

Siteimprove A/S

Havneholmen 33, 6.
DK-1561 Copenhagen, Denmark
CVR No. 25 53 70 17

Annual Report 2023

The Annual Report was presented and adopted at the Annual General Meeting of

the Company on June 26, 2024

Morten Marc Hübbe
Chairman

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Letter from the CEO

Dear reader,

As we look back on 2023, Siteimprove's twentieth year, I reflect on how much the lives of our customers - modern marketers and accessibility experts – have changed. Budgets are shrinking, targets are scaling. Algorithms are becoming more complex, and the fight for consumer attention is only getting harder. Where does that leave us?

With two decades of Martech innovation, we understand the complexity of building, maintaining and optimizing a complex digital presence. Siteimprove was founded in 2003 to make the digital world a more accessible and inclusive place for all. Twenty years later, we have built off our legacy in accessibility to add even more value to marketers as a comprehensive marketing performance platform.

The issues our customers face is all intertwined, and fixing one thing without understanding the rest can just move the problem to another area, forever chasing the ghost in the Martech machine. That is why the modern Marketer and Accessibility expert needs one platform that understands and optimizes their digital presence end-to-end.

In 2023 the company drove multiple achievements to help solidify this commitment. To name a few: we had our highest Net Promoter Score ([NPS](#)) ever which has continued into 2024, [Forrester](#) ranked us a market leader in digital accessibility solutions, and [we launched our first of many AI-powered solutions](#), starting with SEO functionality to democratize expertise for all users. The year was about investing in our processes, personas, and people to stake our claim in the performance and content marketing category, scale our business, and take advantage of our unique insights to help our customers navigate through this transformative era.

Looking to 2024, I am excited to continue building on our accomplishments and working on expanding

our product portfolio. Our focus remains steadfast on our mission: to be “the platform that empowers brands to see beyond the surface and create digital experiences that not only perform, but matter”, by making easy, accessible, seamless and inspiring digital experiences that drive tangible business results.

A sincere thank you to every individual who has contributed to our journey – employees, customers, and partners alike. Your support empowers us as we drive Siteimprove to be a leader in Marketing Performance.

Warm regards,

Shane Paladin
CEO, Siteimprove

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Siteimprove A/S for the financial year January 1st – December 31st 2023. 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 2023 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 2023.

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, June 26, 2024

Executive Board

Michael Shane Paladin
CEO

Board of Directors

Morten Marc Hübbe
Chairman

James Lewis Norwood

Rolf Ernst Torsøe

Judith Michelle Williams

Jesper Tranholm Frederiksen

Erik Jonas Fredrik Naslund

Robert Scott Jones

Independent Auditor's Report

To the Shareholders of Siteimprove 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 2023 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2023 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 2023 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Siteimprove A/S for the financial year 1 January - 31 December 2023, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, June 26, 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Rasmus Friis Jørgensen

State Authorised Public Accountant
mne28705

Niels Henrik B. Mikkelsen

State Authorised Public Accountant
mne16675

Company Details

Company	Siteimprove A/S Havneholmen 33, 6. DK-1561 Copenhagen Denmark
Cvr. No.:	CVR No. 25 53 70 17
Fiscal year	January 1 – December 31
Municipality of registration office	Copenhagen
Board of directors:	Morten Marc Hübbe, Chairman James Lewis Norwood Rolf Ernst Torsøe Judith Michelle Williams Jesper Tranholm Frederiksen Erik Jonas Fredrik Naslund Robert Scott Jones
Executive Board:	Michael Shane Paladin, CEO
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's Review

Welcome

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 430 employees across offices in 15 countries, helping more than 5,600 customers achieve their digital potential from a single solution.

Financial review

Income statement

Revenue totaled USD 103.2 million in 2023 compared to USD 99.3 million in 2022, which is an increase of 4.0%. Revenue increased across all reported markets, with North America continuing to be the most noteworthy driver of growth measured in absolute numbers.

Revenue growth was realized through the acquisition of new customers as well as increase in supplementary sales to the existing customers.

EBITDA totaled USD 2.0 million (2022: -13.8 million) corresponding to an EBITDA margin of 2.0% (2022: -13.9%). Increase in EBITDA margin is directly attributed to cost cutting measures employed during 2023.

Net loss: The current loss after taxation of USD 16.6 million (2022: loss of USD 41.3 million) resulted from our continued investments in the business in accordance with the strategy following Siteimprove's change of ownership in 2020.

Balance sheet

The **balance sheet** totaled USD 80.5 million as of December 31, 2023 compared to USD 78.7 million as of December 31, 2022. The increase of USD 1.7 million was primarily due to an increase in ending cash resulting from cost cutting measures employed during 2023.

Total equity as of December 31, 2023 totaled USD -61.8 million, compared to USD -85.3 million as of December 31, 2022. The decrease in negative equity is mainly due to the equity investments received from the ultimate parent, and offset by current period net loss.

Net interest-bearing debt was USD 17.4 million as of December 31, 2023 compared to USD 15.3 million as of December 31, 2022. Net interest-bearing debt increased primarily due to impact from strategic investments.

<i>USD million</i>	2023	2022	2021
Cash and cash equivalents	12.6	6.2	11.3
Interest-bearing borrowings	(30.0)	(21.5)	(22.3)
NIBD (Net Interest-Bearing Debt)	(17.4)	(15.3)	(11.0)

Cash Flow

Cash outflow from operating activities in 2023 was USD 8.0 million compared to USD 23.0 million in 2022. The net loss was offset by a positive impact from non-cash items in 2023.

Cash outflow from investing activities totaled USD 1.5 million in 2023 compared to USD 7.9 million in 2022. The decrease is driven by divestures in fixed assets.

Cash generated from financing activities in 2023 was USD 15.9 million compared to USD 25.9 million in 2022, driven by a capital increase received from the Parent of USD 10.0 million.

As a combination of the above, **net cash flow for the year** 2023 was USD 6.4 million compared to USD - 5.1 million in 2022.

2023 results compared to Outlook

In the 2022 financial statement, Siteimprove indicated an expectation of continued growth in total customer revenue. During 2023, the Company saw revenue growth of 4%. Siteimprove also estimated an approximate net loss for 2023 of USD 10 to 20 million; actual 2023 net loss was USD 16.6 million, which aligns with the stated expectations.

Outlook for 2024

In 2024, Siteimprove expects to see a continued growth in total customer revenue based on increased demand for Siteimprove's platform and enhanced product offerings. Expected revenue growth rate for

2024 is 4%-8%. Siteimprove will maintain its position as a market leader helping organizations and companies improve their digital presence through continuous innovative solutions around inclusivity and digital experience.

The growth is expected as a result of the implemented strategic plan, particularly investments in our platform in prior years. Estimated net loss for 2024 is expected to range from \$5 million to \$15 million.

In May 2024, the Company has received an incremental shareholder contribution of USD 5 million from the ultimate parent company. The contribution 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.

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 and refreshed in 2023. 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 to achieve this goal, Siteimprove focuses on activities, initiatives, and goals within the following five categories: attraction, recruitment, retainment/retention, development, and the inclusion of women in top management.

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

2023 results

Operating in the historically male-dominated IT industry, Siteimprove has a policy that is committed to working toward increasing the share of the underrepresented gender, women, in the company, and specifically in executive and managerial positions.

By the end of 2023, our overall gender ratio for the whole company was 41-59 (female-male) which is an increase compared to 2022 where the ratio was 36-64. Although the Company went through some organizational changes throughout 2023, we are pleased to see that the gender ratio has improved

compared to 2022.

In our Board of Directors, we currently have 1 woman and we expect to increase this number towards 2026. In 2023 we have not had any initiatives to increase gender distribution in the Board of Directors. On the Other Management levels, per the table below, the gender ratio is 35/65% (female-male) compared to 2022's ratio of 37/63%. For the Executive Leadership Team (ELT) alone, the gender ratio was to 14/86% in 2023 compared to 20/80% in 2022. Our goal for both the Board of Directors and Other Management levels Management level is to be more equitable in gender distribution by 2026 or sooner. We continue to be committed to this goal. In 2023, the main steps we have been taking to increase gender diversity at the Other Management levels of the company is proactively embracing inclusion and the initiatives highlighted in the following section.

We continue to be committed to achieving a 40-60 gender ratio among management positions across the Group.

The table below shows the composition of female-male ratio at Board level and other Management Levels from the Executive Leadership team to people managers 2 levels below.

	2023
Top Level Management: Board of Directors	
Women	1
Men	5
Total	6
Women as a percent of total population 2023	17%
Target pct. of women as a percent of total population by 2026	29%
Other Management Levels: ELT and people managers 2 levels below	
Women	27
Men	49
Total	76
Women as a percent of total population 2023	36%
Target pct. of women as a percent of total population by 2026	40%

2023 initiatives for Other Management levels

The progress we've seen on our gender ratios across all levels of the business can be attributed to several factors. We continue to utilize 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 2023, we made positive strides in recognizing global celebrations where we believe we have authority to engage, share thought leadership and have real impact. These include Black History Month, Women's History Month, a fireside chat on Global Accessibility Awareness Day (GAAD), Pride, Movember, and

celebrating Siteimprove's 20-year history with an eye-opening conversation on 'The Evolution of Women in Tech' fireside chat featuring several women leaders from across the Siteimprove community.

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. Additionally, we are part of Copenhagen Capacity, an organization that attracts international companies, investment, and professional talent to Denmark and the Greater Copenhagen Region.

Corporate Social Responsibility

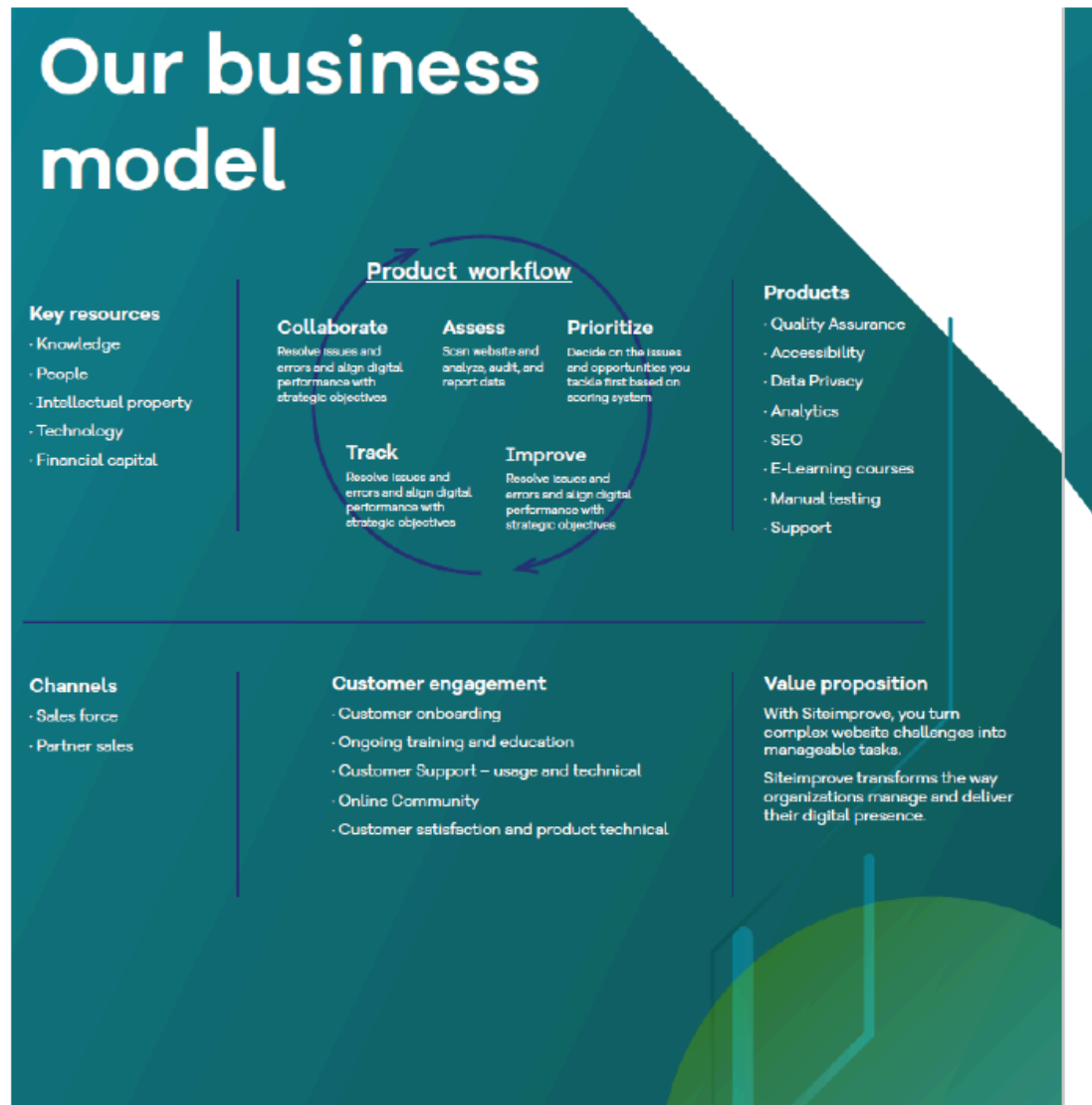
Sustainability and corporate social responsibility

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's rebranded education platform, Frontier (formally known as Academy) has a long list of accessibility courses, both practical and theoretical. Frontier 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 and other internet browsers 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.

2023 Highlights

Goal 4: Quality Education

- 1,700 higher education and K-12 institutions are using Siteimprove Accessibility to make information and services on their websites more accessible to people with disabilities.
- We introduced 5 new Accessibility-related courses to Siteimprove Frontier. In addition, we updated 9 Accessibility-related courses during 2023 with updated content and materials. This means we now offer 34 different Accessibility courses in Siteimprove Frontier (an increase from 2022 whereby we offered 31 Accessibility-related courses), and Siteimprove customers completed a total of 6,844 accessibility courses in 2023, totaling 4,528 session hours.

Goal 10: Reduced Inequalities

- Our free Accessibility Checker for Google Chrome extension in connection with the launch of Siteimprove's Accessibility NextGen has 40,000 users.
- In addition, our free Accessibility Checker for other internet browsers (Firefox, Microsoft Edge, and Opera) totals over 12,000.
- Our free Accessibility Statement Generator was used more than 1,500 times in 2023, which is a slight decrease when compared to 2022.
- Our free Color-Contrast Checker had more than 5,000 unique visitors, which is a decrease compared to 2022.

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.

2023 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 entire world was working from home during the pandemic, 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 tools. 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 an increase in the number of users in 2023 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 an inspirational speech from Nic Hamilton, the first disabled driver to compete in the British Touring Car Championship, on what accessibility means to him; two technical accessibility webinars for digital marketers; a lunch and learn for customers on manual testing; and five external speaking sessions from our in-house experts, with partners including the University of Chicago. 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.

2023 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 5,600 organizations are using the Siteimprove Accessibility product to improve their digital accessibility and make their digital platforms inclusive.

With no exception for the years ahead, for 2024 and beyond, 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 against because of their race, gender, marital status, ideology, veteran status, 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.

2023 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 15 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.

2023 Results

In 2023, our goal was to continue running a business that respects universal labor rights and only do business with organizations that share that sentiment. Our vendor onboarding program safeguards that our vendor population adheres to our Supplier Code of Conduct.

We continued our efforts to promote diversity and inclusion and have remained focused on creating a great working environment for our employees. We continue to strive for gender diversity and have achieved 36% of women in other management roles across the distribution, and approaching our goal of 40%. Other management roles are defined as the top 3 levels of management in the operating company and excluding the Board of Directors and the Executive Leadership Team.

We increased internal communication through quarterly company all-hands meetings and coffee-corner chats, which has increased well-being for the employee population.

For 2024, 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 regarding 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.

2023 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 one of our main data centers, Siteimprove also relies on Amazon Web Services (AWS) to process data. AWS is committed to using 100% renewable energy by 2025. Additionally, AWS have increased the ratio of renewable energy usage to 95% in many of their regions in 2022. 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.

2023 Results

- The energy used by one of our data centers, Interxion, came from 100% sustainable sources.
- Data processing with our cloud provider and data processor, AWS, who have increased the ratio of renewable energy usage to 95% in many of their regions in 2022, and aspire to be powered by 100% renewable sources in 2025.
- Our new office leases provide positive impact by reducing and modernizing new spaces to be more energy efficient; by donating office equipment with a value of £8375 to support education around the world via The Waste to Wonder Trust. In other cases, we reupholstered furniture instead of buying it new, and re-potted existing plants.
- Finally, to close out 2023, Siteimprove made a donation of one tree per each Siteimprover through Arbor Day whose focus on community impact, education, and equal access resonates with what we believe at Siteimprove, and we were excited to support them for the 2023 holiday season.

For 2024, 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.

2023 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.

2023 Results

- Siteimprove had no cases or allegations related to bribery or corruption in 2023.

For 2024, 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. 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	2023	2022	2021	2020	2019
INCOME STATEMENT					
Revenue	103,188	99,254	97,214	85,350	73,149
Gross profit	73,379	67,882	76,234	69,813	61,379
EBITDA*	2,057	(13,781)	5,067	11,239	4,982
EBIT	(15,574)	(31,641)	(8,276)	(568)	(5,195)
Net financial items	(1,617)	(4,853)	(5,393)	557	(1,717)
Income tax credit/(charge)	608	(4,802)	(1,025)	(949)	282
Net loss	(16,583)	(41,296)	(14,693)	(22,160)	(6,631)
BALANCE SHEET					
Total assets	80,458	78,741	77,421	64,619	56,765
Equity	(61,835)	(85,307)	(47,315)	(37,009)	(22,777)
Investment in property, plant and equipment	(566)	(4,176)	(1,237)	(754)	(438)
CASH FLOW STATEMENT					
Cash provided by (used in) operating activities	(8,021)	(15,122)	8,692	8,869	10,810
Cash (used in) investing activities	(1,485)	(15,835)	(12,394)	(10,430)	(11,304)
Cash provided by financing activities	15,864	25,863	8,303	4,198	1,303
Change in cash and cash equivalents for the year	6,358	(5,094)	4,601	2,637	809
KEY RATIOS					
Annual recurring revenue	102,630	101,717	102,266	93,485	81,620
Average customer contract value	18.3	16.3	14.2	13.0	11.0
Revenue growth	4.0%	2.1%	13.9%	16.7%	19.2%
Gross margin	71.1%	68.4%	78.4%	81.8%	83.9%
Solvency ratio	-76.9%	-108.3%	-61.1%	-57.3%	-40.1%
EBITDA margin	2.0%	-13.9%	5.2%	13.2%	6.8%

* EBITDA is calculated as EBIT cf. Income Statement adjusted for depreciations, a amortizations and impairment.

Consolidated Income statement 1st January – 31st December

USD '000

	Note	2023	2022
Subscriptions		101,867	97,942
Professional services		1,322	1,312
Revenue	2.1	103,188	99,254
Cost of revenue	2.2 / / 2.5	(29,809)	(31,372)
Gross profit		73,379	67,882
Sales & marketing costs	2.2 / / 2.5	(46,076)	(50,435)
Research & development costs	2.2 / / 2.4 / 2.5	(23,558)	(25,322)
General & administrative costs	2.2 / / 2.5	(19,254)	(23,767)
Other income		(65)	-
Operating loss		(15,574)	(31,641)
Financial income	4.4	6,328	5,535
Financial costs	4.4	(7,944)	(10,388)
Net loss before tax		(17,190)	(36,494)
Income tax credit/(charges)	2.6	608	(4,802)
Net loss		(16,583)	(41,296)

Other comprehensive Income 1st January – 31st December

Net loss

(16,583) **(41,296)**

Items that will be reclassified to income statement

Exchange differences on translation of foreign operations

(1,119) 2,464

Other comprehensive income (loss) for the period, net of tax	(1,119)	2,464
Total comprehensive income (loss) for the period	<u>(17,702)</u>	<u>(38,832)</u>

Consolidated Balance Sheet at December 31

ASSETS

USD '000	Note	2023	2022
Development projects		6,455	6,485
Development projects in progress		1,006	673
Patents		522	537
Total intangible assets	3.1	7,983	7,695
Leasehold improvements		615	1,119
Other fixtures, furniture and fittings		1,541	3,673
Right-of-use assets		11,375	10,274
Total property, plant and equipment	3.2	13,531	15,066
Contract assets	3.3	21,072	19,056
Deferred tax assets	2.6	291	2,160
Other financial fixed assets	4.3	1,066	2,024
Total other non-current assets		22,429	23,240
Total non-current assets		43,943	46,001
Trade receivables	3.4 / 4.2	18,508	19,487
Other receivables	4.2	1,207	2
Income tax receivables	2.6	1,183	1,692
Prepayments	3.5	3,045	5,345
Cash and cash equivalents	4.2	12,572	6,214
Total current assets		36,515	32,740
Total assets		80,458	78,741

Consolidated Balance Sheet at December 31

EQUITY AND LIABILITIES

USD '000	Note	2023	2022
Share capital	4.5	96	96
Reserve for currency translation		3,613	4,732
Retained earnings		(65,544)	(90,135)
Total equity		(61,835)	(85,307)
Deferred tax liabilities	2.6	2,166	4,609
Other provisions	3.6	2,931	3,595
Lease liabilities	4.2	10,542	10,575
Borrowings	4.1 / 4.2	30,000	21,558
Total non-current liabilities		45,639	40,337
Trade payables	4.2	4,285	6,981
Income tax liabilities	2.6	1,651	1,566
Other liabilities	4.2	13,669	15,332
Liabilities to parent companies	4.2 / 5.3	12,508	41,015
Lease liabilities	4.2	2,216	214
Contract liabilities	3.7	62,325	58,604
Total current liabilities		96,654	123,712
Total liabilities		142,293	164,048
Total equity and liabilities		80,458	78,741

Consolidated Statement of Changes in Equity

	Share capital	Reserve for currency translation	Retained earnings	Total
2023				
Equity at January 1, 2023	96	4,732	(90,135)	(85,307)
COMPREHENSIVE INCOME				
Income/loss after tax			(16,583)	(16,583)
OTHER COMPREHENSIVE INCOME				
Exchange rate adjustments		(1,119)	-	(1,119)
Total other comprehensive income	-	(1,119)	-	(1,119)
TRANSACTIONS WITH SHAREHOLDERS				
Cash capital increase			10,000	10,000
Conversion of loan to equity			30,000	30,000
Share based payments			1,173	1,173
Total transactions with shareholders	-	-	41,173	41,173
Equity at December 31, 2023	96	3,613	(65,544)	(61,835)
2022				
Equity at January 1, 2022	96	2,266	(49,677)	(47,315)
COMPREHENSIVE INCOME				
Income/loss after tax			(41,296)	(41,296)

OTHER COMPREHENSIVE INCOME

Exchange rate adjustments

Total other comprehensive income

	2,466		2,466
-	2,466	-	2,466

TRANSACTIONS WITH SHAREHOLDERS

Share based payments

Total transactions with shareholders

		839	839
-	-	839	839

Equity at December 31,2022

96	4,732	(90,135)	(85,307)
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Consolidated Cash Flow Statement 1st January – 31st December

USD '000

	Note	2023	2022
Cash flows from operating activities			
Net loss		(16,583)	(41,296)
Non-cash items	5.1	19,580	25,496
Changes in net working capital	4.6	(1,285)	2,199
Payments for contract assets	3.3	(8,609)	(7,890)
Changes in contract liabilities		3,722	1,719
Financial income	4.4	(997)	0
Financial costs	4.4	(3,677)	(1,790)
Income tax reimbursements/(payments)		(172)	(1,131)
Cash (used in) operating activities		(8,021)	(22,693)
Cash flows from investing activities			
Payments for intangible assets	3.1	(1,877)	(3,171)
Payments for property, plant and equipment	3.2	(566)	(4,176)
Payments for other financial fixed assets	4.3	(34)	(738)
Proceeds from other financial fixed assets	4.3	992	140
Cash (used in) investing activities		(1,485)	(7,945)
Cash flows from financing activities			
Cash capital increase	4.5	10,000	-
Proceeds from borrowings		8,443	29,253
Principal elements of lease payments		(2,579)	(3,390)
Cash provided by financing activities		15,864	25,863
Net change in cash and cash equivalents		6,358	(4,775)
Cash and cash equivalents at January 1		6,533	11,308
Cash and cash equivalents at December 31		12,891	6,533

Consolidated Notes Overview

BASIS OF PREPARATION

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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.

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 including 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 2023

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, 2023, it has been assessed that the application of these new IFRS has not had a material impact on the Consolidated Financial Statements in 2023, 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 2023.

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, 2024 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 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.

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 are 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 includes hosting, compensation and benefits, commissions and bonuses, share-based compensation costs, depreciation and amortization, 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, allocated overhead costs, and promotional and advertising expenses, travel, and entertainment expenses related to these personnel.

Research & development costs

Research & development expenses include personnel-related costs for the Company's development team, including compensation and benefits, bonuses, stock-based compensation expenses and allocated overhead costs. Research and development expenses also include contractor or professional services fees, third-party cloud infrastructure expenses incurred in developing the Company's solution and software services dedicated for use by the Company's research and development organization.

General & administrative costs

General & administrative 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, depreciations and amortizations and allocated overhead 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, and 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 includes current assets less short-term debt excluding items included in cash and cash equivalents or financing activities.

Cash flows from investing activities includes cash flows from internally-developed software, purchase and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

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

Cash and cash equivalents are comprised of "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. 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.

- 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 generally 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: it 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	2023	2022
Subscriptions	101,867	97,942
Professional services	1,322	1,312
Total revenue	103,188	99,254

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, and general & administrative costs.

.2 STAFF COSTS, continued

USD '000

	<u>2023</u>	<u>2022</u>
Wages and salaries	66,411	72,188
Pensions (defined contribution plans)	2,984	3,037
Social security costs	7,199	6,189
Share-based payments	1,153	880
Total	<u>77,747</u>	<u>82,294</u>
Staff costs included in development projects	(3,966)	(3,264)
Commissions included in contract assets	(9,229)	(7,761)
Staff costs expensed to the income statement	<u>64,552</u>	<u>71,269</u>
Average number of employees	<u>507</u>	<u>570</u>

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

USD '000

	<u>2023</u>	<u>2022</u>
Cost of revenue	15,834	17,542
Sales & marketing costs	23,125	25,975
Research & development costs	10,885	13,061
General & admin costs	14,707	14,691
Total	<u>64,552</u>	<u>71,269</u>

Remuneration to key management can be specified as follows:

USD '000

	<u>2023</u>	<u>2022</u>
Salary and bonus	2,956	4,093
Pension	97	125
Share-based compensation	1,153	880

Total

4,206

5,098

Remuneration to the Executive Board & Board of Directors

1,768

1,618

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

The value of services received in exchange for equity-settled share-based payment arrangements 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 cumulative 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. The cost is recorded on the books of the entity that rendered the service, while the equity awards are issued by Siteimprove Holding A/S (the “Ultimate Parent”).

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.

At December 31, 2023, the Group and the Ultimate Parent had the following share-based payment arrangements.

Awards granted in previous financial years

Management Incentive Program (equity-settled)

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

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 share awards vesting depends on the quotient of investor returns divided by investor investments. In addition, the award-holder must remain employed by the Group until the vesting date.

Shadow Incentive Unit Program (cash-settled)

The program follows the same terms and conditions as the Management Executive Incentive Program but is predetermined to be settled in cash by Siteimprove A/S and requires a listing or divestment to vest. If such an event is not achieved within 6 years from the grant date, the Shadow Incentive Unit Program expires unsettled. The grant is comprised of 274,950 shadow options.

Awards Granted in current financial year

Global Equity Program (equity-settled)

In December 2022, the Ultimate Parent has granted restricted stock unit ("RSU") awards under the Global Equity Program to selected employees which give the recipient a right to a specific number of shares subject to vesting conditions. All awards may be settled, at the Board of Directors' discretion, wholly or partly, in cash equal to the market value of the shares.

The program is classified as share-settled as it is Management's stated intention to settle all awards in shares; however, Management has the option to settle in cash if desired.

The key terms and conditions related to vesting of the grant under this program are as follows: the granted awards are split between a time-vesting condition and a performance-vesting condition. A grant is comprised of 40 percent time-vesting awards and 60 percent performance-vesting awards.

The time-vesting condition contains 2 tranches split 50/50 of the units under the vesting condition. The first tranche vests at the second anniversary of the contractually agreed grant date set to October 1, 2022 or thereafter, the second tranche vests at the fourth anniversary of the grant date. Unvested time-vesting awards shall vest upon the occurrence of either a listing or divestment. No awards are converted to shares upon achievement of time vesting; no shares are issued until such date as a listing or divestment is achieved.

According to the performance-vesting condition, shares vest upon a listing or divestment and the number of awards vesting depends on the quotient of investor returns divided by investor investments. At a quotient of 2.40x 1/4 vests, at a quotient of 2.60x, an additional 1/4 vests, at a quotient of 2.80x, an additional 1/4 vests, and at a quotient of 3.00x, the remaining 1/4 of the awards vests. In addition, the award holder must remain employed by the Group until the vesting date.

Units granted under this program were 50% Preferred A and 50% Ordinary B; all shares, regardless of class, are subject to the vesting outlined above.

Awards granted in current financial year

New grants in 2023 relate to new awards under the Global Equity Program under the same conditions.

Measurement of fair values***Equity-settled share-based payment arrangements***

The fair value of granted RSU is measured using the fair market value at date of grant, based on the most recent third-party valuation report.

2.3 SHARE-BASED PAYMENTS, continued

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

	Management Incentive Program	Global Equity Program – awards granted in 2022	Global Equity Program – awards granted in Q1 2023	Global Equity Program – awards granted in Q2 to Q4 2023
Fair market value (USD)	0.82	0.64	0.64	0.19

Cash-settled share-based payment arrangements

At December 31, 2023, the total carrying amount of liabilities arising from the Shadow Incentive Unit Program was USD 23 thousand (2022 USD 72 thousand).

Expense recognized in Income Statement

Total expense recognized in 2023 from share-based payment transactions recognized in the income statement amounts to USD 1,153 thousand (2022: USD 879 thousand), of which USD 1,202 thousand (2022: USD 839 thousand) arises from equity-settled share-based payment transactions.

Reconciliation of outstanding equity-settled awards

The number share awards under the management incentive program and global equity program were as follows.

	Number of warrants			USD	USD'000
	Executive Board	Other employees	Total	Grant date fair value per option	Grant date fair value total
Outstanding January 1, 2022	2.474.550	0	2.474.550	0,82	2.029

Granted in 2022	<u>0</u>	<u>5.533.000</u>	<u>5.533.000</u>	0,64	3.541
Outstanding at December 31, 2022	2.474.550	5.533.000	8.007.550		
Granted in 2023	0	1.112.000	1.112.000	0,35	389
Forfeited in 2023	0	<u>-2.654.000</u>	<u>-2.654.000</u>	0,64	-1.698
Outstanding at December 31, 2023	2.474.550	3.991.000	6.465.550		

The weighted average remaining contractual life for the share options outstanding at December 31, 2023 was 2 years and 4 months (2022: 2 years and 11 months).

2.4 RESEARCH & DEVELOPMENT COSTS

ACCOUNTING POLICIES

Siteimprove's research & development costs focus on the development of the Siteimprove 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 in the income statement.

USD '000

	<u>2023</u>	<u>2022</u>
This years incurred research & development costs	21,580	22,883
Amortization of intangible assets	5,613	4,166
Depreciation of property, plant & equipment	(34)	330
Depreciation of right-of-use assets	364	1,207
Development costs capitalized in development projects	<u>(3,966)</u>	<u>(3,264)</u>
Total research & development costs	<u>23,558</u>	<u>25,322</u>

2.5 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

USD '000

	<u>2023</u>	<u>2022</u>
Amortizations and impairment of intangible assets	12,684	10,396
Depreciations and impairment on property, plant & equipment	1,584	1,295
Depreciations and impairment on right-of-use assets	3,464	4,132
Total	<u>17,632</u>	<u>15,823</u>

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

	<u>2023</u>	<u>2022</u>
Cost of revenue	-	-
Sales & marketing costs	7,070	6,599
Research & development costs	5,613	4,166
General & admin costs	-	-
Total	<u>12,684</u>	<u>10,765</u>

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

	<u>2023</u>	<u>2022</u>
Cost of revenue	1,866	1,305
Sales & marketing costs	2,020	1,559
Research & development costs	330	1,537
General & admin costs	732	657
Total	<u>4,948</u>	<u>5,058</u>

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. Income tax credit / (charges) in the income statement reflects tax refunds from prior years and also includes interest income earned on those refunds.

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 judgment 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 0.3 million (2022: USD 2.2 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 judgment in assessing whether deferred income tax assets should be recognized.

2.6 INCOME TAXES AND DEFERRED TAXES, continued

USD '000

	<u>2023</u>	<u>2022</u>
INCOME TAXES		
Current income tax	165	(1,029)
Deferred income tax	143	(3,600)
Adjustments concerning previous years	300	(173)
Total	<u>608</u>	<u>(4,802)</u>
Deferred tax on other comprehensive income	<u>-</u>	<u>-</u>
INCOME TAX RECONCILIATION		
Breakdown of tax charge on profit for the year:		
Net profit/(loss) before tax from continuing operations	<u>(17,190)</u>	<u>(36,494)</u>
Tax calculated using the Danish corporation tax rate (22%)	<u>3,782</u>	<u>8,029</u>
<i>Tax effect of:</i>		
Other tax percentages in foreign jurisdictions	38	80
Non-deductable costs	(1)	968
Non-taxable income	-	-
Unrecognized tax asset	-	(9,783)
Others, including adjustment of prior years	<u>(3,211)</u>	<u>(4,096)</u>
Tax charge in the income statement	<u>608</u>	<u>(4,802)</u>

2.6 INCOME TAXES AND DEFERRED TAXES, continued

USD '000

	<u>2023</u>	<u>2022</u>
DEFERRED INCOME TAXES		
Deferred income tax at January 1	(2,449)	1,474
Exchange rate adjustments	431	(323)
Movement for the year	143	(3,600)
Deferred income tax at December 31	<u>(1,875)</u>	<u>(2,449)</u>
<i>Recognized in the balance sheet as follows:</i>		
Deferred tax assets	291	2,160
Deferred tax liabilities	<u>(2,166)</u>	<u>(4,609)</u>
Deferred tax, net	<u>(1,875)</u>	<u>(2,449)</u>
DEFERRED TAX BREAKDOWN		
Property, plant & equipment	918	824
Intangible assets	(1,606)	(1,339)
Receivables	27	23
Other assets	(2,565)	(2,746)
Other liabilities	690	723
Tax losses to be carried forward	291	-
Other	370	67
Total	<u>(1,875)</u>	<u>(2,450)</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.

At December 31, 2023, the Group has no unrecognized tax liabilities.

At December 31, 2023, the Group has a total of USD 35.5 million as unrecognized deferred tax assets (2022: USD 35.5 million). 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

KEY ACCOUNTING ESTIMATES

The carrying amounts of development projects, development projects in progress and patents are reviewed on an annual basis to assess whether there is any indication of impairment other than that expressed by amortization. Annually, 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 and development projects in progress, 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.

The values in use are calculated using a valuation model based on discounted expected future cash flows (DCF-model covering a 10-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

3.1 INTANGIBLE ASSETS, continued

2023

USD '000	Development projects	Development projects in progress	Patents	Total
Accumulated cost at January 1, 2023	20,724	673	553	21,951
Exchange rate adjustments	758	-	20	778
Additions	2,461	-	54	2,515
Additions (internally generated)	-	3,966	-	3,966
Disposals	(4,193)	-	-	(4,193)
Transfers	3,633	(3,633)	-	-
Accumulated cost at December 31, 2023	23,384	1,006	627	25,017
Accumulated amortizations and impairment at January 1, 2023	(14,239)	-	(16)	(14,255)
Exchange rate adjustments	(1,355)	-	(3)	(1,358)
Amortizations	(5,527)	-	(86)	(5,613)
Impairment	-	-	-	-
Disposals	4,193	-	-	4,193
Accumulated amortizations and impairment at December 31, 2023	(16,928)	-	(106)	(17,034)
Carrying amount at December 31, 2023	6,455	1,006	522	7,983

2022

USD '000	Development projects	Development projects in progress	Patents	Total
Accumulated cost at January 1, 2022	18,151	161	154	18,466
Exchange rate adjustments	(999)	-	-	(999)
Additions	1,313	-	399	1,712
Additions (internally generated)	-	2,772	-	2,772
Disposals	-	-	-	-

Transfers	2,260	(2,260)	-	-
Accumulated cost at December 31, 2022	20,724	673	553	21,951
Accumulated amortizations and impairment at January 1, 2022	(10,632)	-	-	(10,632)
Exchange rate adjustments	544	-	(1)	543
Amortizations	(4,151)	-	(15)	(4,166)
Impairment	-	-	-	-
Disposals	-	-	-	-
Accumulated amortizations and impairment at December 31, 2022	(14,239)	-	(16)	(14,255)
Carrying amount at December 31, 2022	6,485	673	537	7,696

3.1 INTANGIBLE ASSETS, continued

Development projects relates to the continuous development of new tools and features for the Group's software platform. The projects are expected to be finalized over the course of 2024, whereafter the marketing of the new software services can begin.

The developed tools and features relate to Quality Assurance, Accessibility, Analytics, SEO, Ads, Performance, Policy Management, CMS plugins, Response and Data Privacy. As of December 31, 2023 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 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 AND EQUIPMENT

ACCOUNTING POLICIES

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

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

Depreciation is based on cost reduced by any residual value and 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 income statement.

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 AND 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 are presented 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 AND EQUIPMENT, continued

	Leasehold improvements	Other fixtures, furniture and fittings	Right-of-use assets	Total
Accumulated cost at January 1, 2023	2,225	8,111	20,791	31,127
Exchange rate adjustments	101	121	447	669
Additions	-	-	4,495	4,495
Disposals	(356)	(3,456)	(7,766)	(11,578)
Accumulated cost at December 31, 2023	1,970	4,776	17,967	24,713
Accumulated depreciations and impairment at January 1, 2023	(1,106)	(4,439)	(10,517)	(16,062)
Exchange rate adjustments	(47)	(83)	453	323
Depreciations	(202)	(452)	(4,294)	(4,948)
Disposals	-	1,737	7,767	9,504
Accumulated depreciations and impairment at December 31, 2023	(1,355)	(3,237)	(6,591)	(11,183)
Carrying amount at December 31, 2023	615	1,541	11,375	13,531

	Leasehold improvements	Other fixtures, furniture and fittings	Right-of-use assets	Total
Accumulated cost at January 1, 2022	1,131	5,458	18,183	25,903
Exchange rate adjustments	(170)	(259)	(700)	(1,129)
Additions	1,264	2,912	4,204	8,380
Disposals	-	-	(896)	(896)
Accumulated cost at December 31, 2022	2,225	8,111	20,791	31,127
Accumulated depreciations and impairment at January 1, 2022	(961)	(3,931)	(7,689)	(12,580)
Exchange rate adjustments	67	206	408	681
Depreciations	(212)	(714)	(4,132)	(5,058)
Disposals	-	-	896	896
Accumulated depreciations and impairment at December 31, 2022	(1,106)	(4,439)	(10,517)	(16,061)
Carrying amount at December 31, 2022	1,119	3,672	10,274	15,066

3.2 PROPERTY, PLANT AND EQUIPMENT, continued

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

USD '000	2023	2022
Buildings	11,361	10,261
Others	14	13
Total	11,375	10,275

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

USD '000	2023	2022
<u>Expense relating to short-term leases included under:</u>		
Cost of revenue	63	81
Sales & marketing costs	171	223
Research & development costs	84	109
General & administrative costs	53	68
Total	370	481
Total cash outflow for leases	3,584	4,345

3.3 CONTRACT ASSETS

ACCOUNTING POLICIES

Contract assets stem from subscription agreements with payments in the future. Contract assets consist of 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 contract 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 in the estimation process. The analysis is furthermore based upon current economic trends in the specific market and vertical.

USD '000

	<u>2023</u>	<u>2022</u>
Accumulated cost at January 1	51,051	44,502
Exchange rate adjustments	754	(1,341)
Additions	8,609	7,890

Disposals		
Accumulated cost at December 31	60,414	51,051
Accumulated amortizations and impairment at January 1	(31,995)	(26,126)
Exchange rate adjustments	(276)	730
Amortizations	(7,070)	(6,599)
Impairment	-	-
Disposals	-	-
Accumulated amortizations and impairment at December 31	(39,342)	(31,995)
Carrying amount at December 31	21,072	19,056

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

	<u>2023</u>	<u>2022</u>
Trade receivables (gross)	19,389	20,162
Allowance for doubtful trade receivables	(881)	(675)
Total	<u>18,508</u>	<u>19,487</u>

Age analysis of trade receivables:

- Not yet due	11,754	13,062
- Overdue by up to 30 days	4,378	4,280
- Overdue by up to 31 days and 60 days	964	1,010
- Overdue by between 61 days and 90 days	439	512
- Overdue by more than 90 days	973	623
Trade receivables with credit risk exposure	<u>18,508</u>	<u>19,487</u>

Movement in allowance for doubtful trade receivables

Balance at January 1	(675)	(220)
Reversal of allowance on realized losses	-	-
Provision made during the year	(189)	(470)
Exchange rate adjustments	(17)	15
Balance at December 31	<u>(881)</u>	<u>(675)</u>

Allowance for doubtful trade receivables split by age analysis:

- Not yet due	-	-
- Overdue by up to 30 days	(9)	(9)
- Overdue by up to 31 days and 60 days	(9)	(9)
- Overdue by between 61 days and 90 days	(2)	(3)
- Overdue by more than 90 days	(861)	(655)
Balance at December 31	(881)	(675)

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 occurring 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>2023</u>	<u>2022</u>
Balance at January 1	3,595	3,047
Exchange rate adjustments	(20)	41
Additions	(644)	507
Balance at December 31	<u>2,931</u>	<u>3,595</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 at December 31, 2023 will be recognized as revenue during 2024. The remaining amounts will be recognized in the 2025-2026 financial years.

USD '000

	<u>2023</u>	<u>2022</u>
Balance at January 1	58,604	56,885
Exchange rate adjustments	(440)	(1,152)
Revenue recognized in the period	(103,188)	(99,254)
Total bookings	<u>107,349</u>	<u>102,125</u>
Balance at December 31	<u>62,325</u>	<u>58,604</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>2023</u>	<u>2022</u>
Non-current liabilities	30,000	21,558
Total	<u>30,000</u>	<u>21,558</u>

The Group has entered into a borrowing agreement with Financial Institutions under which USD 35 million was provided as a revolving credit facility bearing interest of Compounded SOFR and a fixed element of 4%.

The undrawn amount of the credit facility at December 31, 2023 was USD 5 million (2022: USD 13.4 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 0.8 million (2022: USD 0.5 million).

4.2 FINANCIAL RISKS AND INSTRUMENTS, continued

Interest Rate Risk

The Group's total borrowings amounts to USD 42.5 million as of December 31, 2023 (2022: USD 62.6 million).

The Group's borrowings are subject to interest of Compounded SOFR and a fixed element of 4%.

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 0.4 million (2022: USD 0.6 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 December 31, 2023 included trade receivables with a net book value of USD 18.5 million (2022: USD 19.5 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 comprises 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 2.3 million (2022: USD 2.0 million). Management deems no significant risk in relation to these amounts. For further details

please refer to note 4.3.

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 intercompany lending and borrowing.

The Group has entered into a borrowing agreement with Financial Institutions under which USD 35 million was provided as a revolving credit facility bearing interest of Compounded SOFR and a fixed element of 4%.

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.

In May 2024, the Company has received a \$5 million shareholder contribution from the Ultimate Parent. This contribution will ensure that the company has sufficient funds to execute the

planned strategy and continue its operations.

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 December 31, 2023	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	12,572	12,572			
Trade receivables	18,508	18,508			
Other receivables	1,207	1,207			
Total financial assets	32,287	32,287	-	-	-
<i>Measured at amortized cost</i>					
Borrowings	30,000	31,005		31,005	
Trade payables	4,285	4,285	4,285		
Liabilities to parent companies	12,508	12,508	12,508		
Other liabilities	13,669	13,669	13,669		
Lease liabilities	12,758	13,991	2,216	11,775	
Total financial liabilities	73,220	75,458	32,678	42,780	-

Maturity at December 31, 2022	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	6,214	6,214			
Trade receivables	19,487	19,487			
Other receivables	2	2			
Total financial assets	25,703	25,703	-	-	-

Measured at amortized cost

Borrowings	21,558	22,563		22,563	
Trade payables	6,981	6,981	6,981		
Liabilities to parent companies	41,015	41,015	41,015		
Other liabilities	15,332	15,332	15,332		
Lease liabilities	10,789	12,022	214	11,808	
Total financial liabilities	95,675	97,913	63,542	34,371	-

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, an impairment charge is recognized.

USD '000

	2023	2022
Accumulated cost at January 1	2,024	1,495
Exchange rate adjustments	-	(69)
Additions	34	738
Disposals	(992)	(140)
Accumulated cost at December 31	1,066	2,024
Accumulated revaluation and impairment at January 1	-	-
Accumulated revaluation and impairment at December 31	-	-
Carrying amount at December 31	1,066	2,024

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

	<u>2023</u>	<u>2022</u>
FINANCIAL INCOME		
Interests received from affiliated companies	(0)	(0)
Other financial income	(997)	0
Exchange rate gains	7,325	5,535
Total	<u>6,328</u>	<u>5,535</u>
FINANCIAL COSTS		
Interests paid to affiliated companies	1,143	319
Other financial costs	1,899	1,316
Interests paid for lease liabilities	635	474
Exchange rate losses	4,267	8,279
Total	<u>7,944</u>	<u>10,388</u>

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	2023	2022	2021	2020	2019
Share capital at January 1	96,493	96,493	96,493	92,627	92,627
Capital increases				3,866	
Capital decreases	-	-	-	-	-
Share capital at December 31	96,493	96,493	96,493	96,493	92,627

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

	<u>2023</u>	<u>2022</u>
Change in receivables	2,074	(2,827)
Change in liabilities	<u>(3,531)</u>	<u>5,026</u>
Total	<u>(1,457)</u>	<u>2,199</u>

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	2023	2022
Financial income	(6,328)	(5,535)
Financial costs	7,944	10,388
Depreciations, amortizations and impairment losses	17,632	15,823
Provision movement	(1,547)	174
Allowance for doubtful trade receivables	189	470
Share-based payments	1,153	880
Income taxes	(608)	4,802
Exchange rate adjustments	1,145	(1,506)
Total	19,580	25,496

5.2 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

ACCOUNTING POLICIES

All leases are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

LEASE OBLIGATIONS

The Group has entered into operating lease agreements for offices. The lease terms are between 1 and 8 years, and the majority of the lease agreements are renewable at the end of the lease period at market rate.

Future minimum lease payments under operating lease contracts and rent commitments totals:

GUARANTEE OBLIGATIONS

The Group has provided corporate pledges to banks totaling USD 31.1 million (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 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 12.5 million (2022: 41.0 million) and related interest of USD 1.2 million (2022: USD 0.3 million)

5.4 OWNERSHIP AND CONSOLIDATED FINANCIAL STATEMENTS

CONTROLLING INTEREST

Cidron Vega X, SCSp, Luxembourg	Parent Company
Siteimprove Holding A/S, Copenhagen	Parent Company
SI I A/S, Copenhagen	Parent Company
SI II A/S, Copenhagen	Parent Company

5.4 OWNERSHIP AND CONSOLIDATED FINANCIAL STATEMENTS continued

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

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.

Siteimprove A/S is included in the Consolidated Financial Statements of Siteimprove Holding A/S, Copenhagen, Denmark.

5.5 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In May 2024, the Group has received a shareholder contribution of USD 5 million from the parent. This contribution will ensure that the Group 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 & administrative costs can be specified as follows:

USD '000

2023

2022

Statutory audit	464	203
Tax advisory services	56	123
Other services	-	-
Total	520	326

5.7 ENTITIES IN THE SITEIMPROVE GROUP

<u>Name</u>	<u>Country</u>	<u>Currency</u>	<u>Share capital</u>	<u>Ownership</u>
Siteimprove A/S	Denmark, Copenhagen	DKK	579.486	Parent
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%

Financial Statements for the Parent Company

Parent Income statement January 1 – December 31

DKK '000

	Note	2023	2022
Subscriptions		251,524	202,232
Professional services		-	-
Revenue		251,524	202,232
Cost of revenue	2 / 3	(87,319)	(96,194)
Gross profit	2 / 3	164,205	106,038
Sales & marketing costs	2 / 3	(121,686)	(131,491)
Research & development costs	2 / 3	(118,811)	(146,894)
General & administrative costs	2 / 3	(48,111)	(66,972)
Other income		-	-
Earnings before income taxes		(124,403)	(239,319)
Financial income	4	54,468	40,370
Financial costs	5	(84,998)	(79,547)
Net loss before tax		(154,933)	(278,496)
Income taxes	6	14,097	(16,302)
Net loss		(140,836)	(294,798)

Parent Balance Sheet at December 31

DKK '000

	Note	2023	2022
Contract assets		5,174	6,750
Development projects		43,365	48,695
Development projects in progress		6,920	1,194
Patents		3,520	3,741
Total intangible fixed assets	7	58,980	60,380
Leasehold improvements		-	17
Other fixtures, furniture and fittings		4,016	18,519
Right-of-use assets		10,264	991
Total tangible fixed assets	8	14,280	19,527
Investments in subsidiaries	9	6,090	5,978
Other financial fixed assets	10	2,451	9,443
Total other non-current assets		8,541	15,421
Total non-current assets		81,802	95,328
Trade receivables		2,631	6,051
Receivables from subsidiaries		6,112	216,212
Deferred tax assets	6	-	3,588
Income tax receivables		13,621	4,100
Prepayments	11	14,887	28,854
Total receivables		37,266	258,805
Cash and cash equivalents		38,100	9,734
Total current assets		75,366	268,539

Total assets

157,167

262,967

Parent Balance Sheet at December 31

EQUITY AND LIABILITIES

DKK '000

	Note	2023	2022
Share capital	12	579	579
Reserve for development projects		36,299	38,037
Retained earnings		(576,774)	(711,685)
Total equity		(539,896)	(673,069)
Other provisions	13	17,005	22,049
Lease liabilities	14	6,361	(0)
Borrowings		202,200	150,258
Total non-current liabilities		225,565	172,306
Trade payables		21,325	36,184
Payables to subsidiaries		326,966	510,891
Payables to associated companies		84,302	284,756
Deferred tax assets liability	6	1,653	-
Other liabilities		16,161	11,241
Lease liabilities	14	3,903	1,024
Contract liabilities		17,188	20,533
Total current liabilities		471,498	864,829
Total liabilities		697,063	1,036,935
Total equity and liabilities		157,167	363,867
Contingent assets, liabilities and other financial obligations	15		

Related parties, transactions, ownership and consolidated financial statements	16
Distribution of result	17
Significant events after the reporting period	18

Parent Statement of Changes in Equity

DKK '000

	Share capital	Reserve for development projects	Retained earnings	Total
	<u>579</u>	<u>38,037</u>	<u>(711,978)</u>	<u>(673,362)</u>
Equity at January 1, 2023				
Development costs for the year		27,296	(27,296)	-
Amortizations and impairment for the year		(29,524)	29,524	-
Tax of development projects		490	(490)	-
Cash capital increase			69,030	69,030
Conversion of loan from parent to equity			207,089	207,089
Share-based payments			(1,817)	(1,817)
Net loss			(140,836)	(140,836)
Equity at December 31, 2023	<u>579</u>	<u>36,299</u>	<u>(576,774)</u>	<u>(539,896)</u>

Notes

1 Accounting policies

Basis of Preparation

The Consolidated Financial Statements of Siteimprove A/S for 2023 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 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.

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

	<u>2023</u>	<u>2022</u>
2 STAFF COSTS		
Wages and salaries	125,561	165,271
Pensions	8,807	11,388
Social security costs	1,627	2,098
Share based payments	(2,066)	6,134
Total	<u>133,929</u>	<u>184,891</u>
Staff costs included in development projects	(27,296)	(23,042)
Commissions included in deferred commissions	(1,379)	(3,268)
Staff costs expensed to the income statement	<u>105,254</u>	<u>158,581</u>
Above includes remuneration to the Executive Board & Board of Directors	<u>5,555</u>	<u>6,032</u>
Average number of employees	<u>180</u>	<u>215</u>

DKK '000		2023	2022
3	DEPRECIATIONS, AMORTIZATIONS AND IMPAIRMENT		
	Amortizations of intangible assets	30,755	29,489
	Depreciations on tangible assets	24,930	21,390
	Gains/losses on disposals	(695)	-
	Total	54,991	50,879
4	FINANCIAL INCOME		
	Interests received from affiliated companies	3,095	203
	Exchange rate gains	50,575	40,167
	Total	54,468	40,370
5	FINANCIAL COSTS		
	Interests paid to affiliated companies	33,396	11,901
	Other financial costs	22,042	9,622
	Exchange rate losses	29,559	58,024
	Total	84,998	79,547
6	INCOME AND DEFERRED INCOME TAXES		
	INCOME TAXES		
	Current income tax	5,500	-
	Deferred income tax current year	2,017	(16,302)
	Deferred income tax previous years	(1,542)	

Adjustments concerning previous years
Total

<u>8,121</u>	<u>(16,302)</u>
14,097	(16,302)

DEFERRED INCOME TAXES

Deferred income tax 1st January
Movement for the year

3,588	19,890
475	(16,302)

Deferred income tax 31st December

<u>4,063</u>	<u>3,588</u>
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The deferred tax liability primarily consists of timing differences on intangible assets and other assets that will be utilized within 5 years. When assessing the utilization of the tax asset, an emphasis is put on the Company's significant growth rates on existing markets as well as entry into new markets. At December 31, 2023, the Company has a total of DKK 169,808k (2022: DKK 169,808k) as unrecognized deferred tax assets. The net operating losses remain available for offset to future taxable income for tax purposes.

7 INTANGIBLE ASSETS

	Contract assets	Development projects	Development projects in progress	Patents	Total
Accumulated cost at January 1, 2023	22,549	147,943	1,194	3,854	175,540
Exchange rate adjustments	-	-	-	-	-
Additions	-	17,131	27,296	373	44,800
Disposals	(78)	(29,182)	-	-	(29,260)
Transfers	-	21,570	(21,570)	-	-
Accumulated cost at December 31, 2023	22,471	157,462	6,920	4,227	191,080
Accumulated amortizations and impairment at January 1, 2023	(15,799)	(99,248)	-	(113)	(115,160)
Exchange rate adjustments	-	-	-	-	-
Amortizations	(1,497)	(44,031)	-	(594)	(46,122)
Impairment	-	-	-	-	-
Disposals	-	29,182	-	-	29,182
Accumulated amortizations and impairment at December 31, 2023	(17,296)	(114,097)	-	(707)	(132,100)
Carrying amount at December 31, 2023	5,175	43,365	6,920	3,520	58,980

Development Projects relates to the continuous development of new tools and features for the Company's Intelligence Platform. The Development Projects in Progress are expected to be finalized over the course of 2024, after which the marketing of the new software services can begin. The projects are progressing as planned and it is expected that the software will be sold in current and new markets.

The developed tools and features relate to Quality Assurance, Accessibility, Analytics, SEO, Ads, Performance, Policy Management, CMS plugins, and Response and Data Privacy. As of December 31, 2023 the carrying amount of development projects primarily relates to Quality Assurance, Accessibility, Analytics, CMS plugins and Performance.

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.

8 TANGIBLE ASSETS

	Leasehold improvements	Other fixtures, furniture and fittings	Right-of-use assets	Total
Accumulated cost at January 1, 2023	3,444	44,060	46,137	93,641
Exchange rate adjustments	-	-	-	-
Additions	-	-	17,255	17,255
Disposals	-	(25,761)	(53,127)	(78,888)
Accumulated cost at December 31, 2023	3,444	18,299	10,264	32,008
Accumulated depreciations and impairment at January 1, 2023	(3,429)	(25,540)	(45,146)	(74,115)
Exchange rate adjustments	-	-	-	-
Depreciations	(16)	(833)	(7,982)	(8,831)
Disposals	-	12,091	53,127	65,218
Accumulated depreciations and impairment at December 31, 2023	(3,445)	(14,283)	(0)	(17,728)
Carrying amount at December 31, 2023	(0)	4,016	10,264	14,280

9 INVESTMENTS IN SUBSIDIARIES

DKK '000

	<u>2023</u>	<u>2022</u>
Accumulated cost at January 1	8,918	8,918
Additions	112	-
Disposals	-	-
Accumulated cost at December 31	<u>9,030</u>	<u>8,918</u>
Accumulated amortizations and impairment at January 1 and December 31	(2,940)	(2,940)
Carrying amount at December 31	<u>6,090</u>	<u>5,978</u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Country</u>	<u>Currency</u>	<u>Share</u>	<u>Owner-</u>
Siteimprove A/S	Denmark, Copenhagen	DKK	579,486	Parent
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, Londo	GBP	1	100%

Siteimprove Ltd.	Australia, Sydney	AUD	1	100%
Siteimprove B.V.	Netherlands, Amsterda	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%

DKK '000	<u>2023</u>	<u>2022</u>
10 OTHER FINANCIAL FIXED ASSETS		
Accumulated cost at January 1	9,443	5,824
Additions	612	3,619
Disposals	(7,605)	-
Accumulated cost at December 31	<u>2,451</u>	<u>9,443</u>
Accumulated revaluation and impairment January 1	-	-
Accumulated revaluation and impairment December 31	<u>-</u>	<u>-</u>
Carrying amount at December 31	<u>2,451</u>	<u>9,443</u>

11 PREPAYMENTS

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions.

12 SHARE CAPITAL

The share capital consists of 579,486 shares of nominal value of DKK 1. The share capital is not divided into share classes.

The share capital has developed as follows:

DKK	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Share capital at January 1	579,486	579,486	579,486	555,126	555,126
Capital increases	-	-	-	24,360	-

Capital decreases
Share capital at December 31

<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
579,486	579,486	579,486	579,486	555,126

13 PROVISIONS

Provision for financial assets covers write-downs on the Company's subsidiaries. Other provisions cover obligation to re-establish the Company's leased premises.

14 SHORT-TERM AND LONG-TERM LIABILITIES

Repayments that fall due within 1 year are recognized under current liabilities. Repayments that fall due after 1 year are recognized under non-current liabilities.

Liabilities are due according to the following order:

Liabilities are due according to the following order:

	2023	2022
Within 1 year	3,903	1,024
Between 1 and 5 years	208,561	150,258
After 5 years	-	-

15 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

The Company has provided corporate pledges to banks totaling DKK 91.0 million (2022: DKK 65.7 million). The corporate pledge includes current and non-current tangible and intangible assets. No limitations in the use of assets apply.

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

The Company has issued letter of comfort to subsidiaries.

The Company has entered into a lease contract with a 6-month non-cancellation period. The contingent liability amounts to DKK 3.769 million (2022: DKK 3.769 million)

16 RELATED PARTIES, TRANSACTIONS, OWNERSHIP AND CONSOLIDATED FINANCIAL STATEMENTS

CONTROLLING INTEREST

Cidron Vega X, SCSp, Luxembourg

Siteimprove Holding A/S, Copenhagen

Si I A/S, Copenhagen

Si II A/S, Copenhagen

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

16 RELATED PARTIES, TRANSACTIONS, OWNERSHIP AND CONSOLIDATED FINANCIAL STATEMENTS (continued)

CONSOLIDATED FINANCIAL STATEMENTS

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

Siteimprove A/S is included in the Consolidated Financial Statements of Siteimprove Holding A/S, Copenhagen, Denmark.

17 DISTRIBUTION OF RESULT

	<u>2023</u>	<u>2022</u>
Extraordinary dividend paid	-	-
Proposed dividends	-	-
Retained earnings	(140,836)	(294,798)
Total	<u>(140,836)</u>	<u>(294,798)</u>

18 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In May 2024, the Company has received a shareholder contribution of USD 5 million from the ultimate parent company. This contribution will ensure that the company has sufficient funds to execute the planned strategy and continue its operations.

19 CAPITAL RESOURCES

In May 2024, the Company has received a shareholder contribution of USD 5 million from the parent company. This contribution will ensure that the company has sufficient funds to execute

the planned strategy and continue its operations.

