all Siteimprove offices and defines the overall environmental work within the company. The policy contains three overall tenets:

- We exercise caution in relation to environmental challenges.
- We take steps to promote environmental responsibility.
- We support the development and growth of environmentally friendly initiatives.

Our Supplier Code of Conduct requires all Siteimprove suppliers to strive to comply with all applicable laws and regulations relating to the impact of their business on the environment. Compliance with environmental law includes any international or applicable local laws affecting the source of materials and processes used to manufacture products. Siteimprove’s suppliers should minimize their own environmental impact and continuously try to limit their environmental impact on a continuous basis.

2021 Activities

The biggest risk that Siteimprove’s business model poses to the environment is the negative climate impact that our energy usage can cause. As we process large amounts of data for our customers, we rely on data centers, which consume a lot of energy. Siteimprove has high demands for our data centers, specifically related to security and environmental impact. We have chosen to use Interxion, a data center that has received multiple environmental awards and supports energy from sustainable sources. We are proud to report that 100% of the power consumed by Interxion’s data center in Denmark, which is the one Siteimprove uses, comes from sustainable sources.

While Interxion is our main data center, Siteimprove also relies on Amazon Web Services (AWS) to process data. AWS is committed to using 100% renewable energy by 2025. AWS reported that 65% of their energy consumption came from renewable sources in 2020, which was up from 50% in 2018. During 2021, AWS announced new wind and solar energy projects across Europe and North America, getting them closer to their goal of using 100% renewable energy.

We have also done our due diligence regarding our hardware provider. We receive all our hardware equipment globally from Atea, who holds an ISO 14001 certification and screens their manufacturing suppliers by using specific environmental criteria.

2021 Results

- The energy used by our main data center, Interxion, came from 100% sustainable sources.
- Our secondary data processor, AWS, increased the ratio of renewable energy usage to 65% in 2020 and potentially even more in 2021.

For 2022, it is our goal to further decrease the climate impact of our business.

Anti-corruption

Policies

Siteimprove follows principle 10 of the Global Compact in regard to anti-corruption:

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Siteimprove's Code of Conduct includes a section called "Building Business Relationships" that states: "Honest dealing with customers and suppliers is essential to Siteimprove's relationships. Giving or receiving any kickbacks, bribes, or similar payments of any sort is prohibited." The company and all employees are committed to the following rule:

- We do not give or accept inappropriate gifts.

Employees must contact the Legal Department or Human Resources if they witness any breaches or suspect violations of the company-wide Code of Conduct, or make an anonymous report through the process described in our Whistleblower Policy.

Siteimprove expects that all Siteimprove suppliers conduct business according to the highest ethical standards of conduct and in compliance with all applicable laws and regulations, as stated in our Supplier Code of Conduct.

2021 Activities

While Siteimprove operates in low-risk countries in terms of corruption, we still take the risk of bribery and corruption very seriously. The primary risks associated with corruption and bribery exist in our business relationships with customers and vendors, and to mitigate this risk Siteimprove has implemented policies and training measures to empower employees to do business free of corruption.

Siteimprove's Code of Conduct informs employees that they cannot keep gifts from customers, providers, vendors, or partners, and they are not allowed to offer anything of value to government employees without explicit approval from the Legal Department. The consequence of violating the Code of Conduct can be a warning or termination.

All Siteimprove employees undergo training in how to avoid corruption and bribery, which will continue in the year to come. To further mitigate the risk of unethical business practices, selected Siteimprove employees undergo anti-trust training.

All Siteimprove suppliers are also required to conduct business according to the highest ethical standards and all applicable laws and regulations. As stated in our Supplier Code of Conduct, Siteimprove's suppliers must not offer, promise, give, accept, or solicit any bribe, gift, loan, fee, or other advantage to any government official or employee, any customer, any Siteimprove employee, or any other person to obtain any business or improperly influence any action or decision.

If employees or external stakeholders witness any doubtful or directly illegal business practices, they must reach out to the Legal department or follow the steps described in our Whistleblower policy, where they can make an anonymous report.

2021 Results

- Siteimprove had no cases or allegations related to bribery or corruption in 2021.

For 2022, it is our goal to continue running a business free of bribery and corruption.

Data Privacy and Security

At Siteimprove, we believe people have the right to privacy online and that your data is yours. Siteimprove takes privacy very seriously and has a reputation for safeguarding our customers' data.

Siteimprove processes data for all our clients through the Siteimprove Intelligence Platform. In addition to complying with data privacy regulations, it's Siteimprove policy not to sell or otherwise share our clients' data to third parties. Our clients own their data and we ensure that their data is kept safe and not shared with other entities, commercial or otherwise.

In addition to our own measures, we encourage our suppliers to make data privacy a priority in all their operations through our Supplier Code of Conduct.

Siteimprove Data Privacy and Web Security: In addition to our efforts within accessibility and inclusion, we also provide our customers with tools that help them keep their websites safe and their personal data secure. The latest Siteimprove product, Web Security, was launched in 2020. It's becoming an increasingly important priority for organizations of all types to keep their websites and visitors secure, and Siteimprove Web Security addresses that need. Web Security greatly complements our Data Privacy product in this matter as our customers look to protect their digital platforms and the rights of their users. Siteimprove Data Privacy helps our customers locate the personal data that they store online, including ID numbers, cookies, and more. We empower our customers to find and remove personal data across their website and in turn help them adopt better data privacy practices. Together, we minimize the risk of their user and customer data being abused.

At the end of 2020, more than 400 organizations were using Siteimprove Data Privacy and/or Web Security to protect their personal data and keep their websites and users secure.

Protect your personal data with Siteimprove's Share Widget: The Siteimprove Share Widget offers social engagement while protecting personal data. The Share Widget does not collect data from users or visitors and does not sell visitor data to third parties. This distinguishes us from other content-sharing widget services that add cookies to collect data to re-sell to advertisers. In the past, alarms have been raised, particularly in the public sector, that content-sharing services sell data to or share data with third parties. With our product, customers can safely implement a share widget that respects privacy.

GDPR Compliance and Training: Siteimprove is committed to General Data Protection Regulation (GDPR) compliance in both its own internal processing of personal data as well as customer use of the Siteimprove Intelligence Platform. These compliance efforts have direct executive-team oversight and are implemented by the Siteimprove Legal, Information Security, and IT departments.

Siteimprove's approach to GDPR compliance includes, but is not limited to, the technical and organizational measures below:

- Transparency in the processing of data and the sub-processors used
- Offering customers a Data Processing Agreement to assist them in meeting their GDPR obligations
- Implementing principles of privacy by default and privacy by design into the development process
- Enhancing our infrastructure to implement encryption of data-at-rest and increased access controls
- Conducting awareness sessions on what personal data is and how it should be treated
- Regularly auditing individual departments to verify adherence to personal data business processes and identify any new procedures or personal data flows
- Increasing vendor security requirements in both vetting processes and contracts
- Annual ISAE3400 audits performed by external auditor (PwC)

Every year, Siteimprove employees complete a GDPR training course, obtaining a GDPR certification. The course equips our employees with the necessary knowledge about what personal data is, how to safeguard it, and how to be GDPR compliant.

Consolidated Financial Statements

Key Figures and Financial Ratios

Seen over a five-year period, the financial development in the Siteimprove Group is described by the following highlights:

USD '000	2021 *
INCOME STATEMENT	
Revenue	112.274
Gross profit	88.711
EBITDA before special items**	(105.586)
EBIT	(51.290)
Net financial items	(4.865)
Income taxes	7.391
Net profit/(loss)	(48.764)
BALANCE SHEET	
Total assets	697.269
Equity	522.059
Investment in property, plant and equipment	(1.237)
CASH FLOW STATEMENT	
Cash outflow from operating activities	(7.282)
Cash outflow from investing activities	(566.009)
Cash generated from financing activities	584.944
Change in cash and cash equivalents for the year	11.653
KEY RATIOS	
Annual recurring revenue	102.266
Average customer contract value	14,2
Gross margin	79,0%
Solvency ratio	74,9%
EBITDA margin	-94,0%

*Income Statement items cover 26 August 2020 to 31 December 2021.

** EBITDA is calculated as EBIT cf. Income Statement adjusted for depreciations, amortizations and impairment cf. Note 2.5 and special items.

Except for 'Annual recurring revenue' and 'Average revenue per customer' the Key Ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis. For definitions refer to Accounting Policies.

Consolidated Income statement 26th August 2020 – 31st December 2021

USD '000	Note	26 Aug. 2020 - 31 Dec. 2021
Revenue	2.1	112.274
Cost of revenue	2.2 / 2.3 / 2.5	(23.563)
Gross profit		88.711
Sales & marketing costs	2.2 / 2.3 / 2.5	(46.129)
Research & development costs	2.2 / 2.3 / 2.4 / 2.5	(64.692)
General & administrative costs	2.2 / 2.3 / 2.5	(29.250)
Other income		70
EBIT before special items		(51.290)
Special items	2.3	-
EBIT		(51.290)
Financial income	4.4	4.666
Financial costs	4.4	(9.531)
Net profit/(loss) before tax		(56.155)
Income tax credit/(charges)	2.6	7.391
Net profit/(loss)		(48.764)

Other comprehensive Income 26th August 2020 – 31st December 2021

Net profit/(loss)	(48.764)
<i>Items that will be reclassified to income statement</i>	
Exchange differences on translation of foreign operations	(4.817)
Other comprehensive income (loss) for the period, net of tax	(4.817)
Total comprehensive income (loss) for the period	(53.581)

Net profit/(loss) and total comprehensive income for the period are fully attributable to the owners of the Parent company Siteimprove Holding A/S.

Consolidated Balance Sheet at 31st December

ASSETS

USD '000	<u>Note</u>	<u>2021</u>
Development projects		114.978
Development projects in progress		161
Customer Rights		176.539
Patents		155
Goodwill		<u>335.441</u>
Total intangible assets	3.1	<u>627.274</u>
Leasehold improvements		118
Other fixtures, furniture and fittings		1.579
Right-of-use assets		<u>10.495</u>
Total property, plant and equipment	3.2	<u>12.192</u>
Contract assets	3.3	18.377
Deferred tax assets	2.6	3.084
Other financial fixed assets	4.3	<u>1.495</u>
Total other non-current assets		<u>22.956</u>
Total non-current assets		<u>662.422</u>
Trade receivables	3.4 / 4.2	18.109
Other receivables	4.2	4
Income tax receivables	2.6	1.123
Prepayments	3.5	3.894
Cash and cash equivalents	4.2	<u>11.716</u>
Total current assets		<u>34.846</u>
Total assets		<u>697.269</u>

Consolidated Balance Sheet at 31st December

EQUITY AND LIABILITIES

USD '000	<u>Note</u>	<u>2021</u>
Share capital	4.5	560
Reserve for currency translation		(4.818)
Retained earnings		526.317
Total equity		<u>522.059</u>
Deferred tax liabilities	2.6	63.432
Other provisions	3.6	3.047
Lease liabilities	4.2	8.716
Borrowings	4.1 / 4.2	22.305
Total non-current liabilities		<u>97.500</u>
Trade payables	4.2	4.529
Income tax liabilities	2.6	1.135
Other liabilities	4.2	12.973
Lease liabilities	4.2	2.188
Contract liabilities	3.7	56.885
Total current liabilities		<u>77.710</u>
Total liabilities		<u>175.210</u>
Total equity and liabilities		<u>697.269</u>

Consolidated Statement of Changes in Equity

	Share capital	Reserve for currency translation	Retained earnings	Total
2020-2021				
Equity at 26 August 2020	63	0	0	63
<u>COMPREHENSIVE INCOME</u>				
Income/loss after tax			(48.764)	(48.764)
<u>OTHER COMPREHENSIVE INCOME</u>				
Exchange rate adjustments		(4.817)	-	(4.817)
Total other comprehensive income	-	(4.817)	-	(4.817)
<u>TRANSACTIONS WITH SHAREHOLDERS</u>				
Cash capital increase	497		574.798	575.295
Share based payments			282	282
Total transactions with shareholders	497	-	575.080	575.577
Equity at 31st December 2021	560	(4.817)	526.316	522.059

Consolidated Cash Flow Statement 26th August 2020 – 31st December 2021

USD '000	Note	26 Aug. 2020 - 31 Dec. 2021
Net profit/loss		(48.764)
Non-cash items	5.1	41.805
Changes in net working capital	4.6	(3.514)
Changes in contract liabilities		5.088
Cash inflow from operating activities before financial items		(5.385)
Financial income	4.4	-
Financial costs	4.4	(1.678)
Cash inflow from operating activities before tax		(7.063)
Income tax reimbursements/(payments)		(219)
Cash inflow from operating activities		(7.282)
Payments for intangible assets	3.1	(3.289)
Payments for property, plant and equipment	3.2	(1.237)
Payments for contract assets	3.3	(7.858)
Payments for other financial fixed assets	4.3	(80)
Proceeds from other financial fixed assets	4.3	70
Acquisition of subsidiaries		(553.615)
Cash outflow from investing activities		(566.009)
Cash capital increase	4.5	575.295
Proceeds from borrowings		12.585
Principal elements of lease payments		(2.936)
Cash generated from financing activities		584.944
Net cash increase for the year		11.653
Cash and cash equivalents, net at 1st January		63
Net cash increase for the year		11.653
Cash and cash equivalents, net at 31st December		11.716

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- 1.3 OTHER GENERAL ACCOUNTING POLICIES

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Notes

1.1 Summary of significant accounting policies

The Consolidated Financial Statements of the Siteimprove Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) and further requirements in the Danish Financial Statements Act.

Changes in accounting policies

Besides what is described under note 1.2 Management has decided to reclassify certain costs between cost lines in the Consolidated Financial Statements in previous years. This is done to enhance the true and fair view of the financial position and business of which the Group operates.

The change has not resulted in any adjustments to the net profit/(loss) or equity.

Recognition and Measurement

The Consolidated Financial Statements have been prepared under the historical cost basis except when IFRS explicitly requires the use of fair value. The principal accounting policies set out below have been applied consistently in the preparation of the Consolidated Financial Statements for all the years presented. The Consolidated Financial Statements are presented in USD thousands.

Principal accounting policies

The Group's accounting policies are described in relation to the individual notes to the Consolidated Financial Statements. Considering all the accounting policies applied in the preparation of the Consolidated Financial Statements, Management regards the following as the most significant accounting policies for the recognition and measurement of reported amounts as well as relevant to an understanding of the Consolidated Financial Statements:

- Revenue (note 2.1)
- Research & development costs incl. intangible assets (notes 2.4 and 3.1)
- Income taxes and deferred taxes (note 2.6)
- Trade receivables (note 3.4)
- Contract liabilities (note 3.7)
- Right-of-use assets and lease liabilities (notes 3.2 and 4.2)

Critical accounting estimates and judgments

In preparing the Group's Consolidated Financial Statements, Management makes various accounting estimates, judgments and assumptions which form the basis of presentation, recognition and measurement of the Group's assets and liabilities. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. In some circumstances a change in the estimates may be necessary because of changes in the underlying assumptions.

Estimation uncertainty

Determining the carrying amount of some assets and liabilities requires estimates and assumptions concerning future events.

The judgments, estimates, and assumptions made are based on historical experience and other factors which Management assesses 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.

Management regards the following areas to include the key accounting estimates and assumptions used in the preparation of the Consolidated Financial Statements:

- Income taxes and deferred taxes (note 2.6)
- Intangible assets (note 3.1)
- Contract assets (note 3.3)
- Trade receivables (note 3.4)

Please refer to the specific notes for further information on the key accounting estimates and assumptions applied.

Defining materiality

The Consolidated Financial Statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the Consolidated Financial Statements.

If a line item is not individually material, it is aggregated with other items of a similar nature in the Consolidated Financial Statements or in the notes. There are substantial disclosure requirements throughout IFRS. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not applicable.

1.2 Other accounting policies

New or amended IFRS that have come into effect in 2021

Based on an assessment of new or amended and revised accounting standards and interpretations ('IFRS') issued by the International Accounting Standards Board (IASB) and IFRS endorsed by the European Union effective on or after January 1, 2021, it has been assessed that the application of these new IFRS has not had a material impact on the Consolidated Financial Statements in 2021, and the Group does not anticipate any significant impact on future periods from the adoption of these new IFRS. No amendments or standards have been implemented by Siteimprove for the financial year 2021.

New or amended IFRS that have been issued but have not yet come into effect and have not been early adopted

The IASB has issued, and the EU has endorsed, several new standards and updated some existing standards, the majority of which are effective for accounting periods beginning on January 1, 2022 or later.

Therefore, they are not incorporated in the Consolidated Financial Statements. There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

1.3 Other general accounting policies

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Siteimprove Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates. On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realized and unrealized profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business Combinations

Newly acquired or newly established subsidiaries are recognized from the time control is established over the acquired enterprise (acquisition date). The purchase method is applied to acquisition of subsidiaries.

The cost of acquisitions is calculated as the fair value of the acquired assets and liabilities and shares issued. The cost incorporates the fair value of any contingent considerations (earn-outs). Expenses in connection with the acquisition are charged to the income statement in the period in which they are incurred.

Identifiable assets, liabilities, and contingent liabilities (net assets) relating to the acquired enterprise are recognized at fair value on the acquisition date.

In connection with each acquisition, goodwill and non-controlling interests are recognized in accordance with one of the following methods:

- Goodwill related to the acquired enterprise is made up of any positive difference between the total fair value of the acquired enterprise and the fair value of the total net assets for accounting purposes. Non-controlling interests are recognized at the share of the acquired enterprise's total fair value (full goodwill).
- Goodwill related to the acquired enterprise is made up of any positive difference between the purchase price and the fair value of the Group's share of the acquired enterprise's total net assets for accounting purposes at the acquisition date. Non-controlling interests are recognized at the proportionate share of the acquired net assets (proportionate goodwill).

Goodwill is recognized under intangible assets. Goodwill is not amortized but is assessed on an annual basis, or where there are indications of a decrease in value, to determine whether it has been subject to a decrease in value. If this is the case, it is written down to the asset's lower recoverable value.

Enterprises that are sold or wound up are recognized until the date of disposal. Any gain or loss relative to the carrying amount at the disposal date is taken to income at the time of sale where control of the subsidiary is also being relinquished.

The difference between cost and carrying amount of acquired non-controlling interest is recognized in the equity. Profit or loss on sale of non-controlling interests is also recognized in equity.

Translation policies

Functional and presentation currency

Items are measured using the currency of the primary economic environment in which the entity operates (functional currency). Given that most of the Group's transactions are in USD the Consolidated Financial Statements is presented in USD.

Translation of transactions and balances

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and costs in the income statement.

Translation of Group companies

Income statements of foreign subsidiaries are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognized directly in equity.

Cost of revenue

Cost of revenue comprise hosting, direct salaries, office costs, depreciations, amortizations etc., as well as allocated overhead costs for cost of revenue departments, such as Customer Success and Technical Support.

Sales & marketing costs

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

General & admin costs

General & admin costs 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.

Other income

Other income and other costs comprise items of a secondary nature to the main activities of the Group. Government grants are recognized in the income statement on a straight-line basis and is presented as other income. Government grants not fully recognized in the income statement are presented as part of other liabilities.

Equity

Proposed dividend is recognized as a liability at the time of approval by the general meeting. Dividend which is expected to be distributed for the year is disclosed in the statement of changes in Group equity.

The reserve for currency translation in the Consolidated Financial Statements comprises foreign exchange differences arising from translation of financial statements of foreign enterprises from their functional currencies to the presentation currency of the Group (USD). On full or partial disposal of the net investment, the foreign exchange adjustments are recognized in the income statement.

Cash flow statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the income/loss after tax adjusted for changes in working capital and non-cash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from purchase and disposals of intangible assets, property, plant & equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents comprise "Cash and cash equivalents".

The cash flow statement cannot be immediately derived from the published financial statements.

Consolidated five-year summary

The key figures and financial ratios have been prepared on a consolidated basis. The Key Ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis.

- Annual recurring revenue: Equals the annual contract value of all customers at the balance sheet end date
- Average customer contract value: $(\text{Annual recurring revenue}) / (\text{No. of customers})$
- Revenue growth: $(\text{Change in revenue compared to previous period} \times 100) / (\text{Revenue previous period})$
- Gross margin: $(\text{Gross profit} \times 100) / (\text{Revenue})$
- Solvency ratio: $(\text{Equity at year end} \times 100) / (\text{Total assets at year-end})$
- EBITDA margin: $(\text{EBITDA} \times 100) / (\text{Revenue})$

2.1 REVENUE

ACCOUNTING POLICIES

Revenue is mainly derived from subscription fees charged for the Siteimprove Intelligence Platform, support fees and, professional services. For software contracts which are comprised of several components, the total contract sum is allocated to the separate performance obligations for the purpose of revenue recognition.

Revenue recognition requires an agreement with the client which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue is recognized when the client has obtained control of the subscription or service and has the ability to use and obtain substantially all the benefits from the subscription or service.

For multi-element contracts, the basis for revenue recognition is an assessment of the standalone selling prices for the identified performance obligations, including rebates, discounts, allowances, and inherent interest.

No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

Subscription fees

Fixed term subscription agreements give the right to use the software for a determined period of time, which can be extended at the end of the initial term. Clients obtain control of the subscription in a cloud-based infrastructure.

The main possible performance obligation related to subscription agreements has been identified as the right to use the software. The right to use software subscription is considered a separate performance obligation when it satisfies the following conditions: can be delivered separately from other services, can be accessed by a third party, and is functional with access to technical support.

Siteimprove has assessed that the client obtains control of the subscription when all of the following criteria are met: a binding contract is entered into; the subscription period is initiated; and the client has the right to use it. Subscription revenue is therefore recognized over the course of the subscription period. The consideration attributable to subscription-based agreements are discounted to net present value when the value of the financing element is deemed significant.

2.1 REVENUE

ACCOUNTING POLICIES (CONTINUED)

Professional services fees and technical support

Professional services agreements can include multiple performance obligations including technical support. The main possible performance obligations are implementation services related to the implementation of new and existing contracts irrespective of the terms of the contract. Time and material implementation contracts are recognized based on work performed. Fixed fee agreements are recognized based on percentage of completion.

2.1 REVENUE (CONTINUED)

The Group derives the following types of revenue:

USD '000	26 Aug. 2020 - 31 Dec. 2021
Subscriptions	110.724
Professional services	1.550
Total revenue	112.274

Geographic information

In the table below, sales to external customers are attributable to the country of the customers' domicile and non-current assets are based on the country of the entities' domicile. External sales and non-current assets are distributed by geographic region as follows:

USD '000	26 Aug. 2020 - 31 Dec. 2021
<u>Revenue</u>	
North America	69.552
Europe	40.104
Asia Pacific	2.618
Total revenue	112.274

Individual, material countries (>10% of total net sales) is the USA with USD 53,7 million (2020: USD 50,5 million).

USD '000	26 Aug. 2020 - 31 Dec. 2021
<u>Total Non-current assets</u>	
North America	127.114
Europe	504.956
Asia Pacific	4.900
Total operating non-current assets 1)	636.970
Deferred tax assets	3.084
Total non-current assets	640.054

1) Non-current assets other than deferred tax assets.

Individual, material countries (>10% of non-current assets) is the USA with USD 125 million.

2.2 STAFF COSTS

ACCOUNTING POLICIES

Staff costs comprise wages and salaries as well as other payroll related expenses. Staff costs are included in sales & marketing costs, research & development costs as well as general & admin costs.

USD '000	26 Aug. 2020 - 31 Dec. 2021
Wages and salaries	72.679
Pensions (defined contribution plans)	3.980
Social security costs	5.856
Share-based payments	282
Total	82.797
Staff costs included in development projects	(3.871)
Commissions included in contract assets	(8.690)
Staff costs expensed to the income statement	70.237
Average number of employees	566

Total staff costs have been recognized in the income statement as follows:

USD '000	26 Aug. 2020 - 31 Dec. 2021
Cost of revenue	14.029
Sales & marketing costs	27.822
Research & development costs	16.298
General & admin costs	12.119
Special items	-
Total	70.268

Remuneration to key management can be specified as follows:

USD '000	26 Aug. 2020 - 31 Dec. 2021
Salary and bonus	4.257
Pension	134
Share-based payments	282
Total	4.673
Remuneration to the Executive Board & Board of Directors	928

Employment contracts for members of the Executive Board contain terms and conditions that are common to those of their peers in similar companies including terms of notice and non-competition clauses.

2.3 SHARE BASED PAYMENTS

ACCOUNTING POLICIES, 2021

A new warrant programme has been issued in 2021 to Executive Management.

The value of services received in exchange for warrants is measured at fair value at the grant date and recognized in the income statement under staff costs over the vesting period with a corresponding increase in equity. On initial recognition, an estimate is made of the number of awards expected to vest.

Subsequently, the amount recognized as a cost is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that actually vest.

For cash-settled share-based payment arrangements, the awards are measured at the grant date fair value and recognized in the income statement as a staff cost over the vesting period with the balancing entry being recognized as a liability. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share-based payment arrangement. Any changes in the liability are recognized in profit or loss.

The fair value of granted warrants is measured using a generally accepted valuation model (Black-Scholes) taking into consideration the terms and conditions upon which the warrants were granted. The volatility has been estimated using a benchmark volatility based on a peer group identified consisting of small-cap and mid-cap SaaS companies that have been listed for three years or longer.

To incentivize the Executive Board, share-based payment incentive plans have been established for members of the Executive Management. The plans include equity-settled and cash-settled awards. In December 2021, the Group has granted equity shares to the Executive Board which give the shareholder a right to a specific number of shares subject to vesting conditions.

The key terms and conditions related to vesting of the grant under this program are as follows; the granted shares are split equally between a time-vesting condition and a performance-vesting condition. The time-vesting condition contains 4 tranches.

According to the performance-vesting condition, shares vest upon a listing or divestment and the number of options vesting depends on the quotient of investor returns divided by investor investments. In addition, the shareholder must remain employed by the Group until the vesting date.

2.3 SHARE BASED PAYMENTS, continued

Reconciliation of outstanding equity-settled awards

Management Incentive Program

The number and weighted-average exercise prices of shares were as follows.

<i>In number of shares</i>	Executive Management	Fair value at grant	Average exercise price
Granted during the year	2.474.550	0,82	
Outstanding at 31 December	2.474.550		
Exercisable at 31 December	0		0

For shares outstanding at the of the year, the remaining contractual life is 4 years and 6 months.

Reconciliation of outstanding cash-settled awards

<i>In number of phantom shares</i>	Shadow Incentive Plan
Instruments granted	
Fair value at grant date (USD)	274.950
Initial expected total cost (USD)	0,82
	225.032
Instruments for which it is expected to vest	
Current fair value (USD)	274.950
Total expected settlement	0,82
Liability at 31 December (USD)	225.032
	31.317

2.3 SHARE BASED PAYMENTS, continued

Measurement of fair value

Equity-settled share-based payment arrangements

The fair value of granted awards is estimated using Monte Carlo simulations of market conditions taking into account the terms and conditions upon which the awards were granted.

The inputs used in the measurement of the fair values at grant date of the equity-settled share based payment plans were as follows.

	Executive Incentive Plan
Fair value at grant date	0,82
Exercise price	0
Expected volatility (weighted-average)	40,0%
Expected life (weighted-average)	4,1 years
Expected dividend	0
Risk-free interest rate (based on government bonds)	-0,29%

Expected volatility has been based on an evaluation of the historical volatility of comparable companies' listed share prices. This was based on the standard deviation of monthly returns over a five year period.

2.3 SHARE BASED PAYMENTS, continued

Cash-settled share-based payment arrangements

The inputs used in the measurement of the fair values at grant date of the cash-settled share based payment plans were as follows.

	Grant date	Measurement
	December	31 December
	2021	2021
Fair value (USD)	0,82	
Exercise price	0	0
Expected volatility (weighted-average)	40,0%	40,0%
Expected life (weighted-average)	4,1 years	3,6 years
Expected dividend	0	0
Risk-free interest rate (based on government bonds)	-0,29%	-0,30%

Expected volatility has been based on an evaluation of the historical volatility of comparable companies' listed share prices. This was based on the standard deviation of monthly returns over a five year period.

At 31 December 2021, the total carrying amount of liabilities arising from the share-based payment transactions amount to USD 31 thousand.

Total expense recognised in 2021 from share-based payment transactions recognised in the income statement amounts to USD 341 thousand, of which USD 307 thousand arises from equity-settled share-based payment transactions.

2.4 RESEARCH & DEVELOPMENT COSTS

ACCOUNTING POLICIES

Siteimprove's research & development focuses on the development of the Siteimprove Intelligence Platform.

Research & development costs 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 equipment, and allocated overhead.

Research & development costs that are not eligible for capitalization have been expensed in the period and they are recognized in research & development costs.

	26 Aug. 2020 - 31 Dec. 2021
	<hr/>
This years incurred research & development costs	24.356
Amortization of intangible assets	42.762
Depreciation of property, plant & equipment	383
Depreciation of right-of-use assets	1.063
Development costs capitalized in development projects	<u>(3.872)</u>
Total	<u>64.692</u>

2.5 DEPRECIATIONS, AMORTIZATIONS AND IMPAIRMENT

USD '000	26 Aug. 2020 - 31 Dec. 2021
	<hr/>
Amortizations and impairment of intangible assets	50.008
Depreciations and impairment on property, plant & equipment	900
Depreciations and impairment on right-of-use assets	3.388
(Gains)/losses on disposals	-
Total	<hr/> 54.296 <hr/>

Amortizations, impairment and (gains)/losses on intangible assets and contract assets have been recognized in the income statement as follows:

	26 Aug. 2020 - 31 Dec. 2021
	<hr/>
Cost of revenue	-
Sales & marketing costs	7.245
Research & development costs	42.762
General & admin costs	-
Total	<hr/> 50.007 <hr/>

Depreciations, impairment and (gains)/losses on property, plant & equipment have been recognized in the income statement as follows:

	26 Aug. 2020 - 31 Dec. 2021
	<hr/>
Cost of revenue	828
Sales & marketing costs	1.463
Research & development costs	1.446
General & admin costs	552
Total	<hr/> 4.289 <hr/>

No impairment on intangible assets, contract assets, and property, plant & equipment has been recognized.

2.6 INCOME TAXES AND DEFERRED TAXES

ACCOUNTING POLICIES

Income taxes

The tax expense for the period comprises current and deferred tax including adjustments to previous years. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income. Any changes in deferred tax due to changes in tax rates are recognized in the income statement or in other comprehensive income depending on the original recognition.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognized in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and prior year adjustments. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Deferred tax assets and liabilities

Deferred tax is recognized in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to materialize as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively. Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

KEY ACCOUNTING ESTIMATES

The Group is subject to income taxes around the world. Significant judgement and estimates are required in determining the worldwide accrual for income taxes, deferred income tax assets and liabilities, and provision for uncertain tax positions.

The Group has a deferred tax asset of USD 3,1 million.

The Group recognizes only deferred income tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income and used judgement in assessing whether deferred income tax assets should be recognized.

2.6 INCOME TAXES AND DEFERRED TAXES (CONTINUED)

USD '000	26 Aug. 2020 - 31 Dec. 2021
INCOME TAXES	
Current income tax	(1.163)
Deferred income tax	9.091
Adjustments concerning previous years	<u>(538)</u>
Total	<u>7.391</u>
Deferred tax on other comprehensive income	<u>-</u>
INCOME TAX RECONCILIATION	
Breakdown of tax charge on profit for the year:	
Net profit/(loss) before tax from continuing operations	<u>(56.155)</u>
Tax calculated using the Danish corporation tax rate (22%)	<u>12.354</u>
<i>Tax effect of:</i>	
Other tax percentages in foreign jurisdictions	124
Non-deductable costs	(9.475)
Non-taxable income	-
Prior-year adjustments	-
Unrecognized tax asset	1.869
Others, including adjustment of prior years	<u>2.519</u>
Tax charge in the income statement	<u>7.391</u>

2.6 INCOME TAXES AND DEFERRED TAXES (CONTINUED)

USD '000	26 Aug. 2020 - 31 <u>Dec. 2021</u>
DEFERRED INCOME TAXES	
Deferred income tax at 1st January	1.744
Exchange rate adjustments	932
Additions from Mergers and Acquisitions	(53.932)
Movement for the year	<u>(9.091)</u>
Deferred income tax at 31st December	<u>(60.347)</u>
<i>Recognized in the balance sheet as follows:</i>	
Deferred tax assets	3.084
Deferred tax liabilities	<u>(63.432)</u>
Deferred tax, net	<u>(60.348)</u>
DEFERRED TAX BREAKDOWN	
Property, plant & equipment	812
Intangible assets	(64.489)
Receivables	23
Other assets	(2.875)
Other liabilities	1.540
Tax losses to be carried forward	4.003
Other	<u>637</u>
Total	<u>(60.348)</u>

Siteimprove performs an assessment to reduce deferred tax assets to reflect the net amount that is more likely than not to be realized. Realization of the deferred tax assets is dependent upon the generation of future taxable income, the amount and timing of which are uncertain. The assessment takes into account both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable; such assessment is required on a jurisdiction by jurisdiction basis. The key assumptions are ARR growth and stability in churn-rate, historically ARR has grown and churn has been stable. Based upon the weight of available evidence at December 31st 2021, Siteimprove determined that it was more likely than not that a portion of the deferred tax assets would be realizable.

As at 31st December 2021 the Group has no unrecognized tax liabilities.

As at 31st December 2021 the Group has a total of USD (13,2 million) as unrecognized deferred tax assets. There is no expiry date on the deferred tax assets.

3.1 INTANGIBLE ASSETS

ACCOUNTING POLICIES

Development projects

Costs of development projects comprise salaries and other expenses directly or indirectly attributable to the Group's development activities. The costs for development projects are all internally generated.

Development projects that are clearly defined and identifiable, in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to market or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales activities and administrative expenses involved as well as the development costs. Development projects that do not meet the criteria for recognition in the balance sheet are recognized as expenses in the income statement as incurred.

Capitalized development costs are measured at cost less accumulated amortization and impairment losses or a lower recoverable amount.

Amortizations and impairment losses are recognized in the consolidated income statement as elaborated in note 2.5.

Development costs that do not meet the criteria above are recognized as an expense in the income statement as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

As of the date of completion, capitalized development costs are amortized between 3-5 years based on the expected economic benefit from the development work.

3.1 INTANGIBLE ASSETS (CONTINUED)

ACCOUNTING POLICIES

Goodwill

Goodwill represents any cost in excess of identifiable net assets, measured at fair value, in the acquired company. Goodwill is valued at acquisition value less any accumulated impairment losses. Goodwill is tested annually, or upon indication, for impairment.

Customer Rights

Acquisition related customer rights are initially recognized at fair value at the acquisition date and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. The value of client relationships is amortized on a straight-line basis, based on the estimated duration of the acquired relationship or other relevant period if deemed appropriate. The carrying values of other intangible assets are reviewed annually for impairment to assess if there is an indication of impairment beyond what is expressed through normal amortization. If the carrying amount exceeds its recoverable amount, the carrying amount of the asset is written down to the recoverable amount.

KEY ACCOUNTING ESTIMATES

The carrying amounts of development projects, development projects in progress and goodwill are reviewed on an annual basis to assess whether there is any indication of impairment other than that expressed by amortization. An impairment test is carried out to assess whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. Development projects, development projects in progress and goodwill are tested for impairment annually and whenever there is an indication of impairment.

The impairment test includes significant judgments, such as assumption of projected future cash flows used in the valuation of the intangible assets. Future events could cause Management to conclude that impairment indicators exist and that intangible assets are impaired. Any resulting impairment loss could have a material impact on the financial condition and result of operations.

When carrying out the impairment test for development projects, development projects in progress and goodwill, the Group is seen as one cash generating unit according to the internal segment reporting. The carrying value of the cash generating unit is compared to the value in use. If the carrying values are higher, the difference is charged to the income statement.

3.1 INTANGIBLE ASSETS (CONTINUED)

The values in use are calculated using a valuation model based on discounted expected future cash flows (DCF-model covering a 5-year budget period) based on Management's projections.

The terminal growth is based on adjusted historical development taking into account the general level of inflation. Discount rates are based on the risk-free rate adjusted for the inherent risk and industry comparisons for each individual cash generating unit.

The discount rates are based on the risk inherent in the related activity's current business model and industry comparisons.

3.1 INTANGIBLE ASSETS (CONTINUED)

2021

USD '000

	Development projects	Development projects in progress	Customer Rights	Patents	Goodwill	Total
Accumulated cost at 1st January	14.306	816	-	-	-	15.122
Exchange rate adjustments	(15.092)	-	(6.311)	-	(10.293)	(31.696)
Additions	126.000	-	207.000	154	345.735	678.889
Additions (internally generated)	19.254	2.867	-	-	-	22.121
Disposals	-	-	-	-	-	-
Transfers	3.522	(3.522)	-	-	-	-
Accumulated cost at 31st December	147.990	161	200.689	154	335.441	684.436
Accumulated amortizations and impairment at 1st January	(7.092)	-	-	-	-	(7.092)
Exchange rate adjustments	373	-	-	-	-	373
Amortizations	(26.293)	-	(24.150)	-	-	(50.443)
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Accumulated amortizations and impairment at 31st December	(33.012)	-	(24.150)	-	-	(57.162)
Carrying amount at 31st December	114.978	161	176.539	154	335.441	627.274

3.1 INTANGIBLE ASSETS (CONTINUED)

Development projects relates to the continuous development of new tools and features for the Group's Intelligence Platform. The projects are expected to be finalized over the course of 2022, whereafter the marketing of the new software services can begin.

The developed tools and features relates to Quality Assurance, Accessibility, Analytics, SEO, Ads, Performance, Policy Management, CMS plugins, Response and Data Privacy. As of December 31st 2021 the carrying amount of development projects primarily relates to Quality Assurance, Accessibility, Analytics, CMS plugins and Performance.

The projects are progressing as planned and it is expected that the software will be sold in current and new markets. The continued product development of the Intelligence Platform is expected to result in a considerable competitive advantage and, hence, a significant further increase in the level of activity and results of operations.

3.2 PROPERTY, PLANT & EQUIPMENT

ACCOUNTING POLICIES

Leasehold improvements, other fixtures, furniture and fittings are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Leasehold improvements 3-8 years

Other fixtures furniture and fittings 3-5 years

Assessment of residual value and useful life is performed annually for assets under property, plant and equipment.

Gains and losses arising from disposal of property, plant & equipment 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.

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount.

Depreciations and impairment losses are recognized in the consolidated income statement as elaborated in note 2.5.

Right-of-use assets

For contracts which are, or contain, a lease, Siteimprove recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using Siteimprove's incremental borrowing rate.

3.2 PROPERTY, PLANT & EQUIPMENT (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

The lease liability is measured using the effective interest method. It is remeasured when there is a change in future lease payments, typically due to a change in index or rate (e.g. inflation) on property leases, or if there is a reassessment of whether an extension or termination option will be exercised. A corresponding adjustment is made to the right-of-use asset, or in the income statement when the right-of-use asset has been fully depreciated.

The right-of-use asset is presented in Property, Plant and Equipment and the lease liabilities in non-current liabilities or current liabilities.

Lease contracts that have a lease term of 12 months or less and low value assets are not recognized on the balance sheet. These lease payments are expensed on a straight-line basis over the lease term.

If circumstances or changes in Siteimprove's operations indicate that the carrying amount of non-current assets in a cash-generating unit may not be recoverable, management reviews the asset for impairment.

The basis for the review is the recoverable amount of the assets, determined as the greater of the fair value less cost to sell or its value in use. Value in use is calculated as the net present value of future cash inflow generated from the asset. If the carrying amount of an asset is greater than the recoverable amount, the asset is written down to the recoverable amount. An impairment loss is recognized in the income statement when the impairment is identified.

3.2 PROPERTY, PLANT & EQUIPMENT (CONTINUED)

2021

USD '000

	Leasehold improvements	Other fixtures, furniture and fittings	Right-of-use assets	Total
Accumulated cost at 1st January	1.136	4.304	10.944	16.383
Exchange rate adjustments	(5)	(133)	(81)	(219)
Additions	-	1.287	9.572	10.859
Disposals	-	-	(1.355)	(1.355)
Accumulated cost at 31st December	1.131	5.458	19.080	25.669
Accumulated depreciations and impairment at 1st January	(783)	(3.327)	(5.353)	(9.464)
Exchange rate adjustments	11	107	156	274
Depreciations	(189)	(711)	(3.388)	(4.288)
Disposals	-	-	-	-
Accumulated depreciations and impairment at 31st December	(961)	(3.932)	(8.585)	(13.478)
Carrying amount at 31st December	170	1.526	10.495	12.191

3.2 PROPERTY, PLANT & EQUIPMENT (CONTINUED)

The carrying amount of right-of-use assets as of December 31st can be specified into below categories:

USD '000	26 Aug. 2020 - 31 Dec. 2021
Buildings	10.473
Others	<u>22</u>
Total	<u>10.495</u>

Besides what is shown in notes 2.5 and 4.4 the Consolidated Income Statement shows the following amounts relating to leases:

USD '000	26 Aug. 2020 - 31 Dec. 2021
<u>Expense relating to short-term leases included under:</u>	
Cost of revenue	113
Sales & marketing costs	300
Research & development costs	52
General & administrative costs	<u>41</u>
Total	<u>506</u>
Total cash outflow for leases	<u>3.905</u>

3.3 CONTRACT ASSETS

ACCOUNTING POLICIES

Contract assets stem from subscription agreements with payments in the future. Contract assets comprise incremental sales commissions directly associated with obtaining a contract with a new client and deemed realizable through the future revenue streams under the contract.

Contract assets are recognized at cost, as part of sales & marketing costs, when control over goods or services is transferred to a client. Subsequently contract assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Contract assets are amortized on a straight-line basis, based on the expected lifetime (historical churn rate) of the contract, but not exceeding 5 years. Amortizations, impairment and (gains)/losses on contract assets are recognized in the income statement under 'Sales & Marketing costs'.

Contract assets are within the scope of impairment requirements in IFRS 9. For contract assets the simplified approach is used and the expected loss provision is measured at the estimate of the lifetime expected credit losses.

KEY ACCOUNTING ESTIMATES

The expected lifetime of contracts assets are based upon assumptions on churn rates. When evaluating the expected churn rates for contracts historical performance on specific markets and verticals is considered. The analysis is furthermore based upon current economic trends in the specific market and vertical.

USD '000	26 Aug. 2020 - 31 Dec. 2021
Accumulated cost at 1st January	35.628
Exchange rate adjustments	(65)
Additions	8.939
Disposals	-
Accumulated cost at 31st December	44.502
Accumulated amortizations and impairment at 1st January	(18.977)
Exchange rate adjustments	96
Amortizations	(7.245)
Impairment	-
Disposals	-
Accumulated amortizations and impairment at 31st December	(26.126)
Carrying amount at 31st December	18.376

3.4 TRADE RECEIVABLES

ACCOUNTING POLICIES

Trade receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

Provisions for bad debts are determined by using the simplified expected credit loss model (ECL). The ECLs on trade receivables are estimated by using a matrix by reference to geography, past default experience, analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions in which the debtors operate and an assessment of the forecast direction of developments at the reporting date.

3.4 TRADE RECEIVABLES (CONTINUED)

KEY ACCOUNTING ESTIMATES

Management makes allowance for doubtful trade receivables in anticipation of estimated losses resulting from customers not being able to make required payments. When evaluating the adequacy of the allowance for doubtful trade receivables, Management analyzes trade receivables and examines historical bad debt, customer creditworthiness and payment history, current economic trends and changes in customer payment terms.

USD '000	2021
Trade receivables (gross)	18.329
Allowance for doubtful trade receivables	<u>(220)</u>
Total	<u>18.109</u>
 <i>Age analysis of trade receivables:</i>	
- Not yet due	13.046
- Overdue by up to 30 days	2.817
- Overdue by up to 31 days and 60 days	839
- Overdue by between 61 days and 90 days	478
- Overdue by more than 90 days	<u>929</u>
Trade receivables with credit risk exposure	<u>18.109</u>
 <i>Movement in allowance for doubtful trade receivables</i>	
Balance at 1st January	(186)
Reversal of allowance on realized losses	-
Mutation in allowance for possible losses during the year	(33)
Exchange rate adjustments	<u>(1)</u>
Balance at 31st December	<u>(220)</u>
 <i>Allowance for doubtful trade receivables split by age analysis:</i>	
- Not yet due	-
- Overdue by up to 30 days	(6)
- Overdue by up to 31 days and 60 days	(8)
- Overdue by between 61 days and 90 days	(2)
- Overdue by more than 90 days	<u>(204)</u>
Balance at 31st December	<u>(220)</u>

3.5 PREPAYMENTS

ACCOUNTING POLICIES

Prepayments are measured at cost and comprise prepaid costs concerning rent, licenses, insurance premiums, and subscriptions, etc.

3.6 OTHER PROVISIONS

ACCOUNTING POLICIES

Provisions are recognized when – in consequence of an event occurred before or on the balance sheet date – the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation based on Management's best estimate.

Other provisions cover obligation to re-establish the Group's leased premises and long-term vacation accruals.

USD '000	<u>2021</u>
Balance at 1st January	3.208
Exchange rate adjustments	<u>(161)</u>
Balance at 31st December	<u>3.047</u>

3.7 CONTRACT LIABILITIES

ACCOUNTING POLICIES

Contract liabilities represent prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to subscriptions, services and technical support.

Management expects that the majority of the transaction price allocated to the unsatisfied contracts on December 31st 2021 will be recognized as revenue during 2022-2023. The remaining amounts will be recognized in the 2024-2025 financial years.

USD '000	2021
Balance at 1st January	45.780
Exchange rate adjustments	(1.266)
Revenue recognized in the period	(112.274)
Total bookings	<u>124.645</u>
Balance at 31st December	<u>56.885</u>

4.1 FINANCIAL INSTITUTIONS

ACCOUNTING POLICIES

Borrowings are recognized initially at fair value. Borrowings are subsequently measured at amortized cost. Borrowing costs are expensed in the income statement in the period they are incurred.

USD '000	<u>2021</u>
Non-current liabilities	<u>22.305</u>
Total	<u>22.305</u>

The Group has a committed revolving credit facility of USD 35.0 million, which matures in 2025 with USD 35.0 million. The undrawn amount of the credit facility at 31st December 2021 was USD 12,7 million.

4.2 FINANCIAL RISKS AND INSTRUMENTS

ACCOUNTING POLICIES

The Group manages financial risks based on directions from the Board of Directors.

As a general direction, the Group does not engage in financial transactions or manage risk exposures that are not related to the underlying business-driven risks. This means that the Group does not enter into any speculative transactions.

The Group's financial risks must be managed with the aim of protecting the value and financial stability of the Group, taking into consideration the cost and accounting consequences of such transactions.

The risk management activities of the Group are managed centrally by Group Finance and primarily involve the following different financial risks.

Foreign Exchange Risk

The Group's reporting currency is USD, while the most significant currencies for revenue and cost are the USD, DKK and EUR. Fluctuating currency rates influence the reported net income/loss, assets and liabilities, as well as the value of future cash flows. A significant part of the Group's operations are in DKK and EUR, where translation risk is present.

The Group does not hedge its exposure to foreign currency fluctuations. A hedging strategy might not be possible to execute as hedging instruments may not be available for all currencies, or may not always offset losses resulting from currency exchange rate fluctuations. Moreover, the use of hedging instruments can itself result in losses if the Group is unable to structure effective hedges with such instruments.

A 5% increase/decrease in the USD rate versus local currencies would impact EBIT positively/negatively by USD 1.0 million.

4.2 FINANCIAL RISKS AND INSTRUMENTS (CONTINUED)

Interest Rate Risk

The Group's total borrowings amounts to USD 22,3 million as of 31st December 2021.

Fluctuating interest rates influence the Group's income statement, balance sheet and the present value of future cash flows resulting from changes in interest rates.

The objective of actively managing the Group's interest rate exposure is to maintain the interest rate risk at a known and acceptable level and to minimize the Group's cost of borrowing requirements.

The Group does not hedge against the interest rate risk as it is assessed to be insignificant, although the development in interest rates are closely monitored in order to react in a timely fashion and taking required measures.

A 1% increase/decrease in the interest rate would impact net financial items positively/negatively by USD 0.2 million.

4.2 FINANCIAL RISKS AND INSTRUMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily trade receivables), including deposits with banks and other financial instruments.

Operational Credit Risk

The Group's balance sheet at 31st December 2021 included trade receivables with a net book value of USD 18,1 million.

The allowance for doubtful trade receivables is estimated by analyzing trade receivables and examining historical bad debt, customer creditworthiness and payment history, current economic trends and changes in customer payment terms. Refer to note 3.4.

If the Group is unable to collect receivables from customers, the Group could incur write-offs for bad debt, which could have a material adverse effect on the Group's results of operations for the periods in which the write-offs occur. In the future, bad debt may exceed reserves for such contingencies and its bad debt exposure may increase over time. An increase in write-offs for bad debt could have a materially negative effect on the Group's business, financial condition and operating results.

The Group's revenue primarily comprise the sale of subscriptions to the Group's Intelligence Platform to different companies and institutions within the private and public sector. The Group has historically experienced limited risk with regard to the solvency of its customers and therefore limited losses. As part of the Group's internal procedures regarding risk management, the operational credit risk relating to customers is monitored on a monthly basis. The Group has no significant concentration of credit exposure as the exposure has been spread among different sectors.

In addition, total other receivables including deposits totals USD 1,5 million. Management deems no significant risk in relation to these amounts.

4.2 FINANCIAL RISKS AND INSTRUMENTS (CONTINUED)

Financial Credit Risk

Financial credit risk management has the objective of minimizing financial loss through a financial distress or the default of a financial counterparty whether due to the financial insolvency of the counterparty, the inability of the counterparty to perform due to changed national legislation or any other circumstance.

The Group's exposure to counterparty risk is managed by establishing approved counterparty limits detailing the maximum exposure that the Group is prepared to accept with respect to the individual counterparty.

Financial credit risk from balances with banks and financial institutions is managed by Management on a regular basis. Based on external credit ratings, no material risk has been identified in respect to the Group's cash balances.

LIQUIDITY RISK

The Group ensures the availability of the required liquidity through a combination of cash management and committed credit facilities. To centralize and optimize liquidity the Group utilizes cash pooling in addition to inter-company lending and borrowing.

The Group has a committed revolving credit facility of USD 35.0 million, which matures in 2025 with USD 35.0 million. The undrawn amount of the credit facility at 31st December 2021 was USD 12,7 million.

Under the terms of the borrowing facility, the Group is required to comply with several covenants. The Group has complied with these covenants throughout the reporting period.

To reduce refinancing risk the Group ensures that maturity dates for committed credit facilities are diversified.

4.2 FINANCIAL RISKS AND INSTRUMENTS (CONTINUED)

The table below summarizes the maturity profile of the Group's financial liabilities and assets based on contractual undiscounted payments:

Maturity at 31st December 2021	Carrying amount	Contractual maturity incl. interest			
		Total	0-1 year	1-5 years	>5 years
<i>Measured at amortized cost</i>					
Cash and cash equivalents	11.716	11.716			
Trade receivables	18.109	18.109			
Other receivables	4	4			
Total financial assets	29.829	29.829	-	-	-
<i>Measured at amortized cost</i>					
Borrowings	22.305	23.310		23.310	
Trade payables	4.529	4.529	4.529		
Liabilities to associated companies	-	-	-		
Other liabilities	12.973	12.973	12.973		
Lease liabilities	10.904	12.137	2.188	9.949	
Total financial liabilities	50.711	52.949	19.690	33.259	-

4.3 OTHER FINANCIAL FIXED ASSETS

ACCOUNTING POLICIES

Other financial fixed assets primarily consists of deposits paid for the Group's leased premises.

Other financial fixed assets are measured at cost less accumulated impairment losses in the balance sheet. Where cost exceeds the recoverable amount, write-down is made to this lower value.

USD '000	2021
Accumulated cost at 1st January	1.550
Exchange rate adjustments	(65)
Additions	80
Disposals	(70)
Accumulated cost at 31st December	1.495
Accumulated revaluation and impairment at 1st January	-
Accumulated revaluation and impairment at 31st December	-
Carrying amount at 31st December	1.495

4.4 FINANCIAL INCOME & FINANCIAL COSTS

ACCOUNTING POLICIES

Financial income and costs comprise interests, realized and unrealized exchange adjustments and other financial income and costs.

USD '000	26 Aug. 2020 - 31 Dec. 2021
FINANCIAL INCOME	
Interests received from affiliated companies	-
Other financial income	0
Exchange rate gains	4.666
Total	4.666
FINANCIAL COSTS	
Interests paid to affiliated companies	0
Other financial costs	1.161
Interests paid for lease liabilities	517
Exchange rate losses	7.892
Total	9.570

4.5 SHARE CAPITAL

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The share capital consists of 579,486,126 shares of nominal value of DKK 1. The share capital has been paid in full and comprise 1 share class.

The share capital has developed as follows:

USD	2021	2020
Share capital at 1st January	559.612	62.893
Capital increases	-	496.719
Capital decreases	-	-
Share capital at 31st December	559.612	559.612

4.6 CHANGES IN NET WORKING CAPITAL (CASH FLOW STATEMENT)

ACCOUNTING POLICIES

Working capital is defined as current assets less current liabilities. It measures how much in liquid assets the Group has available for its operations.

USD '000	2021
Change in receivables	(7.511)
Change in liabilities	3.997
Total	(3.514)

5.1 CASH FLOW ADJUSTMENTS

For the purpose of presenting the cash flow statement, non-cash items with effect on the income statement must be reversed to identify the actual cash flow effect from the income statement. The adjustments are specified as follows:

USD '000	26 Aug. 2020 - 31 Dec. 2021
Financial income	(4.666)
Financial costs	13.959
Depreciations, amortizations and impairment losses	54.296
Provision movement	2.563
Allowance for doubtful trade receivables	33
Share-based payments	313
Income taxes	(7.391)
Exchange rate adjustments	(12.843)
Total	46.264

5.2 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

GUARANTEE OBLIGATIONS

The Group has provided corporate pledges to banks totalling USD 24,9 million. The corporate pledge includes current and non-current tangible and intangible assets. No limitations in the use of assets apply.

The Group has issued letter of comfort to all its subsidiaries.

CONTINGENT LIABILITIES

Through participation in joint Danish taxation schemes, the Group is jointly and severally liable for the tax payables for Danish entities.

5.3 RELATED PARTY TRANSACTIONS

Related parties comprise companies controlled by Cidron Vega X, SCSp and Key Management.

Key Management are Siteimprove Holding A/S' Board of Directors and Executive Board as well as management in the controlling companies.

The Group has had the following arm's length transactions with related parties:

Loan from parent company amounting to USD 11.364k and related interest of USD 467k.

For information on remuneration to the management of Siteimprove Holding A/S, please refer to note 2.2 and note 2.3.

5.4 OWNERSHIP AND CONSOLIDATED FINANCIAL STATEMENTS

CONTROLLING INTEREST

Cidron Vega X, SCSp

Parent Company

OWNERSHIP

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

SI II A/S, Copenhagen

EBSIFOS ApS, Copenhagen

Ebsidus ApS, Copenhagen

CONSOLIDATED FINANCIAL STATEMENTS

Cidron Vega X, SCSp is Parent Company to Siteimprove Holding A/S. The ultimate owner of Cidron Vega X, SCSp are funds managed by Nordic Capital.

5.5 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No material events have occurred after December 31, 2021 that have consequences for the Annual Report 2021.

The Company has in June 2022 increased the share capital with USD 30m. The capital increase will ensure, that the company has sufficient funds to execute the planned strategy and continue its operations.

5.6 FEE TO STATUTORY AUDITOR

The total fee for the statutory auditor which is included in general & admin costs can be specified as follows:

USD '000	26 Aug. 2020 - 31 Dec. 2021
Statutory audit	224
Tax advisory services	123
Other services	-
Total	347

5.7 ENTITIES IN THE SITEIMPROVE GROUP

Name	Country	Currency	Share capital	Ownership
Siteimprove Holding A/S	Denmark, Copenhagen	DKK	3,662,984	Parent
SI II A/S	Denmark, Copenhagen	DKK	401,000	100%
SI I A/S	Denmark, Copenhagen	DKK	401,000	100%
Siteimprove A/S	Denmark, Copenhagen	DKK	555,126	100%
Siteimprove AS	Norway, Oslo	NOK	50,000	100%
Siteimprove GmbH	Germany, Berlin	EUR	25,000	100%
Siteimprove GmbH	Switzerland, Zürich	CHF	20,000	100%
Siteimprove GmbH	Austria, Vienna	EUR	35,000	100%
Siteimprove i Sverige AB	Sweden, Malmo	SEK	100,000	100%
Siteimprove Inc.	USA, Minneapolis	USD	1,000	100%
Siteimprove Inc.	Canada, Toronto	CAD	100	100%
Siteimprove K.K.	Japan, Tokyo	JPY	50,000	100%
Siteimprove Pte. Ltd.	Singapore	SGD	100,000	100%
Siteimprove Føroyar Sp/f	Faroe Islands, Tórshavn	DKK	50,000	100%
Siteimprove Ltd.	United Kingdom, London	GBP	1	100%
Siteimprove Ltd.	Australia, Sydney	AUD	1	100%
Siteimprove B.V.	Netherlands, Amsterdam	EUR	1	100%
Siteimprove Oy	Finland, Helsinki	EUR	2,500	100%
Siteimprove S.L.U.	Spain, Madrid	EUR	3,000	100%
Siteimprove S.R.L.	Italy, Milan	EUR	10,000	100%
Siteimprove SAS	France, Paris	EUR	1	100%
Siteimprove SPRL	Belgium, Brussels	EUR	6,200	100%

5.8 Investments in enterprises

In 2020, Siteimprove Holding A/S acquired all the shares in Siteimprove A/S. At the end of 2021 a preliminary assessment of allocation of the purchase consideration to the assets and liabilities acquired in connection with the acquisitions was carried out. The figures for the assets and liabilities on the acquisition dates represent the final allocation recognized in 2021.

USD '000	2021
Software development costs	126.000
Customer rights	207.000
Deferred tax	(73.260)
Other net assets	(47.127)
Acquired net assets	212.613
Goodwill	345.735
Acquisition cost	558.348

Siteimprove A/S

The activities in Siteimprove A/S were acquired on 31 October 2020 and recognized in the financial statements from this date.

Siteimprove A/S develop accessibility, SEO and security tools as a service on subscription basis.

Revenue and costs relating to Siteimprove A/S has been recognized in the income statement and statement of comprehensive income since the acquisition. Revenue amounted to USD 112 million, and net loss amounted to USD 35,1 million.

Goodwill mainly comprises intangible assets in the form of know-how and existing staff. The calculated goodwill is not amortizable for tax purposes.

Transaction costs of USD 5,9 million have been recognized in general & administrative

Financial Statements for the Parent Company

Parent Income statement 26th August 2020 – 31st December 2021

DKK '000	Note	26 Aug. 2020 - 31 Dec. 2021
Revenue		-
Gross profit	2 / 3	-
General & admin costs	2 / 3	(70)
EBIT		(70)
Financial income	4	180
Financial costs	5	-
Net profit/(loss) before tax		110
Income taxes	6	-
Net profit/(loss)		110

Parent Balance Sheet at 31st December

ASSETS

DKK '000	Note	2021
Investments in subsidiaries	3	3.658.879
Total other non-current assets		3.658.879
Total non-current assets		3.658.879
Trade receivables		-
Receivables from subsidiaries		4.685
Total receivables		4.685
Cash and cash equivalents		-
Total current assets		4.685
Total assets		3.663.565

EQUITY AND LIABILITIES

DKK '000	Note	2021
Share capital	4	3.663
Retained earnings		3.659.832
Total equity		3.663.495
Trade payables		70
Total current liabilities		70
Total liabilities		70
Total equity and liabilities		3.663.565
Contingent assets, liabilities and other financial obligations	5	
Related parties, transactions, ownership and consolidated financial statements	6	
Distribution of result	7	
Significant events after the reporting period	8	

Parent Statement of Changes in Equity

DKK '000

	Share capital	Reserve for development projects	Reserve for warrants	Retained earnings	Total
Equity at 1st January	400	-	-	-	400
Cash capital increase	3.263			3.659.722	3.662.985
Net profit/loss				110	110
Equity at 31st December	3.663	-	-	3.659.832	3.663.495

Notes

1 Accounting policies

Basis of Preparation

The Financial Statements of Siteimprove Holding A/S for 2021 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying medium-sized enterprises of reporting class C. The Financial Statements are presented in DKK thousands.

The Consolidated Financial Statements have been prepared in accordance with IFRS. The accounting policies applied for the Consolidated Financial Statements regarding recognition and measurement have also been applied for the Parent Company with the below exceptions.

With reference to §86, para. 4 of the Danish Financial Statements Act no Cash Flow Statement for the Parent Company is disclosed. Please refer to the Consolidated cash flow statement for the Group.

With reference to §101, para. 4 of the Danish Financial Statements Act no separate 5-year summary for the Parent Company is disclosed. Please refer to the Consolidated 5-year summary for the Group.

With reference to §96, para. 3 of the Danish Financial Statements Act no separate disclosure of auditor's fee for the Parent Company is disclosed. Please refer to the Consolidated Financial Statements.

Changes in accounting policies

The accounting policies applied are unchanged from last year.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit is calculated as a summary of revenue, direct expenses.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment losses and amortizations on positive differences on initial recognition in the balance sheet. Where cost exceeds the recoverable amount, write-down is made to this lower value.

On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts of the investments is taken to the income statement.

Share-based payments

In relation to share-based payments, the provisions in IFRS 2 have been adopted as the Danish Financial Statements Act does not regulate share-based payments settled via equity instruments, but only cash-settled share-based payments.

Derogation from the Danish Financial Statements Act for share-based payments means that the year's cost for share-based payments are not recognized as a liability in the balance sheet, but directly in the statement of equity. For the monetary impact, please refer to the statement of changes in equity and note 4 'Staff costs'.

Right-of-use assets and lease liabilities

In relation to right-of-use assets, the provisions in IFRS 16 have been adopted as the Danish Financial Statements Act does not regulate the recognition of assets that are not owned by the Company ("operating leases") as part of the balance sheet.

Derogation from the Danish Financial Statements Act for right-of-use assets means that the discounted value of future lease payments is recognized as an asset and liability as part of the balance sheet. For the monetary impact, please refer to the balance sheet and note 15 'Short-term and long-term liabilities'.

DKK '000	2021
2 FINANCIAL INCOME	
Interests received from affiliated companies	180
Exchange rate gains	-
Total	180
3 INVESTMENTS IN SUBSIDIARIES	
Accumulated cost at 1st January	-
Adjustment to previous years	-
Additions	3.658.879
Disposals	-
Accumulated cost at 31st December	3.658.879
Accumulated amortizations and impairment at 1st January	-
Carrying amount at 31st December	3.658.879

Investment relates to SII A/S, with a share capital of 401,000.
The company holds 100% of the shares.

4 SHARE CAPITAL

The share capital consists of 3,662,984 shares of nominal value of DKK 1. The share capital is divided into share classes A and B.

The share capital has developed as follows:

Capital increases	3.262.984
Capital decreases	-
Share capital at 31st December	3.662.984

5 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

Through participation in joint taxation schemes, the Company is jointly and severally liable for the tax payables.

6 RELATED PARTIES, TRANSACTIONS, OWNERSHIP AND CONSOLIDATED FINANCIAL STATEMENTS

CONTROLLING INTEREST

Cidron Vega X, SCSp, Luxembourg

TRANSACTIONS WITH RELATED PARTIES

With reference to §98c, para. 7 of the Danish Financial Statements Act no transactions are disclosed.

OWNERSHIP

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

SI II A/S, Copenhagen
EBSIFOS ApS, Copenhagen
Ebsidus ApS, Copenhagen

CONSOLIDATED FINANCIAL STATEMENTS

Cidron Vega X, SCSp is Parent Company to Siteimprove Holding A/S. The ultimate owner of Cidron Vega X, SCSp are funds managed by Nordic Capital.

DKK '000

2021

7 DISTRIBUTION OF RESULT

Extraordinary dividend paid	-
Proposed dividends	-
Retained earnings	<u>110</u>
Total	<u>110</u>

8 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company has not experienced any significant events after 31st December 2021 which have an impact on the Annual Report.

The Company has in June 2022 increased the share capital with USD 30m. The capital increase will ensure, that the company has sufficient funds to execute the planned strategy and continue its operations.