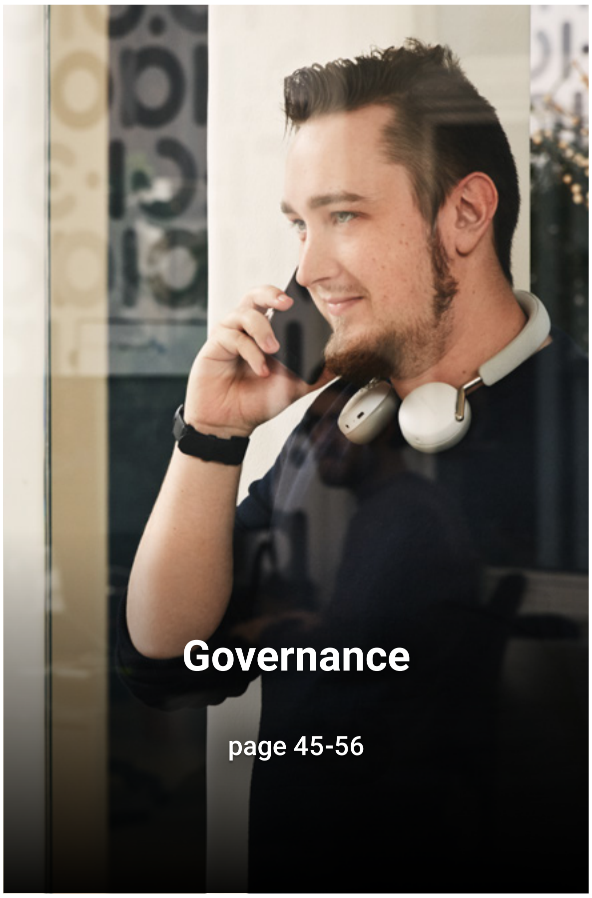
Annual report 2019

Agillic A/S · Gl. Mønt 2 · 1117 Copenhagen K · Denmark · Company reg. no. 25063864 · www.agillic.com



Content

Disclaimer
The forward-looking statements regarding Agillic's future financial situation involve factors of uncertainty and risk, which could cause actual developments to deviate from the expectations indicated. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the presented outlook. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect. Please also refer to the overview of risk factors in the 'risk management' section.

Equity story

Agillic is a Nordic software company offering marketing departments a platform, through which they can work with data-driven insights to create, automate and deploy personalised communication at scale.

Founded in 1999 and publicly listed in 2018, Agillic is on a growth journey and currently holds a leading position in the Nordics while increasingly gaining international presence. International expansion is achieved through strategic partnerships and through sales offices in London, Stockholm and Zurich. Agillic succeeds in a time and in a market where great customer experiences, relevance and personalised communication across channels are recognised as crucial to creating customer satisfaction, loyalty and value. In 2019, Agillic documented its ability to capitalise on the market potential and increased its revenue by 38%. Agillic is expected to have a positive EBITDA from 2020 and onwards.

The Agillic share

Agillic was listed on Nasdaq First North Copenhagen in March 2018.
The market value of Agillic was DKK 253 million at the end of 2019.

Ticker: AGILC

An investment in Agillic is an investment in

- A scale-up software company with an entrepreneurial spirit
- A market-leading, native customer marketing platform
- A proven business model: Software as a Service (SaaS) offering high profit margins and high financial predictability.

Target industries

Finance

Travel & leisure

Charities & NGOs

Online retail

Subscription as a business model is gaining prevalence and is running across industries

Market presence

Agillic has a leading position in the Nordics and an increasing international presence.

Offices

HQ: Copenhagen
Sales offices: London, Stockholm and Zurich
Development: Copenhagen and Kiev

Market drivers

- A growing amount of data available
- Consumers expect and reward personalisation
- Rising omnichannel marketing adoption
- Increasing focus on martech to release the potential of personalisation

Business model

Agillic is a subscription business. Clients pay a yearly fee for access to the Agillic platform and pay an additional fee for the communication carried out from the Agillic platform, i.e. the amount of, for example, emails and text messages.

A growth market

The marketing-technology market is estimated to grow by 16% yearly during the period 2017-2023.[1]

[1] QYResearch, Global Marketing Automation Software Market Size, Status and Forecast 2023, January 2018.

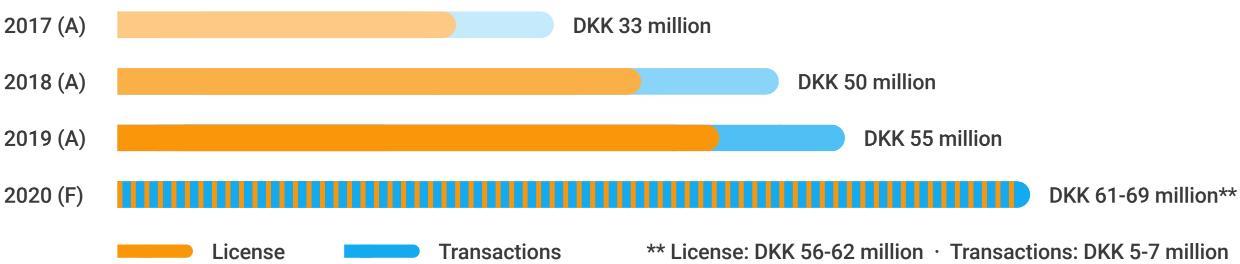
Financial highlights 2019

DKK 55 MILLION
ARR: DKK 55 million – an increase of 10% compared to end of 2018

DKK 54 MILLION
Total revenue: DKK 54 million – an increase of 38%

DKK -15 MILLION
EBITDA: DKK -15 million

Annual Recurring Revenue (ARR) in DKK (end-year)*



* See definition page 96

Business summary

Letter from the Chair and the CEO

In 2019, Agillic's internationalisation strategy through partnerships resulted in the entry into two continents, Australia and the U.S. Revenue grew by 38% and we achieved an Annual Recurring Revenue (ARR) of DKK 55.1 million. Although a solid growth, realised revenue was below expectations which we took action to mitigate. Investments in product innovations to help our clients release the business value of their customer data in personalised communication is expected to position Agillic favourably in 2020 and going forward.

Taking stock of 2019 is an opportunity to take a look at the bigger picture and the market in which Agillic performs. Three trends are interesting: Firstly, for the first time since 2014, marketing budgets are declining. This includes the martech share of the budget which continues to be a yo-yo development.[2] Secondly, the understanding of the strategic importance of utilising martech to drive business value is followed by a recognition that the martech stack is underutilised.[3] Thirdly, analytics and personalisation are top priorities to marketing leaders.[4]

After a couple of years where the investment in martech was frontloaded, now is the time for marketing organisations to mature their capabilities to unleash the potential of martech tools. As personalised communication becomes the norm, customer expectations increase. Brands that can fulfil the craving for personalised and empathetic communication thrive, while brands unable to do so are left behind. This forces brands to strategize how to explore and deploy data to create great customer experiences and to turn to the martech stack – as well as to assess what is truly needed to drive value and generate ROI from relevant software tools.

[2,3] Gartner's CMO Spend Survey 2019-2020
[4] Gartner's CMO Spend Survey 2018-2019

It is in this scenario that we are turning strategy into action. Together with our partners we enable and empower our clients to utilise the Agillic platform to fully achieve their business goals. We see significant opportunities for Agillic, and we experience that the Agillic Customer Marketing Platform with its continual innovations resonates within the market and is well positioned according to the trends.

Financial results for 2019
Revenue in 2019 amounted to DKK 53.8 million, an increase of 38% compared to 2018. EBITDA amounted to DKK -15.4 million in 2019 compared to DKK -19.1 million in 2018. We increased Annual Recurring Revenue (ARR), license per license, transaction per transaction and reached an ARR of DKK 55.1 million in 2019, an increase of 10% compared to the end of 2018. It is not as much as projected, and in particular three factors impacted the development of ARR negatively: a delayed rollout of our international partner and sales strategy; an atypical high churn rate mainly due to the bankruptcy of two larger clients in Q3 and Q4 of 2019; and a decrease of low margin text message transactions. To mitigate the delay in sales and to improve efficiency, we reorganised the sales organisation in Q3 2019. In Q4 2019, the international sale started to gain momentum, and together with international partners, we won our first clients in Australia and the U.S and a new strong pipeline was built.

Competitive developments
People and product are the foundation for success, and 2019 was a year of fine-tuning the organisation and of launching competitive innovations to the product. Sales, R&D and the UK management were reinforced with strong profiles, and we now have the core competencies to advance the development and the growth we want in the pace we want.

We made significant investments in the Agillic platform in 2019. The AI-offering has been redesigned to fit the needs of both clients and partners better. We integrated all AI development into Agillic and migrated AI operations to Amazon Web Services (AWS) to leverage the economies of scale, as well as the operational stability which the standardised framework offers.

We launched a pervasive modernisation of the Agillic Customer Marketing Platform, introducing a new visual identity and optimised user experience where an intuitive and logical interface have high priority. We expect this to improve our win rate and increase customer satisfaction significantly. Finally, we have launched integrations to paid media channels, such as the Google, Face-


Photo: Christian Radil

Emre Gürsoy new CEO of Agillic

To lead and execute the next phase of Agillic's internationalisation, Agillic has recruited Emre Gürsoy as CEO. From his former positions as e.g. CEO of the Danish marketing and technology company, AdPeople, Emre Gürsoy has experience of scaling-up and expanding internationally. Emre Gürsoy will commence his new role on 1 March 2020. Jesper Valentin Holm, who has been CEO of Agillic since 2014, will continue as a senior member of the management team in his new role as Chief Revenue Officer (CRO).

2020 Guidance

DKK 61-69 MILLION	DKK 57-63 MILLION	DKK 1-6 MILLION
Annual Recurring Revenue DKK 61-69 million*	Revenue DKK 57-63 million	EBITDA DKK 1-6 million

* License part of Annual Recurring Revenue (ARR): DKK 56-62 million.
  Transaction part of Annual Recurring Revenue (ARR): DKK 5-7 million.

book and Adform ecosystems. The integrations enable clients to leverage synergies between their own data and third-party data for considerable optimisation of the advertising spend. The market has expressed significant interest, and we expect the offering to give a substantial uplift in existing clients and attract new business as well.

Financial outlook for 2020

Our financial outlook for 2020 is positive. Based on the continued rollout of Agillic's internationalisation strategy, current pipeline and market trends, revenue is expected to amount to DKK 57-63 million in 2020. As a result of an expected increased revenue, and more stable expenses, we anticipate improving EBITDA with a total of DKK 16-21 million, generating a positive EBITDA of DKK 1-6 million in 2020. It is a milestone signifying that our future growth is expected to be profitable.

Based on the expected influx of new clients and the business potential of the recently launched product features, we expect Annual Recurring Revenue (ARR) to increase to DKK 61-69 million at the end of 2020.

Strategic partnerships are a cornerstone in our growth strategy

In 2019, our partner strategy paved the way for Agillic's entry in Australia and the U.S. We entered the Australian market together with our partner Exerp, a leading member management system supplier for the health and fitness industry, and won Fernwood Fitness as a client. At the end of 2019, our partnership with the New York-based agency, Sage Marketing Advisors Inc., led to the signing of our first U.S client, EveryIncome. We look forward to working with our new clients, and we are excited about the opportunities for scaling our business in these highly attractive markets.

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As personalised communication becomes the norm, customer expectations increase.

In 2019, Agillic's internationalisation strategy through partnerships resulted in the entry into two continents, Australia and the U.S.

Building an ecosystem of partnerships, within specific domains as well as territories, remains a cornerstone in our internationalisation and growth strategy. During 2019, we formed partnerships in the Benelux, the DACH region, the U.S., and Denmark, and we will continue to pursue this strategy to drive our objectives forward.

Strategy towards 2023

Since the Initial Public Offering (IPO) of Agillic in March 2018, we have pursued growth and internationalisation. In 2020, and going forward, profitable growth is our priority. Apart from the domestic market, the markets of particular interest are Norway, Sweden, UK, the DACH region, Australia and the U.S. Together with our strategic partners, we continue to target digitally mature and data-driven B2C-businesses with a substantial customer base within the following sectors: Online retail, finance, travel & leisure, NGO & charities as well as subscription businesses.

To maximise the opportunities for growth, and to capitalise on the economic potential in the market demand for marketing automation and personalisation software, we have initiated a process aiming at raising DKK 20-25 million in a share issue.

Thank you

In conclusion, we wish to extend a huge thank you to our colleagues for making their skills available to Agillic – and for being a team of diverse personalities united in bringing our product to the market. We thank our clients for choosing us to help them excel and reach their business objectives, and we thank our shareholders and partners for their trust in Agillic. We will continue to work focused and with confidence to fulfil our ambition to be a leading marketing software vendor and to generate value to our clients and shareholders.

Johnny Henriksen
Chair of the Board of Directors

Jesper Valentin Holm
Chief Executive Officer

Performance highlights 2019

DKK million	2019	2018	Change (%)
Income Statement			
Total revenue	53.8	39.0	38%
Gross profit	41.7	29.4	42%
Gross profit margin	78%	75%	-
Operational costs	57.1	48.5	18%
EBITDA	-15.4	-19.1	-19%
Operating profit (EBIT)	-22.0	-23.3	-5%
Profit before tax	-28.6	-28.0	2%
Net profit	-25.1	-25.8	-3%
Financial position			
Cash	1.2	12.3	-90%
Current assets	11.0	26.0	-58%
Total assets	37.8	47.4	-20%
Equity	-20.6	3.5	-688%
Deferred income	21.2	21.3	0%
Borrowings	26.5	11.3	135%
Trade payables	3.2	3.1	4%
Dividends paid	-	-	-
Employees			
Average number of full-time employees	59	42	40%
Software as a Service (SaaS)			
Subscription part of ARR	*45.5*	*39.6*	*15%*
Transaction part of ARR	*9.6*	*10.5*	*-9%*
Total ARR[5]	55.1	50.1	10%
Net increase/decrease in ARR	5.0	16.9	-
Average ARR[6]	0.7	0.7	-1%
Customer Acquisition Costs (CAC)[7]	1.4	0.8	65%
Years to recover CAC (years)[8]	2.6	1.5	68%

[5-8] See references to SaaS table on page 13.

Financial development per quarter

DKK million	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
Income Statement												
Total revenue	6.3	6.2	6.1	7.1	8.2	9.5	9.1	12.2	12.8	14.3	13.0	13.7
Gross profit	5.5	5.1	5.5	6.0	5.3	7.2	7.1	9.7	9.7	11.1	10.1	10.8
Gross profit margin	87%	83%	90%	84%	65%	76%	78%	79%	76%	78%	78%	79%
EBITDA	0.6	-0.6	-0.2	-0.3	-5.4	-4.0	-3.4	-6.3	-3.5	-4.8	-2.8	-4.3
Net profit	0.3	-1.6	-0.8	-3.2	-7.2	-6.1	-5.8	-6.7	-5.9	-8.6	-4.1	-6.5
Financial position												
Total assets	21.2	21.0	23.1	31.4	60.4	53.9	50.0	47.4	36.1	40.5	40.9	32.5
Equity	1.8	2.7	3.4	6.4	21.4	15.4	9.9	3.5	-2.1	-10.5	-14.3	-20.6
Borrowings	10.3	11.0	13.0	16.1	13.0	11.6	9.0	11.3	10.4	16.3	21.5	22.5
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in cash	0.3	-0.8	-0.4	-0.2	35.1	-11.0	-8.5	-3.3	-9.6	-1.7	-2.0	-3.0
Employees												
Headcount (end of quarter)	18.0	18.0	23.0	27.0	32.5	43.0	49.5	56.0	60.0	62.5	66.5	64.0

DKK million	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
Software as a Service (SaaS)												
Subscription part of ARR	-	-	-	*25.8*	*27.7*	*29.5*	*33.4*	*39.6*	*40.7*	*44.5*	*43.0*	*45.5*
Transaction part of ARR	-	-	-	*7.4*	*7.4*	*9.3*	*8.5*	*10.5*	*12.6*	*13.8*	*8.7*	*9.6*
Total ARR[5]	21.4	21.7	23.7	33.2	35.1	38.8	41.9	50.1	53.3	58.2	51.7	55.1
Net increase/decrease in ARR	0.6	0.2	2.1	9.5	1.9	3.7	3.2	8.2	3.2	5.0	-6.5	3.4
Average ARR[6]	0.5	0.5	0.5	0.6	0.6	0.7	0.6	0.7	0.7	0.7	0.7	0.7
Customer Acquisition Costs (CAC)[7]	0.4	0.4	0.5	0.5	0.7	0.8	0.8	0.8	1.0	1.0	1.3	1.4
Years to recover CAC (years)[8]	1.1	1.3	1.3	1.1	1.6	1.6	1.7	1.5	1.6	1.6	2.4	2.6

[5] Annual Recurring Revenue (ARR), i.e. the annualised value of subscription agreements and transactions at the end of the actual reporting period
[6] Average Annual Recurring Revenue, i.e. the average ARR per customer
[7] Customer Acquisition Costs, i.e. the sales and marketing cost (inclusive direct related cost, like travel costs, personal IT costs, costs of office etc.) of acquiring one new customer
[8] Years to recover CAC (years), i.e. the period in years it takes to generate sufficient gross profit a customer to cover the costs of acquiring the customer

Financial outlook 2020

In 2020, Agillic expects to continue its growth leading to a positive EBITDA. Revenue is expected to amount to DKK 57-63 million and Annual Recurring Revenue (ARR) is expected to amount to DKK 61-69 million. To fund continued growth the Company initiates a process of raising DKK 20-25 million in a new share issue.

The Company will continue its internationalisation, and revenue from both domestic and international markets is expected to increase in 2020. The international growth is anticipated to come especially from UK, DACH and Benelux, as well as from the U.S. Based on the current pipeline and market trends, revenue is expected to amount to DKK 57-63 million, corresponding to an increase of 6-17%.

As a result of the increased revenue, the Company's subscription revenue model and a reduced cost base, the Company anticipates improving EBITDA with DKK 16-21 million generating an EBITDA of DKK 1-6 million in 2020.

2020 Guidance

DKK **61-69** MILLION	DKK **57-63** MILLION	DKK **1-6** MILLION
Annual Recurring Revenue DKK 61-69 million*	Revenue DKK 57-63 million	EBITDA DKK 1-6 million

* License part of Annual Recurring Revenue (ARR): DKK 56-62 million.
Transaction part of Annual Recurring Revenue (ARR): DKK 5-7 million.

Based on the expected influx of new client agreements, as well as new product features and releases, such as the paid media integration, the Company expects Annual Recurring Revenue (ARR) to increase to DKK 61-69 million, corresponding to an increase of 11-25%. Mainly driven by sales to new clients, the subscription part of Annual Recurring Revenue (ARR) is expected to amount to DKK 56-62 million, corresponding to an increase of 23-36% compared to the end of 2019.

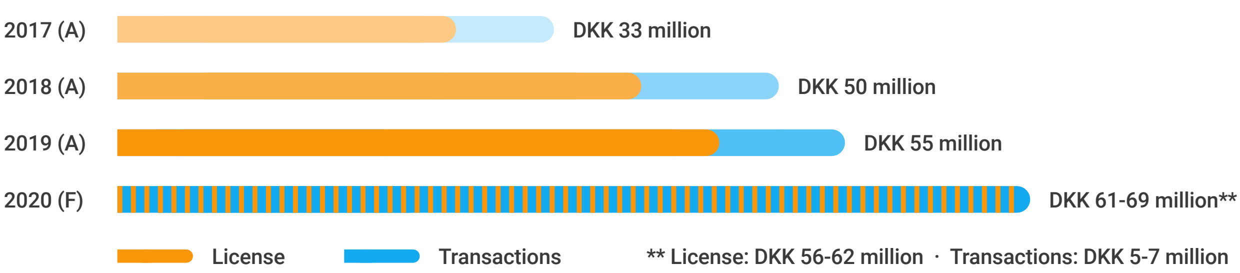
In H1 2020, the Company anticipates a temporary decline in Annual Recurring Revenue (ARR) as a consequence of one substantial subscription agreement expiring. The decline is mainly driven by a decrease in low margin transactions, therefore the impact on EBITDA is expected to be limited. The transaction part of Annual Recurring Revenue (ARR) is expected to decrease to DKK 5-7 million end-of-year 2020.

Agillic will continue investing in developing the Agillic Customer Marketing Platform to improve the clients' user experience and outcome.

In H1 2020, Agillic aims at raising DKK 20-25 million in a new share issue. The new capital will be used to fund the continued growth and to consolidate the Company's balance sheet.

The financial outlook for 2020 is based on a number of assumptions, including that relevant macroeconomic trends will not significantly change the business conditions for Agillic, or our clients, during 2020.

Annual Recurring Revenue (ARR) in DKK (end-year)*



* See definition page 96

Our business

Agillic's Customer Marketing Platform

Agillic is at the intersection of data, creativity and business. Our Customer Marketing Platform is empowering marketers to orchestrate communication with the individual customer at the centre and execute personalised and compelling communication at scale across channels.

Agillic is a software company, and our product is designed for marketing departments. Within the marketing-technology landscape, we define the Agillic software as a Customer Marketing Platform. The platform enables clients to create and automate data-driven and personalised communication across channels. The communication can be carried out as an email, SMS, app push, personalised websites, print materials and as highly targeted advertising in paid media channels, in the Google, Facebook and Adform ecosystems.

Our clients' business objectives
The modern marketing department must establish and maintain the relationship between the brand and the consumers. Furthermore, the CMOs (Chief Marketing Officers) are committed to delivering a documented contribution to top-line growth.

The fact that consumers are becoming immune to traditional advertising, and the "one size fits all" campaigns are losing impact, is a massive challenge to many brands. Relevance and personalisation are the norm by which consumers have come to expect hyper-individualised content and interactions of constant relevance. Customers reward the brands capable of relevance, personalisation and authenticity with their attention, their loyalty and their wallets.

While products can be imitated, personalised communication is an opportunity to build a unique and healthy relationship with the customer – a relation that can't be copied.

The key to relevance and personalisation is data. To use data as leverage to meet customer expectations, marketers are increasingly focusing on building scalable personalisation capabilities through marketing technology (martech). Marketers need to be able to explore the massive volumes of customer data available and to analyse, predict and track results to stay relevant and competitive. And it is at this intersection of data, creativity and business that Agillic's Customer Marketing Platform is empowering the marketing department to orchestrate profitable communication with the individual customer at the centre and execute personalised, relevant and compelling communication at scale and across channels.

Personalised customer dialogues

Personalisation is based on the concept of collecting and using data to create relevant communication on a one-to-one basis. Each interaction, regardless of channel and touchpoint, contributes to the customer profile. The profile becomes more faceted as insights from new interactions are added.

When you meet a new person and start talking, it's typically a ping-pong of asking a couple of questions, listening, reflecting, asking exploratory questions, exchanging perspectives and introducing new thoughts, and then you have a pleasant conversation going - basically, similar to a process of collecting, processing and acting on data. Sometimes you realise, you have nothing to talk about, sometimes the person you are talking to only talks about herself, you lose interest and move on. On the other hand, if the conversation is fulfilling, you might stay. And if you meet that person a week later across town, and she remembers you, and can pick up the conversation where you left it – that's when you are starting to make friends.

The same thing is happening between a brand and a customer. Consumers are willing to share information about themselves, and in return, they expect the brand to take the insights into account and establish a meaningful dialogue. Consumers are aware they are leaving a digital footprint when visiting a website, opening an email or clicking on an ad, and they expect brands to pick up the trail. In fact, data is telling a story about each customer, their actions and preferences. If brands listen and engage intelligently, with empathy and personalised, they are more likely to get customer loyalty and increased sales in exchange.

Customer-centricity and omnichannel marketing

Agillic's Customer Marketing Platform is designed with customer-centricity as the focal point and is born with omnichannel marketing capabilities. Omnichannel marketing differs from multichannel marketing in its holistic customer-centric approach. Brands may use SMS, email and app push in the communication, but if these channels are not integrated, customers will experience an isolated SMS activity, an email activity and an app push activity as opposed to a coherent customer journey. It is not omnichannel marketing. To provide a seamless customer experience across channels, data from all touchpoints must be related to the individual customer profile. This way, a customer will always experience communication that is up to date regardless of the channel.

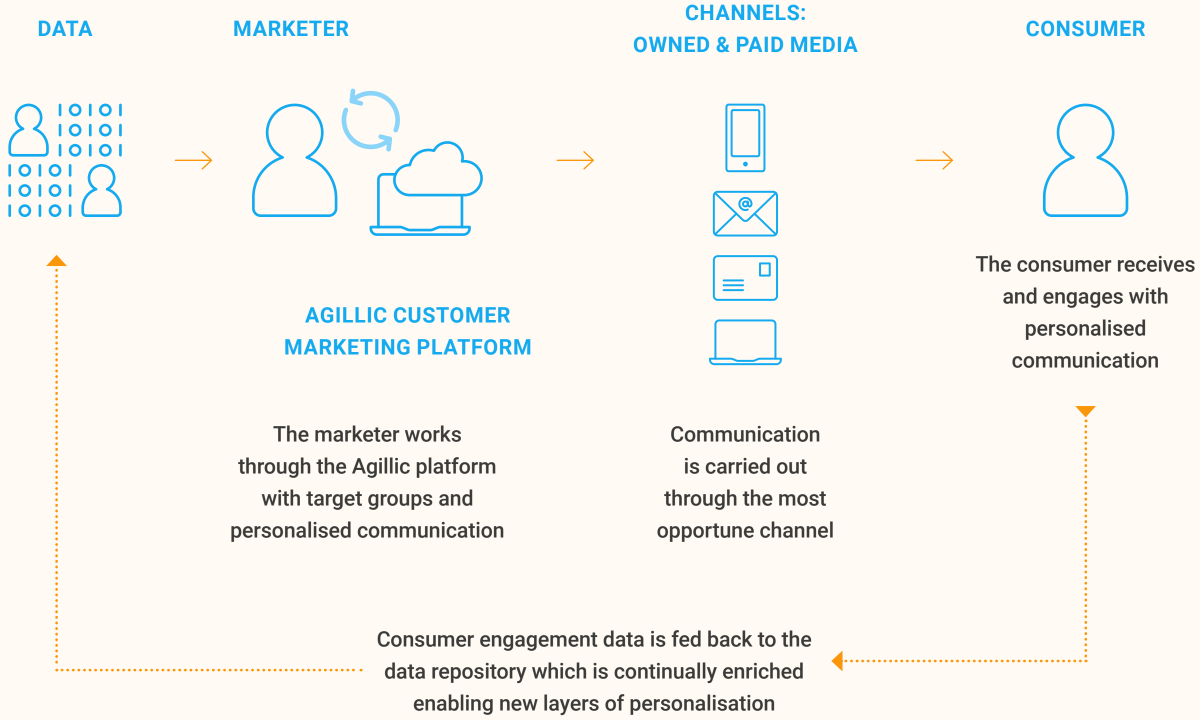
AI for enhanced commercial value

Agillic's clients have the option to deploy AI to explore high volumes of data and communicate hyper-personalised, i.e. at a very granular level. This has a documented boosting effect on the commercial value of communication and our clients' revenue.

Agillic is a SaaS company

The Agillic software is delivered as a service through the cloud (SaaS). This means that the software is hosted centrally, and monitoring, updates and continual innovation of the platform is taken care of by Agillic. This way, clients are ensured a high-performing platform at all times.

How marketers work in the Agillic platform



Balancing reach and relevance
Through the Agillic platform, marketing departments can carry out campaigns based on a yearly cycle, for example, seasonal sale, as well as individual customer life cycle communication. This could be offering a new pair of running shoes a year after the customer bought running shoes, since data tells that most people purchase new running shoes at this interval.

Campaigns based on a yearly cycle have a broad reach compared to customer life cycle communication but are not catering to individual needs. To achieve volume as well as relevance, companies need to be doing both.

Illustration: "Make it all about me", by R. Houlind & C. Shearer, LID Publishing, 2019

The SaaS-market is experiencing overall growth, which is also reflected in the marketing technology sector, in which Agillic operates.[9] Being a SaaS company, Agillic is prepared to capitalise on the growth potential and to scale the business both domestically and internationally.

A subscription business model
Clients subscribe to the Agillic Customer Marketing Platform and pay an annual subscription fee, depending on the number of channels they choose to use, the number of recipients in their database and whether they choose to use Agillic's AI, and the integrations to the paid media channels. Based on the number of transactions, for example, the number of emails or text messages sent, there is an additional charge.

Selling services on a subscription basis generates recurring revenue for as long as the subscription is not churned. Typically, Agillic's clients commit themselves to a subscription period of one year. This provides a high degree of financial transparency and stability as the revenue is foreseeable. The key financial metric for SaaS companies, such as Agillic, is Annual Recurring Revenue (ARR). It expresses the annualised value of licenses and transactions at the end of the current financial year. While ARR from the licenses is predictable on a yearly-basis, ARR from transactions may deviate from the forecast, as it depends entirely on the client and how many emails, etc., they are sending out.

The market and the competitive landscape
The marketing-technology market is estimated to grow by 16% yearly during the period 2017-2023.[9]

[9] QYResearch, Global Marketing Automation Software Market Size, Status and Forecast 2023, January 2018.

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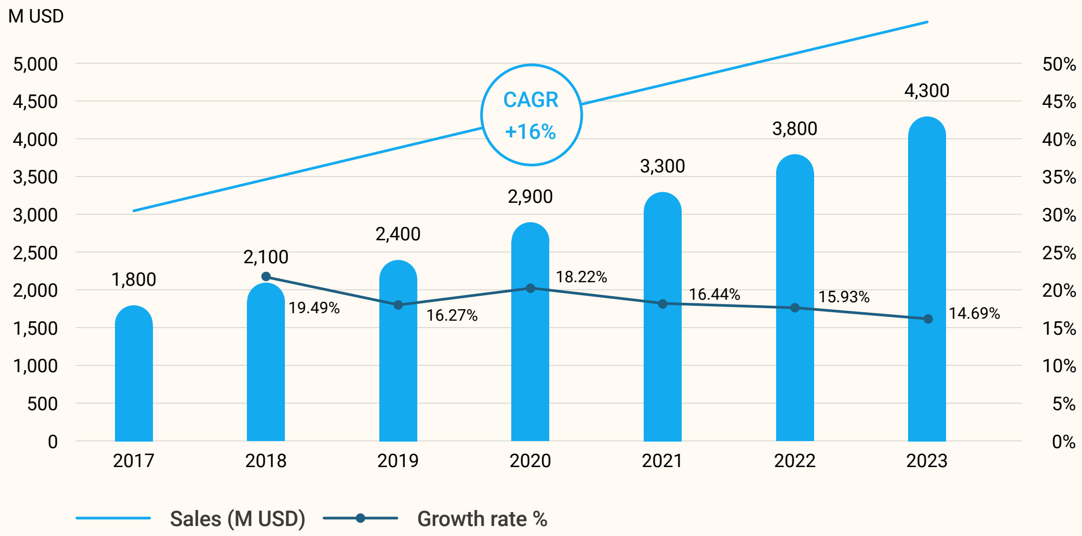


The competitive marketing-technology landscape covers large suite vendors and best-of-breed vendors, such as Agillic. Opposed to the large multi-purpose suite vendors, Agillic excels in delivering a flexible, cost-advantageous software with dedicated capabilities. Agillic is made for marketers by marketers, and the marketing objectives take precedence in the design and functionality.

Competition varies depending on the individual markets, but in tenders Agillic generally competes with global suite vendors as well as with companies offering best-of-breed mainly catering to the mid-sized and enterprise segments with both B2B and B2C focuses. Agillic's market fit is reflected in the Company's constant growth rates during recent years.

Best-of-breed

Agillic is a best-of-breed product, developed with a specific and highly specialised use in focus. We have worked with many clients and varying systems, and the accumulated experience is reflected in our product. A high degree of flexibility enables ease of implementation and provides a fast time to value, i.e. the product is generating business value shortly after implementation.

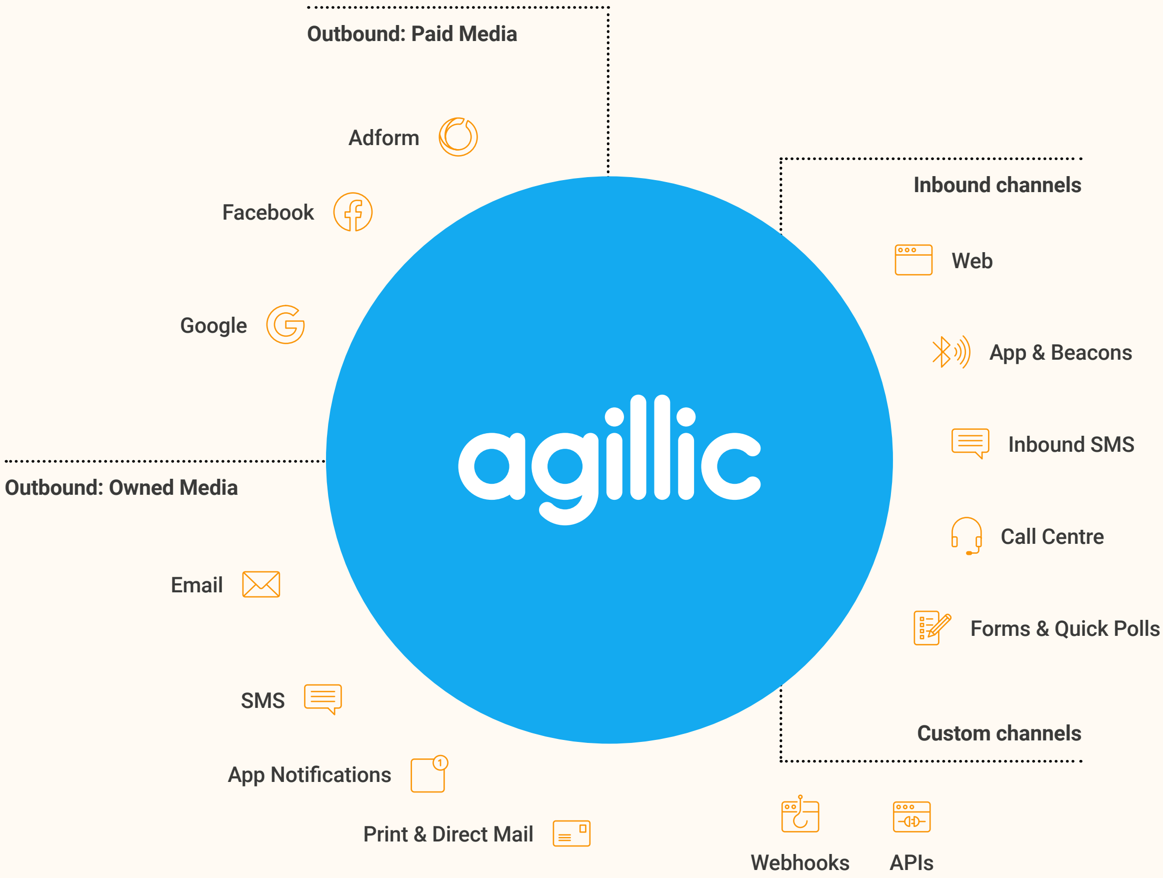
Strategy towards 2023

Agillic is pursuing growth and internationalisation together with partners. Apart from the domestic market, the markets of particular interest are Norway, Sweden, UK, the DACH region, Australia and the U.S. Agillic targets digitally mature and data-driven B2C-businesses with a substantial customer base within the following sectors: online retail, finance, travel & leisure, NGO & charities as well as subscription businesses.

Agillic's competitive advantages

- Speedy onboarding and fast time to value
- Easy integration to corporate systems, such as CRM and BI
- A true customer-centric data structure
- Omnichannel marketing set-up
- Integration to advertising in paid media enabling activation of own data (first-party data) in paid media
- AI for hyper-personalisation and enhanced communication impact.

Channels in the Agillic Customer Marketing Platform




agillic

CLIENT CASE

A good welcome is the beginning of a beautiful friendship

Magazines and weeklies are at the core of Egmont Publishing and their subscription business. They know that in all good stories, the opening has to hook you, or you will never stick around for a happy ending. The same goes with a customer relationship: Already at the beginning of the customer lifecycle, you have to think retention. That's why the ability to create and execute data-driven and personalised welcome flows are crucial to Egmont Publishing.

For a subscription business, the most critical stage of the customer relationship is the moment when the trial period expires, and the subscriber becomes a fully paying customer or churns.

"We put a lot of effort into the welcome flow to ensure the subscribers stay with us. The ambition is to create an emotional bond. First of all, by providing quality content that can be trusted, but also by helping them to make the most of their subscription and by acting on the data they generate. We strive to build a solid relation through personalisation, relevance and adding value in every communication," says Dorte Karlsson, Head of Data & Insights at Egmont Publishing

"

Understanding and acting on customer data is an explicit part of our strategy and daily tactics.

Dorte Karlsson
Head of Data & Insight, Egmont Publishing

Data is writing the playbook
Egmont's welcome flow is triggered by a series of events and factors and data is writing the playbook: Has the subscriber visited the website, and if yes, which sections? Has she used the digital magazine subscription service Flipp? Shopped in the "advantage shop" and so forth? The higher the engagement, the higher the probability that they continue the subscription. In the positive cases, the communication encourages the subscriber to keep enjoying the benefits associated with the subscription.

In case the subscriber is not using the opportunities, the communication nudges them into taking advantage of the benefits.

"We are data-driven and have a highly commercial approach. Everything we do must generate value. This applies for the business as well as for the customer – the two are intertwined and cannot be separated," says Dorte Karlsson.

Personalisation equals impact
With 27 titles and variables such as age, gender, location and other profile data as well as behavioural and transactional data, the level of personalisation executed from the Agillic Customer Marketing Platform is high. Egmont is continually testing new parameters for personalisation.

"We are, for example, testing content and tonality modulated according to age, search history and we are also testing send-time optimisation. And to wrap it up, personalisation, whether it is timing or content matters and shows in our results," says Dorte Karlsson and continues:

"Working with Agillic has enabled us to test the effect of personalisation and get verifiable results fast. You don't have to be tech savvy to do some fairly complicated stuff and accomplish a lot within a short period of time. The user-interface works, and the platform offers useful features, such as the web tracking script, which we use with great success as well as the test capabilities."

Priming leads based on the existing subscribers
Through a focused SEO effort, Egmont ensures traffic to their site www.alt.dk. Having identified the characteristics of the most profitable subscribers before they became subscribers, Egmont applies this intelligence in the acquisition of new subscribers. Egmont uses the data from the most loyal subscribers' customer journeys to provide the right offer, at the right time to the potential new subscribers. This way, a new customer relationship and friendship is ready to unfold on the insights of the existing ones.

Churn reduced by 22%
During the trial period, Egmont Publishing is sending personalised and relevant content based on the profile data as well as behavioural data. The personalisation effort clearly pays off as churn is reduced by 22%.

Personalised advertising in paid media

Agillic's native integrations to the Google, Facebook and Adform ecosystems are helping brands maximise the effect of the advertising budget and increase the ROAS (return on advertising spend). By leveraging data synergies, audiences can be targeted with higher precision and personalised ads which is boosting impact and value.

Today, consumers expect relevance and personalisation at all touchpoints, whether it is in emails, apps, websites or digital ads. But due to technological siloes hindering benefits of data synergies, brands are challenged when it comes to relevance and personalisation in advertising.

Many can probably recognise the irritation of being exposed to an ad for a pair of shoes, when you have already bought them several days ago in the webshop, or the bitterness of seeing ads in the Facebook feed offering a membership at a lower price than the one you, a loyal member, has been paying for years. What these ads have in common is that they are not relevant. It is frustrating for the consumer, and it is bad business for the brand.

When advertising in paid media, the cost for digital ads is often calculated based on impressions or pay-per-click. That is why a stringent target group with relevant and personalised content is essential. Addressing an imprecise target group, brands are at risk of spending a lot of money and get no results. Missing out on the consumers with a high propensity to respond positively to the message is equally bad – in fact it would be opportune to invest more in this target group to increase the probability for a click and a sale.

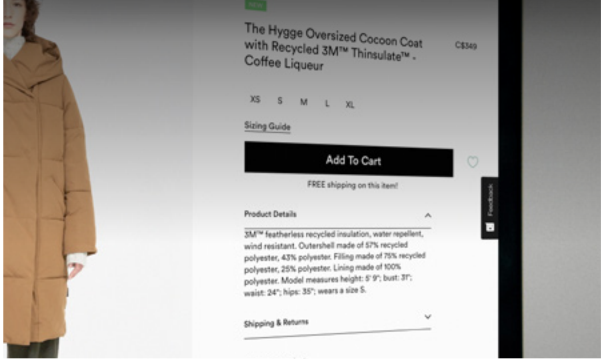
The solution lies in activating the brand's own data into paid media – and this is what Agillic has enabled with its integrations. We call this relevance at scale.

Agillic's native integrations to the Google, Facebook and Adform ecosystems enable a significant optimisation and effect of the marketing spend. Moreover, the marketing department can work more efficiently with target groups as they have a more qualified foundation for setting up successful and effective campaigns with measurable business value.

In addition to optimising the advertising spend, Agillic's automated solution reduces manual work and ensures data quality every time synchronisation is done.

Egmont Publishing reduces the cost of winning subscribers back by 73%
In a win-back activity targeting customers who had discontinued their magazine subscription, Egmont Publishing was able to improve the match rate by up to 20%, when reaching the former subscribers on Facebook. By using the Agillic integration to activate their own data, a more comprehensive and precise target group was defined, and more relevant ads could be published, which increased the conversion rate. As a result, Egmont was able to reduce the cost per order (CPO) on select titles by 73% in their win-back activity.

ACQUISITION
- There is no need to show acquisition messages for existing customers, who just made a purchase or already subscribe to a service
- Build high performing audiences by activating 1st-party data with data from the advertising platform



REACTIVATE
- Promote offers on paid media to consumers who have stopped opening their email
- Identify customers representing a high value and focus on them
- Exclude customers from reactivation offers, as soon as they have shown engagement in other channels

LOOK-ALIKE AND TWINS
- Internet users with browsing patterns similar to existing customers are exposed to acquisition ads
- Display lead ads to look-alikes of current newsletter recipients base
- Identify the "best customers" and invest in ads targeting valuable look-alikes

CHANNEL SYNERGY
- Customers can be warmed up by ads and then addressed by email
- Increase conversion rate by showing ads and addressing customers with, for example, email
- Customers, who have not engaged with an email or text message, can be targeted with ads.

CLIENT CASE

Miinto is scaling the business with automation

Miinto is selling fashion from 1800 independent shops in seven markets. Since the launching of an entirely digital go-to-market strategy, the company is moving fast towards its goal of becoming the leading online fashion portal. Intelligent use of data, personalisation and automated communication flows are propelling the company forward.

Two years ago, Miinto's marketing activities were primarily offline. The focus was on attracting customers and not so much on retaining them which was reflected in a rather stagnant customer lifetime value. The company transitioned to a 100% digital strategy with personalised and automated communication executed through Agillic as part of the marketing mix. Results were immediate. Website traffic increased, and today, Miinto attracts more than 40 million visitors a year. The permission database has doubled, and the customer lifetime value took a hockey-stick curve.

"Growing the permission database is vital, and we are investing heavily in this. We can see that the customer lifetime value is +119% higher on customers with permission compared to those without permission. Overall, the customer lifetime value has increased with more than 18% since the implementation of automated email flows in the Agillic platform," says Malthe Cederborg, Chief Marketing Officer of Miinto.

I haven't seen any tools that can deliver the quality and userfriendliness which Agillic provides.

Malthe Cederborg
Chieft Marketing Officer of Miinto

Scaling with automation
Before working with the Agillic platform, seven marketers were working full-time setting up and executing bulk campaigns with no personalisation. With Agillic we have doubled our activity level and output – and thanks to automation the team can work more efficiently and with fewer resources.

"With 1800 partners, more than 500,000 items and 40 million website visitors throughout seven markets, you have to think automation. It is only through automation that we can scale our business and meet our targets," says Malthe Cederborg.

And the targets are quite ambitious: In 2018, the Gross Merchandise Volume (GMV) was EUR 70 million, and the 2019 target is to exceed last year's growth rate of more than 40%. Robust email performance is contributing to the result, and Miinto is aiming for a revenue growth from emails of more than 100% from year to year.

"Currently 30% of our emails are automated, and in 2019 we want to reach 50%. Agillic enables us to balance the communication so that the customers are not spammed with both campaigns and trigger-based emails. I haven't seen any tools that can deliver the quality and user-friendliness which Agillic provides. Within the platform you can manage both campaigns and trigger-based communication which makes it highly relevant for e-commerce purposes," says Malthe Cederborg.

Data is the red thread
Miinto is a highly data-driven business. A BI-team continually analysing data and informing the business is part of the marketing department consisting of 25 people.

"Data is literally in your face all the time. Even at the coffee machine we have a dashboard with the recent numbers and stats providing inspiration and spurring actions. Everybody knows their numbers by heart. This is fundamental for our success.

In the end, it is all about providing value to our customers and creating a great customer experience that makes them keep coming back to us. First of all, by having an appealing and wide assortment, but also by inspiring them through the content we provide and by being relevant to them based on the individual customer's purchase, website behaviour and search. Being relevant to the customer, seeing the customer in the data, is how we have gone from a flat development in the customer lifetime value to a hockey-stick growth, and this is how we are going to realise our targets," says Malthe Cederborg.

About Miinto

- Present in Norway, the Netherlands, Denmark, Sweden, Poland, Belgium and Switzerland
- 1,800 shops are using Miinto's portal, featuring more than 5,000 brands and 500,000 items
- In 2018, the Gross Merchandise Volume (GMV) was EUR 70 million, and the 2019 target is to exceed last year's growth rate of more than 40%
- +100% growth YoY in revenue from emails
- The customer lifetime value is +119% higher on customers with permission compared to those without permission
- GMV share from automated emails is approaching 30% and is by the end of 2019 expected to increase to 50%
- 100 automated flows in Agillic
- Miinto is using Agillic's tracking script.

Operational highlights 2019

Innovation is creating competitive advantage. This is the case for the product and the organisation. We are always in beta, continually looking to innovate our product and calibrate our organisation to fulfil our ambition to be a leading marketing software vendor.

Winning business together with partners
Agillic targets online retail, finance, travel and leisure, charities and NGOs, as well as subscription businesses and during 2019, we won clients within all the industries.

We pursue international expansion through own teams as well as through partnerships. In 2019, we formed new international partnerships with among others Sage Marketing Advisors Inc. (U.S.), Data Style (Lithuania), OnModus (Benelux), Webit (Germany), VIU (Switzerland), and Exerp (Denmark). The partnership with Exerp and Sage Marketing Advisors Inc. paved the way for Agillic's entry into Australia and the U.S. in 2019.

We continued to form Danish partnerships to advance Agillic in our domestic market, and in 2019 we partnered with, among others, s360, a digital marketing agency with offices in Denmark, Finland and Sweden. The focal point in the partnership with s360 is Agillic's native integration to paid media, and together with s360, we are going to help brands maximise the synergy effect of data from communication across channels.

Native integrations to the digital ad ecosystems
After running pilots with a couple of clients during 2019, Agillic fully released its native integrations to the Google, Facebook and Adform ecosystems in Q4 2019. Clients can now bind touchpoints, data

Agillic has a hands-on approach to AI: No magic, but pure reasoning and statistics enabling an informed decision foundation for the marketers when working with personalisation and content.

and tech together and act across paid and owned channels with the same insights. By activating their own data, the so-called first-party data, in paid media, brands can reach their audiences with much more precise, relevant and targeted digital ads. Going from a scattergun approach to precision targeting, for example, by filtering existing customers from an acquisition campaign, renders campaigns more cost-effective and entails a massive optimisation of the ad spend.

Egmont Publishing has already achieved significant results, please refer to page 27, and we expect the new capabilities to have a markedly positive impact on the license revenue from existing as well as new clients.

Innovating the platform

Through a series of releases, we are innovating and modernising the Agillic Customer Marketing Platform thoroughly with the ambition to strike the perfect balance between sophistication and ease-of-use. Throughout all the changes, efficiency, effectiveness and user satisfaction have high priority.

Agillic's engineers and designers continually enhance the features and the experience of working in the Agillic platform to add value to the clients' daily work and business, and enable them to stay at the forefront and to be able to attract new clients.

Apart from innovating the user interface (UI), Agillic has also refactored the source code of the platform, enabling Agillic to more easily leverage cloud services from, for example, Amazon, Google, and Microsoft. This keeps Agillic at the forefront of the development in the technology market and lets the Company continuously deploy new features and improvements.

3rd generation of the Agillic AI

During 2019, it became easier for our clients to initiate the next level of personalisation by tapping into AI-powered customer journeys and models, such as product recommendation, replenishment, churn and win-back. With Agillic's 3rd generation AI, clients can more easily leverage the business potentials of AI.

AI is a technology with many and diverse applications. Within the marketing context of the Agillic platform, AI is a means to crunch large volumes of data and create deeper levels of personalisation to enhance the relevance and the impact of the communication.

The AI is integrated directly into the Agillic product. Furthermore, the operation and development of Agillic's AI are now inhouse enabling the delivery of a more transparent and effective solution, whereby the marketers at all times are in control of the reasoning behind the recommendations.

Agillic has a hands-on approach to AI: No magic, but pure reasoning and statistics enabling an informed decision foundation for the marketers when working with personalisation and content.

Migrating to Amazon Web Services

In 2019, we migrated the development and the operation of the Agillic AI to Amazon Web Services (AWS), the leading cloud provider in the market. Migrating to AWS and leveraging its high capacity, elasticity and scalability entail a series of advantages to Agillic, clients and partners. AWS's machine learning modules are currently among the best AI products and allow Agillic to design and deliver advanced AI capabilities at a much higher pace than previously and at a competitive price. The high-quality and standardised framework of AWS is cost-effective and provides a high degree of operational stability.

Equally important, the migration to Amazon Web Services supports Agillic's internationalisation strategy, providing fast and scalable roll-out as we enter new territories.

Fine-tuning the organisation

During 2019, we have increased the organisation with seven employees (net), strengthening teams across Agillic.

With high ambitions and room to excel, Agillic continued to attract highly experienced sales profiles with a proven track-record from companies such as Salesforce and Sitecore. In Sweden, a country manager joined in January 2019, in DACH, a Managing Director joined in August 2019, and in UK, a Business Director joined Agillic's London office in August 2019.

The R&D organisation was fortified with strong profiles such as a new Head of AI to lead the development of the Agillic AI and bring it successfully to market.

Agillic brand awareness 2019

122%	30%	15%
Top-of-mind increased with 122% among companies with marketing budgets of DKK 20+ million	Unaided awareness increased by 30%	Aided awareness increased with 15%

Source: Trend Report 2019, MyResearch

“

From 2018 to 2019, Agillic’s brand awareness increased by 122% among companies with a DKK 20+ million marketing budget.

To create a dynamic organisation that supports Agillic’s go-to-market and expansion strategy, we fine-tuned the organisation and our strategy during 2019. In Q3 2019, the Sales as well as Client Engagement teams were reorganised to bring senior management and subject matter experts closer to the prospects and the existing clients to ensure Agillic’s domain knowledge is adding value throughout the sales process and in the customer lifetime.

Acquisition of the remaining 40% shares in Armstrong One ApS

Armstrong One ApS has historically been conducting the development and daily operation of Agillic’s AI. Since December 2017, Agillic owned 60% of the shares in Armstrong One while Houston Analytics Oy held the remaining 40% of the shares. As of 10 May 2019, Agillic acquired the remaining 40% of the shares in Armstrong One owned by Houston Analytics Oy. By taking the development and daily operations of AI inhouse and consolidating it in Agillic’s business, Agillic can accelerate and capitalise on the potential of the AI-offering.

Trend analysis: Agillic brand awareness increased by 122%

The 2019 edition of the Trend Report from Copenhagen based MyResearch sent Agillic’s brand awareness yet a notch up for the Danish market. From 2018 to 2019, Agillic’s brand awareness increased by 122% among companies with a DKK 20+ million marketing budget in the Top-of-Mind category, i.e. Agillic was the first name on the respondents’ lips when asked to mention a marketing automation software provider. With the result, Agillic is on par with Salesforce, occupying a shared first place.

Agillic Summit19

It is Agillic’s ambition to set the stage for fruitful dialogues about various aspects of personalisation and marketing automation. In October 2019, more than 600 guests, CMOs and marketers got together in the Royal Danish Playhouse for the annual Agillic Summit devoting a day to exploring the naked truth about Omnichannel Marketing. Agillic presented strategic initiatives, clients presented cases, openly discussing challenges as well as celebrating successes and partners shared their expertise.

Financial review 2019

Agillic continued its high growth in 2019 with revenue increasing 38% compared to 2018. However, the growth was below the Company's original financial guidance for 2019, as stated on 30 October 2019. The financial result for 2019 was impacted by a delayed rollout of the Company's international partner and sales strategy, and an atypical high churn rate in Q3 and Q4 2019.

The investments in expansion and internationalisation were further accelerated in 2019, and the Company signed its first agreements in Australia and the U.S. New sales employees were hired in Denmark, Sweden, DACH and UK to strengthen the internationalisation of the Company, and new employees were hired in R&D to develop the Agillic Customer Marketing Platform further. The continued investment in expansion generated an EBITDA of DKK -15.4 million, which was in line with the Company's financial guidance for 2019.

Financial performance 2019

In 2019, Agillic's revenue amounted to DKK 53.8 million, compared to DKK 39.0 million in 2018, corresponding to an increase of 38%. At the end of 2019, deferred income amounted to DKK 21.2 million meaning that DKK 21.2 million of sales invoiced in 2019 will be recognised as revenue in 2020.

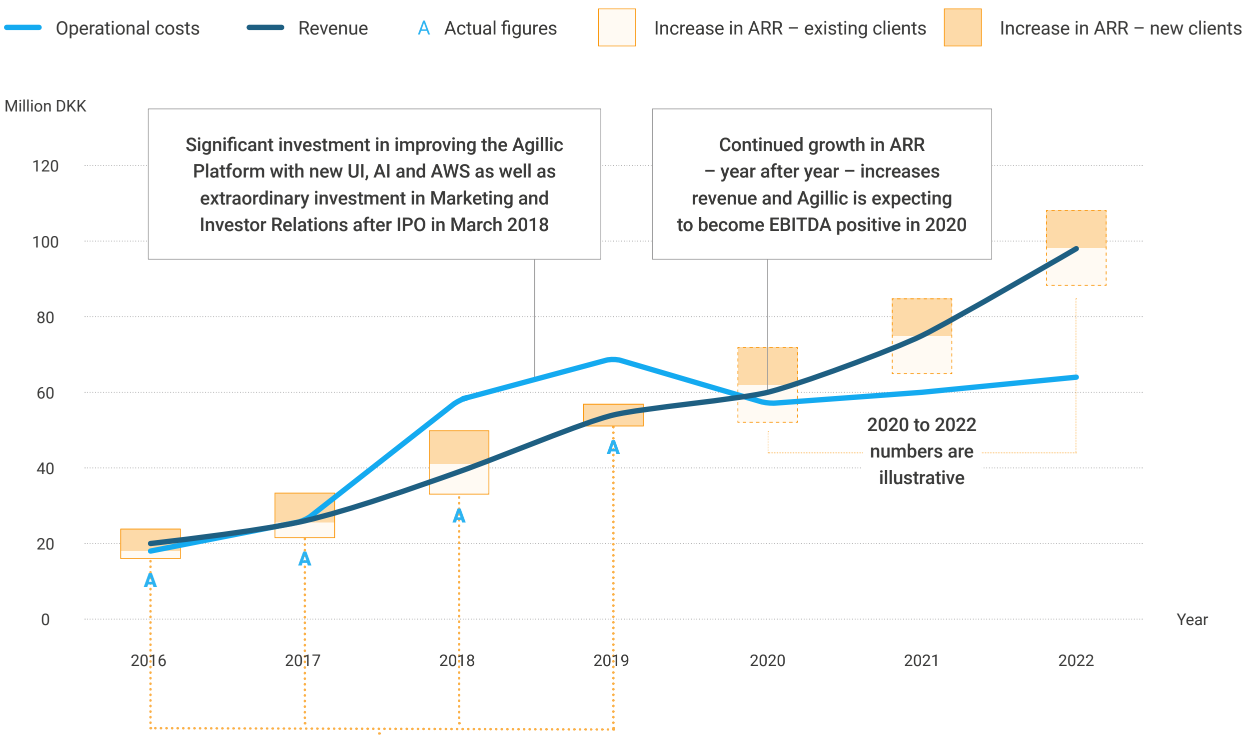
Direct costs increased 25% in 2019, compared to 2018, and amounted to DKK 12.0 million in 2019, compared to DKK 9.6 million in 2018.

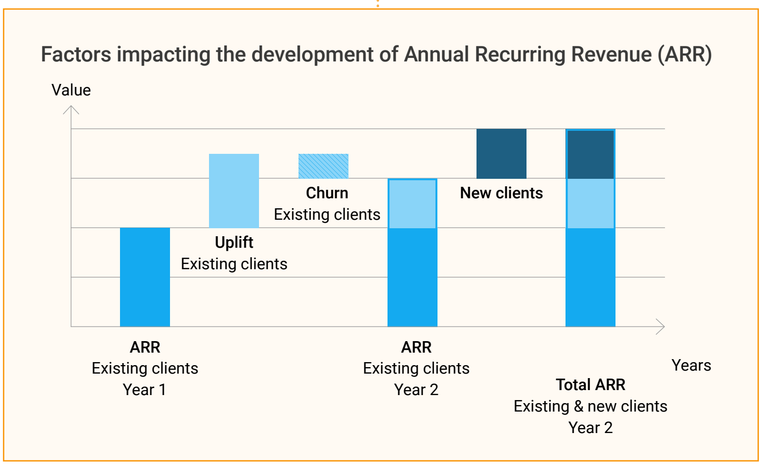
Gross profit amounted to DKK 41.7 million in 2019, compared to DKK 29.4 million in 2018. Gross profit margin increased from 75% in 2018 to 78% in 2019.

Agillic's revenue is derived from subscription fees for the use of the Agillic Customer Marketing Plat-

Building the business stone by stone

Development in key figures – expecting to become EBITDA positive in 2020





Factors impacting the ARR-development

- Upselling to existing clients:
  - Clients increase the number of communication transactions
  - Clients deploy additional communication channels and/or AI
- When clients churn, i.e. the subscription is discontinued, ARR decreases
- Sales of subscriptions to new clients increases the ARR
- As long as the value of upselling to existing clients and the sales to new clients exceeds the value of the churning clients, the ARR will increase.

form, transaction fees for processing transactions, such as emails and text messages via the platform as well as fees for providing professional services.

Subscription fees are the main income stream for Agillic. It covers the client's access fee to the Agillic Customer Marketing Platform. In 2019, revenue from subscription fees increased 44%, compared to 2018 and amounted to DKK 37.2 million in 2019 and DKK 25.8 million in 2018, respectively. Direct costs related to operating the Agillic Customer Marketing Platform are mainly hosting costs, which in 2019 amounted to DKK 2.6 million, compared to DKK 1.4 million in 2018. That made gross profit from subscription agreements amount to DKK 34.6 million in 2019, corresponding to a gross profit margin of 93%.

In 2019, the proportion of revenue generated by subscription fees increased to 69%, compared to 66% in 2018. The larger proportion of subscription fees was the main driver behind gross profit margin increasing from 75% in 2018 to 78% in 2019.

Another income stream for Agillic is the transaction fees that the clients pay for processing transactions, for example emails and text messages, via the Agillic Customer Marketing Platform. In 2019, transaction fees amounted to DKK 14.6 million compared to DKK 10.1 million in 2018, corresponding to an increase of 45% from 2018 to 2019. The increase was a general consequence of the growth in subscription agreements. Direct costs related to processing clients' transactions are primarily fees from gateway providers of text messages which amounted to DKK 9.2 million in 2019, compared to DKK 6.3 million in 2018. That made gross profit from transactions amount to DKK 5.4 million in 2019, corresponding to a gross profit margin of 37% in 2019, compared to 38% in 2018.

During 2019, Agillic acquired the remaining 40% of the shares in Armstrong One in order to gain 100% control of the development of the Company's AI-offering. As a consequence, the activities in Armstrong One were transferred to Agillic and operating costs paid from Armstrong One to Agillic was reduced, decreasing Agillic's other operating income from DKK 3.4 million in 2018 to DKK 1.3 million in 2019.

To support the Company's continued growth and internationalisation, the international sales organisation was strengthened in 2019 with recruitments in UK, Sweden and the DACH region. In addition, R&D was significantly strengthened with new competencies to ensure the Agillic Customer Marketing Platform remains state-of-art and competitive. In Q4 2019, a new User Interface, Paid Media offering and 3rd generation of Agillic's AI were released.

As a consequence of the increased number of employees and a full costs effect of hirings made in 2018, Agillic's salary costs increased to DKK 42.9 million in 2019, compared to DKK 33.0 million in 2018, an increase of 30%. Adjusted for staff costs transferred to capitalised development costs, staff costs amounted to DKK 35.8 million in 2019, compared to DKK 29.8 million in 2018, an increase of 20%.

Other external costs amounted to DKK 22.6 million in 2019 which was on par with 2018. DKK 9.1 million was spent on external consultants of which DKK 3.7 million was spent on R&D consultants supporting the development of the Agillic Customer Marketing Platform. Compared to 2018, this was an increase of DKK 1.3 million, corresponding to an increase of 55%. The purpose of the increased investment was to accelerate the product releases in Q4 2019.

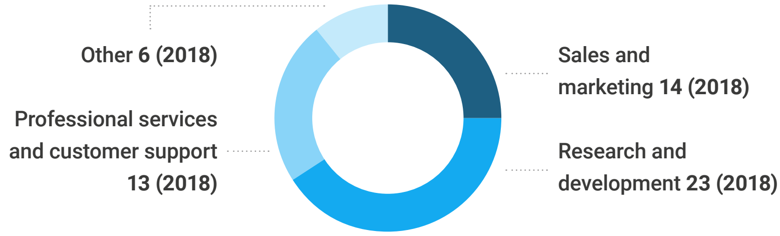
On this background, total operating costs amounted to DKK 57.1 million, compared to DKK 48.5 million in 2018. With gross profit increasing to DKK 41.7 million in 2019, EBITDA amounted to DKK -15.4 million, compared to DKK -19.1 million in 2018.

The development of the Agillic Customer Marketing Platform is considered an ongoing development process. Development costs are depreciated over five years as soon as they are held. As a consequence of the continued investment in developing the Agillic Customer Marketing Platform, de-

Headcount 2018 and 2019

56

2018 headcount



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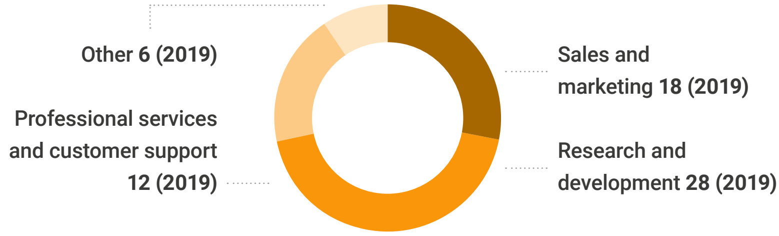
2019 headcount



preciation increased to DKK 6.7 million in 2019, compared to DKK 4.2 million in 2018, corresponding to an increase of 64%.

On this background, EBIT amounted to DKK -22.0 million in 2019.

When the remaining 40% of the shares in Armstrong One ApS was acquired by Agillic in May 2019, the activities in Armstrong One ApS were transferred to Agillic. As a consequence, the share of profit of subsidiaries and joint ventures decreased from DKK -3.3 million in 2018 to DKK -1.9 million in 2019. As another consequence, Agillic's receivables in Armstrong One ApS was no longer considered recoverable and was fully written down in 2019, making impairment changes on loans and receivables amounting to DKK -3.0 million in 2019.

Following new loans and line of credit provided by The Danish Growth Fund and Danske Bank in June to August 2019, financial expenses increased to DKK 1.7 million compared to DKK 1.4 million in 2018.

This resulted in a profit before tax of DKK -28.6 million in 2019.

The positive tax income in 2019 of DKK 3.5 million is capitalised tax credit for development costs.

Loss after tax for the year amounted to DKK -25.1 million.

Cash flow and liquidity and other significant balance sheet items

During 2019, cash flow from operating activities and cash flow from investing activities amounted to DKK -26.4 million. Cash flow from investment activities mainly consisted of investments in developing the Agillic Customer Marketing Platform.

The cash deficit from operating activities and investment activities was financed by Agillic's own

Total revenue

Total revenue increased from DKK 39.0 million in 2018 to DKK 53.8 million in 2019, corresponding to an increase of 38%.

cash funds as well as new loans and line of credits provided during the year. The borrowings amounted to DKK 5.0 million in loans from the major shareholders, DKK 5.0 million in loans from The Danish Growth Fund, and DKK 3.0 million in line of credit from Danske Bank.

Net change in cash and cash equivalents amounted to DKK -11.1 million, and Agillic's cash position 31 December 2019 amounted to DKK 1.2 million.

Inclusive of the DKK 3.0 million line of credit provided by Danske Bank in 2019, the total line of credit provided by Danske Bank amounted to DKK 6.0 million at the end of 2019. As of 31 December 2019, DKK 5.2 million of the line of credit was drawn.

Cash position, inclusive of un-utilised line of credit, amounted to DKK 2.1 million on 31 December 2019.

Inclusive of the borrowings provided during 2019, borrowings to shareholders, The Danish Growth Fund and Danske Bank amounted to DKK 26.5 million on 31 December 2019.

Tax receivables on 31 December 2019, amounted to DKK 3.5 million and is capitalised tax credit for development costs.

According to IFRS, Agillic recognises revenue over the subscription period starting from when the client commences using the Agillic Customer Marketing Platform. The clients typically subscribe for one year at a time and are invoiced the full amount when signing the agreement. The invoiced amount is recognised as deferred income when paid and then released proportionally over the subscription period. On 31 December 2019, deferred income amounted to DKK 21.2 million. This amount will be recognised as revenue during 2020 and future years.

As of 31 December 2019, equity amounted to DKK -20.6 million.

Key figures specific for the Software as a Service (SaaS) business

The general key performance figure for Software as a Service (SaaS) companies, Annual Recurring Revenue (ARR), illustrates the annualised value of a client's subscription agreement and transactions processed by the clients via the platform. In 2019, Annual Recurring Revenue (ARR) increased 10% from DKK 50.1 million as of 31 December 2018 to DKK 55.1 million as of 31 December 2019, corresponding to an increase of DKK 5.0 million.

The subscription part of Agillic's Annual Recurring Revenue (ARR) had a gross profit margin of 93%. In 2019, the Company experienced a net increase in this part of the Annual Recurring Revenue (ARR) of DKK 5.9 million, from DKK 39.6 million end-of-year 2018 to DKK 45.5 million end-of-year 2019, corresponding to an increase of 15%.

The increase of the subscription part of the Annual Recurring Revenue (ARR) was partly generated by agreements signed with new clients amounting to DKK 6.3 million in 2019. Uplift in the subscription part of the Annual Recurring Revenue (ARR) from existing clients also amounted to DKK 6.3 million, making the total gross increase in the subscription part of Annual Recurring Revenue (ARR) amounting to DKK 12.6 million. The increase in the subscription part of the Annual Recurring Revenue (ARR) was generated from several markets, including UK, Australia and the U.S.

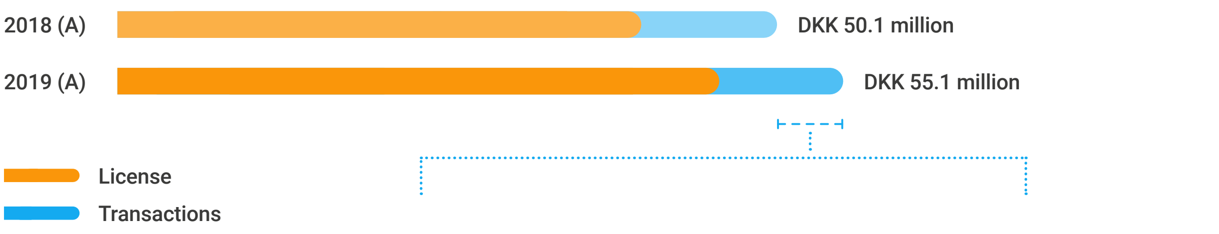
The difference between DKK 12.6 million gross increase in the subscription part of Annual Recurring Revenue (ARR) and DKK 5.9 million net increase in the subscription part of the Annual Recurring Revenue (ARR), was the value of the churned subscriptions in 2019. This amounted to DKK 6.7 million, corresponding to a churn rate of 17% in 2019. The churn of subscriptions increased considerably compared to 2018, where churn of subscriptions amounted to DKK 1.3 million. The main driver behind the atypically increased churn in 2019 was primarily the bankruptcy of two larger clients. The average churn rate of subscriptions from 2017 to 2019 amounted to 12.2%

The transaction part of Agillic's Annual Recurring Revenue (ARR) had a gross profit margin of 37%. In 2019, the Company experienced a decrease in this part of the Annual Recurring Revenue of DKK 0.9 million from DKK 10.5 million end-of-year 2018 to DKK 9.6 million end-of-year 2019, corresponding to a decrease of 9%. The transaction part of Annual Recurring Revenue (ARR) at the end of a year is the annualised value of transactions processed in the fourth quarter of the year. Despite an increased revenue from transactions in 2019 compared to 2018, the value of transactions processed in Q4 2019, was less than the value of transactions processed in Q4 2018, which led to a lower Annual Recurring Revenue (ARR) from transactions at 31 December 2019, compared to 31 December 2018.

In 2019, gross uplift in total Annual Recurring Revenue (ARR) from existing clients amounted to DKK

Increase of Annual Recurring Revenue (ARR) in DKK 2019

In 2019, Annual Recurring Revenue (ARR) increased by 10% from DKK 50.1 million as of 31 December 2018 to DKK 55.1 million as of 31 December 2019, corresponding to an increase of DKK 5.0 million. Subscription part of Annual Recurring Revenue (ARR) increased 15% from DKK 39.5 million as of 31 December 2018 to DKK 45.5 million as of 31 December 2019. Transaction part of Annual Recurring (ARR) decreased 9% from DKK 10.5 million as of 31 December 2018 to DKK 9.6 million as of 31 December 2019.



10%

Annual Recurring Revenue (ARR) increased by 10% from 31 Dec. 2018 to 31 Dec. 2019.

DKK 5.0 MILLION

The 10% increase in ARR from 2018 to 2019 corresponds to DKK 5.0 million.

Software as a Service (SaaS)

DKK million	2019	2018	Change (%)
Subscription part of ARR	*45.5*	*39.6*	*15%*
Transaction part of ARR	*9.6*	*10.5*	*-9%*
Total ARR[5]	55.1	50.1	10%
Net increase/decrease in ARR	5.0	16.9	-
Average ARR[6]	0.7	0.7	-1%
Customer Acquisition Costs (CAC)[7]	1.4	0.8	65%
Years to recover CAC (years)[8]	2.6	1.5	68%

[5] Annual Recurring Revenue (ARR), i.e. the annualised value of subscription agreements and transactions at the end of the actual reporting period
[6] Average Annual Recurring Revenue, i.e. the average ARR per customer
[7] Customer Acquisition Costs, i.e. the sales and marketing cost (inclusive direct related cost, like travel costs, personal IT costs, costs of office etc.) of acquiring one new customer
[8] Years to recover CAC (years), i.e. the period in years it takes to generate sufficient gross profit a customer to cover the costs of acquiring the customer

5.7 million. With churn from subscriptions and transactions amounting to DKK 7.1 million, net uplift in existing clients' Annual Recurring Revenue (ARR) amounted to DKK -1.4 million. This corresponded to a net decrease of 3% and a net retention revenue of 97%. While net uplift in 2019 decreased 3%, the average net uplift from 2017 to 2019 increased 15%, corresponding to a net retention rate of 115%.

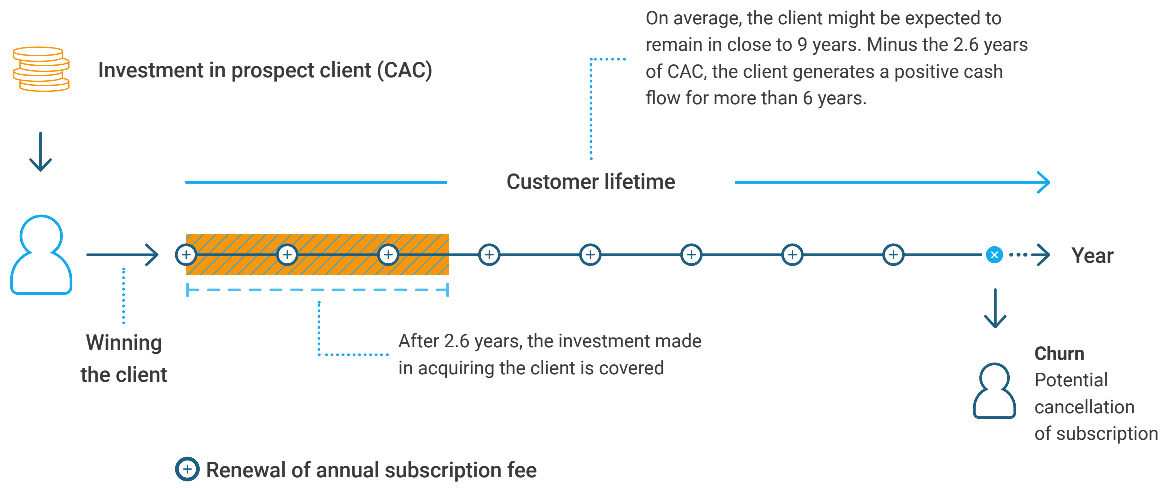
The average Annual Recurring Revenue (ARR) per client, i.e. the average deal size, amounted to DKK 0.7 million at the end of 2019 and remained unchanged compared to the end of 2018.

Customer Acquisition Costs (CAC) illustrate the average cost of acquiring one new client. It includes all expenses related to operating sales and marketing; including salaries, direct related travel costs, direct related IT-costs, office costs etc., from the first client contact to the subscription agreement is signed. In addition to this, it also includes general marketing costs to create brand and product awareness. The process of acquiring a new client typically runs over 6-9 months. Due to its complexity, a significant amount of people, on both Agillic's and the client's side, are involved. This makes the sales process costly, and the investment in strengthening the sales and marketing organisation will not materialise in increased sales until after 6-9 months.

During 2019, Agillic invested heavily in further strengthening the sales organisation to support the expansion and internationalisation of the Company. As a consequence, average Customer Acquisition Cost (CAC) increased from DKK 0.8 million in 2018 to DKK 1.4 million in 2019. Looking forward, Customer Acquisition Cost (CAC) is expected to decrease as the investment in the sales organisation and partner strategy starts to materialise in an increasing number of new agreements being signed every year.

With gross profit margin amounting to 78% in 2019, average gross profit per client amounted to DKK 0.5 million, and with Customer Acquisition Cost (CAC) amounting to DKK 1.4 million, the aver-

Customer Lifetime Value



age number of years to recover CAC amounted to 2.6 years at the end of 2019, compared to 1.5 years at the end of 2018. This means that it, on average, takes Agillic 2.6 years to cover the costs of acquiring a new client. The increase of 68% in years to recover can mainly be explained by the increased Customer Acquisition Cost (CAC) as a consequence of the delay in the international sales.

In 2019, churn amounted to DKK 7.1 million, corresponding to a churn rate of 14%. This resulted in the average lifetime of Agillic's clients amounting to 7.1 years by the end of 2019. With average gross profit per client amounting to DKK 0.5 million the lifetime value of Agillic's clients (LTV) amounted DKK 3.8 million.

Hence, while it takes 2.6 years to cover the costs of a new client, the client is expected to remain a client in 7.1 years and consequently generate a positive cash flow of DKK 0.5 million for net 4.5 years. This means that lifetime value compared to customer acquisition costs (LTV/CAC) amounted to 2.7x, meaning that each 1 DKK invested in acquiring a client is expected to be repaid 2.7 times.

In 2019, the calculated lifetime of Agillic's clients was significantly lower than in 2018 due to the atypically high churn in 2019. If the lifetime of Agillic's clients were calculated based on an average churn for the period 2017 to 2019, the average lifetime of Agillic's clients would have amounted to 14 years, lifetime value (LTV) would have amounted to DKK 7.6 million and lifetime value compared to customer acquisition costs (LTV/CAC) would have amounted to 5.5x.

Risk management

Agillic is growing fast in a highly competitive and rapidly changing tech market with increasing demands for personal data security. Our risk management focus is on personal data security, attracting talents and financial controlling.

Risk management is essential to ensure that the Company stays competitive, compliant with data legislations, and to ensure a solid cash position to support the rapid growth.

Agillic's risk management focus is on personal data security, attracting talents and on financial controlling. In order to mitigate the risk of handling sensitive personal data, Agillic operates an Information Security Management System, audited to ISO 270003402 type I and II, that ensures the Company is GDPR compliant and mitigates the risk of data breach.

Improvements to the Information Security Management System are considered on a continuous basis and reviewed by the Company's Security Information Officer and presented to Executive Management and the Board of Directors.

Operational procedures and guidelines are regularly reviewed from a risk perspective and aligned with the Information Security Management System.

Access to IT development resources is ensured by developing and maintaining an attractive environment for a large pool of international talents from within and outside the EU as well as hiring advanced specialists within key areas.

International operations and the liquidity required to maintain the rapid growth are monitored by centralised financial controlling systems and guidelines.

Currency risk
Currency risk is the risk that arises from changes in exchange rates and affects the Company's result. The general objective of Agillic's currency risk management is to limit and delay any adverse impact of exchange rate fluctuations on earnings and cash flows and thus increase the predictability of the financial results. Agillic also aims to balance incoming and outgoing payments in local currency as much as possible as well as monitoring the development in exchange rates and adjusts price lists when required.

Agillic is exposed to exchange rate risk from exchange rate fluctuations. The greatest exposure is to NOK, and in order to minimise the currency risk related to transactions in NOK, Agillic holds cash deposits NOK. Furthermore, the Company generally seeks to ensure that contracts with clients if possible are entered into in DKK, NOK or EUR. Though the Company is also exposed to exchange rate risk in GBP, USD and AUD, the exchange rate risk exposure in these currencies is considered very limited.

Financial risks are further described in note 23, Financial risks.

Liquidity risk
At 31 December 2019, cash amounted to DKK 1.2 million. As Agillic is investing significant resources in growing the business, the growth cannot solely be financed from existing clients and there is a risk that payment from new clients are not sufficient to cover the Company's operational costs. In order to mitigate that risk Agillic has initiated a process aimed at raising DKK 20-25 million in a share issue. The fundraising is expected to be finalised during H1 2020. There is a general risk that the fundraising could be delayed and not be finalised in H1 2020 or that the Company could not succeed in raising the funds.

Competition
The market is characterised by large international vendors investing heavily in winning market share and allocating significant resources in sales and marketing. Emerging fast-growing vendors with innovative solutions and aggressive marketing also represent significant competition. There is a risk that increased competition regarding price, product or other parameters may impact Agillic negatively in terms of strategy, revenue and financial situation. To mitigate this risk, Agillic has a constant focus on developing an innovative and unique customer marketing platform as well as investing in sales and marketing.

Product development
New marketing channels and other market changes are having a continuous impact on the requirements of marketing technology. It is vital that Agillic maintains the ability to provide an innovative product. Should Agillic not be able to maintain its capability to be innovative, the Company and its offering are at risk of becoming obsolete in regard to clients' requests for functionality.

Agillic depends on innovation and must continually dedicate resources to development
It is the management's assessment that the competitiveness of Agillic's software, among other things, is based on Agillic's ability to innovate. If Agillic down-prioritises its focus on innovation, it puts the expected growth rate at risk and the Company might also lose clients.

Agillic depends on the ability to attract specialised staff
Agillic is a growth company. It is therefore the management's assessment that continuous recruitment is required. Skilled backend and front-end programmers are in high demand and it can be challenging to attract and retain these profiles. If Agillic is unable to attract highly qualified employees, it may have consequences for Agillic's innovation capability and growth rate causing a negative commercial impact. There is also a risk that employees with specialised knowledge will leave Agillic for a rival company or start their own company, potentially weakening Agillic's competitive position.

Exposure to cybercrime
Agillic's business is based on software hosted centrally. Cyber-attacks and viruses are a threat to Agillic's daily operations. Should the Agillic platform or internal IT systems be exposed to a virus, this could prevent clients from using the Agillic software temporarily or for a longer period. Maintaining a healthy IT infrastructure and anti-virus protection is crucial to reducing the risk.

Changing regulations affect the market opportunities
Agillic has established an industry-standard security programme, dedicated to providing a high level of documented data security, allowing clients to have confidence in our custodianship of their data. The security programme is aligned with the ISO 27001 standard to ensure that Agillic operates in compliance with relevant legal requirements and agreements.

Changing regulations may require additional investments in compliance.

Access to personal sensitive data from outside the EU
Agillic uses Infopulse Ukraine LLC for technical development of part of the Agillic platform. The corporation with Infopulse is essential to Agillic, as it is difficult to identify qualified labour in Denmark and the EU. Ukraine is not part of the EU and there is a risk that some clients may have concerns regarding data security in Ukraine.

To mitigate the risk, Agillic has expanded the development team located in Denmark in order to rely less on Infopulse. Agillic also hosts all data within the EU and Infopulse has only limited and strictly controlled access to client data when absolutely required. For clients who have concerns about Infopulse's access to data, Agillic can restrict Infopulse's access.

Brexit
Brexit is not considered a significant risk to Agillic's business. The Company is not hosting data in UK and employees do not have access to personal sensitive data. In addition, it is the management's assessment that UK will sustain legislation similar to the EU's GDPR.

Access to capital
Agillic has initiated a process aimed at raising DKK 20-25 million in a share issue. The fundraising is expected to be finalised during H1 2020. There is a general risk that the fundraising could be delayed and not be finalised in H1 2020 or that the Company could not succeed in raising the funds.

Data back-up
If an incident occurs, Agillic has processes in place to handle the situation effectively. As part of the process, Agillic's client data is backed up every day to prevent data-loss scenarios. All back-ups are encrypted both in transit and at rest using strong industry encryption techniques. All backups are geographically distributed to maintain redundancy in the event of a natural disaster or a location-specific failure.

Governance

Corporate governance

Agillic focusses on good corporate governance and is continually professionalising its practices. The objective is to support and secure adequate processes and procedures.

The shareholders of Agillic have the ultimate authority over the Company and exercise their right to make decisions at general meetings. At the annual general meetings, shareholders approve the annual report and any amendments proposed to the Company's Articles of Association. Shareholders also elect board members and the independent auditor.

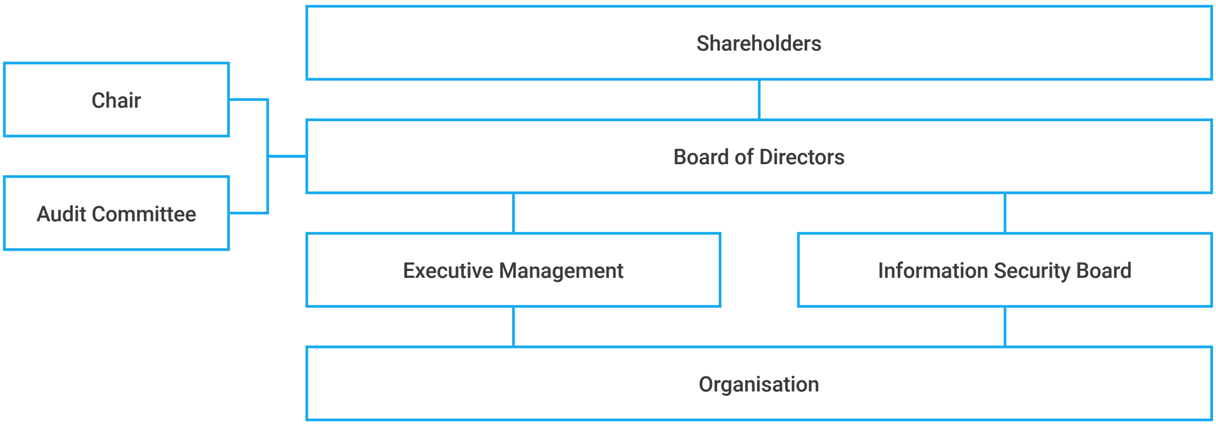
The Board of Directors and Executive Management

Agillic has a two-tier management structure. The powers and responsibilities are distributed between the Board of Directors and the Executive Management. The Board of Directors supervises the work of the Executive Management and is responsible for the overall management and strategic direction, while the Executive Management is in charge of the day-to-day management.

The Executive Management has established a Group Management consisting of the Chief Executive Officer, the Chief Financial Officer, two Chief Commercial Officers and the Chief Technology Officer.

As per 31 December 2019, Agillic's Board of Directors consisted of five shareholder-elected members. Four members are main shareholders, one is independent. One of the board members has a background in marketing, one has a background in finance and two have extensive experience as investors.

Corporate governance structure



Board members are elected by the shareholders at the Annual General Meeting, serve for a one-year term and are eligible for re-election. The Board of Directors works closely with the Executive Management.

The Chair
The shareholders elect the Chair directly at each year's annual general meeting. The Chair performs administrative tasks, such as planning board meetings to ensure a balance between overall strategy setting and the financial and managerial supervision of the Company.

Audit Committee
The Audit Committee consists of two persons, Peter Elbek and Johnny Henriksen, and is responsible for assisting the Board in overseeing the financial reporting process, the effectiveness of the internal control and risk management systems as well as security and quality issues in relation to client audits.

Information Security Board
The Board holds the overall responsibility of the Company's Information Security Management System (ISMS). The Information Security Board must ensure that Agillic's ISMS is compliant and inspection ready for annual audits.

Security and IT compliance

Agillic has a strong security culture and data security is a top priority to the Company and its employees. We have implemented a series of industry standards, best practices and processes to provide a high level of security.

Agillic has established an industry-standard security programme, dedicated to providing a high level of documented data security allowing clients to have confidence in our custodianship of their data. The security programme is aligned with the ISO 27001 standard to ensure that Agillic operates in compliance with relevant legal requirements and agreements.

Agillic's Information Security Management System (ISMS) is audited by Beierholm. The audit is conducted according to the ISAE 3402 type 1 and type 2 requirements and reflects how Agillic's ISMS relates to the ISO 27001 requirements.

All key control areas from the ISO 27001 standard are audited, including:

- Risk Management
- Information Security Policies
- Organisation of Information Security
- Human Resource Security
- Asset Management
- Access Control
- Operations Security
- Communications Security
- Supplier Relationships
- Information Security Incident Management
- Information Security Aspects of Business
- Continuity Management
- Compliance

“

Agillic’s security approach is dynamic and constant optimization is a main objective.

The security landscape is constantly changing as cybercriminals discover new ways to compromise data. Therefore, Agillic’s security approach is dynamic and constant optimisation is a main objective. We focus on the prevention of unauthorized access to data. Agillic’s security team works across teams and takes exhaustive steps to identify and mitigate risks, implement best practices, and constantly evaluate ways to enhance the security.

We have taken precautions in terms of technology and processes to safeguard the Agillic platform and our clients’ data. We monitor the technology and the security-related developments in the market and optimise our employees’ skillsets on an ongoing basis.

EU GDPR

Agillic is a data processor and is, as such, subject to the General Data Protection Regulation (GDPR). Agillic sees GDPR as a necessary and important step in the understanding of data and the protection of the individual in the digital evolution. Agillic’s Customer Marketing Platform supports our clients’ GDPR compliance and we meet all data processor requirements and have adequate processes in place to keep data safe.

GDPR guarantees consumers a series of basic fundamental rights concerning data privacy. When addressing consumers’ fundamental rights, we aim to make it easy for our clients to comply with consumers’ requests for data privacy.

Shareholder information

Agillic A/S' shares have been listed on NASDAQ First North Copenhagen since 22 March 2018 with ID-code DK0060955854 and the ticker AGILC.

Share capital
At the end of 2019, the share capital in Agillic comprised 8,286,900 shares of DKK 0.1 each, corresponding to a nominal share capital of DKK 828,690.

Each share carries one vote. The shares must be named and noted in the Company's share register in order to give access to voting. At the end of 2019, Agillic A/S' registered shareholders owned a total of 97.5% of the share capital.

Agillic's shareholders can register their shares by name by contacting their depository bank.

Ownership
At the end of 2019, 78% of the share capital and 80% of the votes were ultimately owned by five shareholders each owning more than 5% of the share capital or the votes.

Members of Agillic's Board of Directors and Executive Management owned in total 62% of the share capital and 64% of the votes at the end of 2019.

Share price and trading activities
At the end of 2019, the price of the Agillic share was DKK 30.50, compared to DKK 24.51 at the end of 2018.

In 2019, a total of 531,144 shares were traded, corresponding to 6.4% of the total number of shares.

The Company's market value amounted to DKK 253 million at the end of 2019, compared to DKK 203 million at the end of 2018.

Distribution of §28a shareholders (owning more than 5% of the share capital or votes)

	Shares	Capital %	Voting %
Peter Aue Elbek	1,560,015	18.83	19.31
Johnny Henriksen	1,557,383	18.79	19.28
Peter Lerbrandt	1,514,519	18.28	18.75
Mikael Konnerup	1,404,935	16.95	17.39
Christian Nellemann	459,894	5.55	5.69
Total	**6,496,746**	**78.40**	**80.42**

Dividends
Agillic has not paid any dividend and, until further notice, it is the Company's dividend policy to invest any positive profit in the further growth of the Company.

Communication with the Company's shareholders
According to the NASDAQ First North Copenhagen rulebook of 3 January 2018, Agillic is only liable for issuing half-year and year-end reports. In addition, the Company has decided to issue a "trading statement" following Q1 and Q3. The year-end report is issued in connection with the release of the annual report.

Investors are encouraged to sign up for Agillic Investor News. Sign up at:
www.agillic.com/investor

For further information, investors, analysts and the media are encouraged to contact:

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jesper.valentin@agillic.com

Christian Tange, CFO, Agillic A/S
+45 2948 8417
christian.tange@agillic.com

Certified Adviser
Tofte & Company
Sasja Dalgaard, sd@toftecompany.com
Christian IX's Gade 7, 1111 Copenhagen K

Board of Directors

Johnny Emil Søbæk Henriksen, Chair of the Board
Johnny Henriksen is an investor and has been Chair of the Board since September 2013. Previously, Johnny was CEO of DDB Group Denmark (2002-2013), CEO of Tribal DDB Europe, and board member of Tribal DDB Worldwide Board of Directors (1999-2002). Johnny has had several directorships, including with Omnicom Mediagroup Nordic (2006-2012) and The Danish Association of Creativity and Communication (2006-2012).

Holdings in Agillic: 1,557,383 shares.

Peter Aue Elbek, Board member
Peter Elbek is an investor and has been a member of the Board since January 2013. Peter is a former Managing Director of the financial services group, Nomura, and has since 2005 been a board member in various financial investment companies, including Scandinavian Asset Management and Milestones Capital (2014-2017). Peter has more than 15 years of experience as an investor in Danish and international startups and medium-sized companies.

Holdings in Agillic: 1,560,015 shares.

Mikael Konnerup, Board member
Mikael Konnerup is an investor and has been a member of the Board since September 2013. Mikael holds an MSc in Economics and Business Administration. He co-founded Dico in 1994 of which he is a Director. Prior to co-founding Dico, Mikael worked for IBM, Superfos and Olicom among others. Mikael has more than 30 years of experience as a board member in both small and large companies, including DIBS Payment Services. Mikael has been involved in more than 50 executed transactions with Dico portfolio companies. He currently also serves on the Board of Aqoola, Consortio and Omni.
Holdings in Agillic: 1,404,935 shares.

Jesper Genter Lohmann, Board member
Jesper Lohman is an investor and has been a member of the Board since 2013. Jesper holds an MSc in Economics and Business Administration. In 2009, Jesper co-founded the Investment company, Dico, of which he is a Director. Prior to co-founding Dico, Jesper held management positions at Carlsberg, JP/Politiken, Thorn EMI, Vacasol International and DIBS Payment Services. Jesper has been involved in more than 30 executed transactions with Dico portfolio companies. He currently also serves on the Board of HelloRetail, Junkbusters, Pronestor, Logpoint, Reepay, SimpleSite, Vita Media Group, Copus and Telefaction.
Holdings in Agillic: 155,081 shares

Casper Moltke-Leth, Board member
Casper Moltke-Leth has been a member of the Board since February 2018. Casper is a partner at the international law firm, Bird & Bird, where he heads up the Danish corporate/M&A team. Casper has extensive experience with international companies and board duties and has for the last ten years been a member of several boards. Today, Casper is Chair of the foundation, Neye Fonden, Copenhagen Group A/S and GSA Ejendomme A/S. Furthermore, he is on the Boards in several other companies and foundations.
No holdings in Agillic.

Management

Jesper Valentin Holm, Chief Executive Officer
Jesper holds an MSc in Communication and Media Studies from the IT University of Copenhagen. Jesper joined Agillic as CEO in November 2014. With a background in digital agencies, including being Business Director for the global digital agency Valtech, he is a highly experienced and visionary business strategist within digital marketing.

Holdings in Agillic: 153,318 shares.

Christian Tange, Chief Financial Officer
Christian holds an MSc in Economics and Business Administration from Copenhagen Business School. Christian joined Agillic as CFO in April 2018. With more than 16 years' experience as CFO in international growth companies and investment funds, Christian has a vast experience within the development and financial management of publicly listed growth companies.

Holdings in Agillic: 10,319 shares.

Nicolas Remming, Chief Technology Officer
Nicolas holds an MSc in Computer Science and Communication from Roskilde University. Nicolas joined Agillic as Senior Product Architect in April 2015, before taking on the role of CTO. Nicolas has an in-depth knowledge of marketing technologies and experience in managing large digital projects, including for international clients for global digital agency Valtech.

Holdings in Agillic: 44,413 shares.

Bo Sannung, Chief Commercial Officer
Bo holds an MSc in Marketing, Management and Accounting from Copenhagen Business School. He joined Agillic as Chief Operating Officer in October 2015. Bo has experience in both IT Management, digital marketing and marketing for financial institutions. He combines a profound technical and analytical understanding with a keen eye for changing business needs.

Holdings in Agillic: 94,228 shares.

Rasmus Houlind, Chief Commercial Officer
Rasmus holds an M.A. in Information Studies from Aarhus University. Rasmus joined Agillic as Chief Strategy Officer in September 2015. Holding Management positions in international agencies, Rasmus has worked with international clients and the development of loyalty programs. He is the author of a book on Omnichannel Marketing and Customer experience,
a sought-after keynote speaker and industry expert.

Holdings in Agillic: 159,738 shares.

Financial calendar

20 February
Annual Report 2019

24 March
Annual General Meeting

30 April
Financial results
1st quarter 2020

20 August
Half-year Report 2020

22 October
Financial results
3rd quarter 2020

Financial statements 2019

Statement by the Management

The Board of Directors and Board of Management have considered and approved the Annual Report of Agillic A/S for the financial year 1 January 2019 - 31 December 2019.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

Moreover, in our opinion, the Management's Report includes a fair view of developments in the Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Company.

The Annual Report is submitted for the approval of the Annual General Meeting.

Copenhagen, 20 February 2020

Board of Management

Jesper Valentin Holm
CEO

Bo Sannung

Rasmus Houlind

Board of Directors

Peter Aue Elbek

Johnny Emil Søbæk Henriksen
Chair of the Board

Jesper Genter Lohmann

Casper Moltke-Leth

Mikael Konnerup

Independent auditor’s report

To the shareholders of Agillic A/S

Opinion
We have audited the financial statements of Agillic A/S for the financial year 1 January 2019 - 31 December 2019, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company’s financial position at 31 December 2019 and of the results of its operations for the financial year 1 January 2019 - 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 20 February 2020
Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Bjørn Winkler Jakobsen
State-Authorised Public Accountant
MNE no mne32127

Henrik Wolff Mikkelsen
State-Authorised Public Accountant
MNE no mne33747

Income statement

Note	(DKK '000)	2019	2018
3	Revenue	53,776	39,021
4	Direct costs	12,030	9,644
	Gross profit	**41,746**	**29,377**
	Other operating income	1,333	3,371
5	Other external costs	22,613	22,017
6,7	Staff costs	35,833	29,799
	EBITDA	**-15,367**	**-19,068**
8	Depreciation and amortisation of intangible and tangible assets	6,659	4,237
	Operating profit (EBIT)	**-22,026**	**-23,305**
14	Share of profit of subsidiaries and joint ventures	-1,943	-3,283
14	Impairment charges on loans and receivables	-3,004	-
	Financial income	102	-
9	Financial expenses	1,721	1,447
	Profit/(loss) before tax	**-28,592**	**-28,035**
10	Tax on profit/(loss) for the year	3,536	2,264
	Profit/(loss) for the year	**-25,056**	**-25,771**
16	Earnings per share (EPS)	-3.02	-3.21
16	Earnings per share, diluted (DEPS)	-3.02	-3.21

Statement of comprehensive income

(DKK '000)	2019	2018
Profit/(loss) for the year	**-25,056**	**-25,771**
Other comprehensive income	-	-
Total comprehensive income	**-25,056**	**-25,771**

Statement of financial position

Note	(DKK '000)	31 Dec. 2019	31 Dec. 2018
	ASSETS		
	Non-current assets		
	Client contracts	611	1,628
	Software developed	24,602	17,070
12	**Intangible assets**	**25,213**	**18,698**
	Fixtures and equipment	223	35
	Leasehold improvements	117	30
13	**Tangible assets**	**340**	**65**
14	Investment in subsidiaries	-	-
14	Receivables from subsidiaries and joint ventures	40	2,377
	Deposits	408	247
	Other non-current assets	**448**	**2,624**
	Total non-current assets	**26,001**	**21,387**
	Current assets		
15	Trade receivables	5,161	10,643
	Other receivables	650	-
10	Tax receivables	3,536	2,264
	Prepayments	1,261	774
	Cash	1,177	12,312
	Total current assets	**11,785**	**25,993**
	TOTAL ASSETS	**37,786**	**47,380**

Statement of financial position - continued

Note	(DKK '000)	31 Dec. 2019	31 Dec. 2018
	EQUITY AND LIABILITIES		
	Equity		
16	Share capital	829	829
	Reserve for development costs	22,644	14,166
	Retained earnings	-44,060	-11,494
	Total equity	**-20,587**	**3,501**
	Liabilities		
17	Borrowings, long-term	21,393	11,291
18	Other payables	1,153	-
19	Deferred income	-	1,794
	Non-current liabilities	**22,546**	**13,085**
17	Borrowings, short-term	5,155	-
	Prepayments from clients	119	-
	Trade payables	3,212	3,077
18	Other payables	6,160	8,248
19	Deferred income	21,181	19,469
	Current liabilities	**35,827**	**30,794**
	Total liabilities	**58,373**	**43,879**
	TOTAL EQUITY AND LIABILITIES	**37,786**	**47,380**

Cash flow statement

Note	(DKK '000)	2019	2018
	Profit/(loss) for the year	-25,056	-25,771
	Adjustments for non-cash items:		
	Tax on profit/(loss) for the year	-3,536	-2,264
	Financial income and expenses	1,619	1,447
	Share of profit after tax in subsidiaries and joint ventures	1,943	3,283
	Share-based payments	968	953
	Depreciation, amortisation and impairment	9,663	4,237
11	Changes in working capital	3,419	14,286
	Total	**-10,980**	**-3,829**
	Net financials, paid	-1,619	-1,405
	Income taxes, received	2,264	749
	Cash flow from operating activities	**-10,335**	**-4,485**
	Investments in subsidiaries and joint ventures	-2,610	-3,786
12	Purchase of intangible assets	-13,006	-9,330
13	Purchase of tangible assets	-442	-38
	Cash flow from investing activities	**-16,058**	**-13,154**
	Issuance of shares, net of costs	-	34,750
11	Borrowings/repayment (-) long-term	10,103	-4,839
11	Borrowings/repayment (-) short-term	5,155	-
	Cash flow from financing activities	**15,258**	**29,911**
	Change in cash and cash equivalents	**-11,135**	**12,272**
	Cash and cash equivalents at 1 January	12,312	40
	Cash and cash equivalents at 31 December	**1,177**	**12,312**

Statement of changes in equity

(DKK '000)	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2018	723	9,712	-16,866	-6,431
Profit for the year	-	4,454	-30,225	-25,771
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**4,454**	**-30,225**	**-25,771**
Transactions with owners				
Issue of share capital	106	-	37,058	37,164
Costs related to Initial Public Offering (IPO)	-	-	-2,414	-2,414
Share-based payments	-	-	953	953
Equity at 31 December 2018	**829**	**14,166**	**-11,494**	**3,501**
Profit for the year	-	8,478	-33,534	-25,056
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**8,478**	**-33,534**	**-25,056**
Transactions with owners				
Share-based payments	-	-	968	968
Equity at 31 December 2019	**829**	**22,644**	**-44,060**	**-20,587**

For further details of share capital, refer to note 16 Share Capital and earnings per share.

Notes to the financial statements

Note 1 - Accounting policies

GENERAL

Statement of compliance

The financial statements of Agillic A/S for 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements for the presentation of financial statements.

On 20 February 2020, the Board of Directors and the Board of Management considered and approved the annual report for 2019 of Agillic A/S. The annual report will be presented to the shareholders for approval at the Annual General Meeting to be held on 24 March 2020.

Basis of preparation

The financial statements are presented in Danish kroner (DKK), which is the functional currency of Agillic A/S. All amounts have been rounded to nearest DKK thousand, unless otherwise indicated.

The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

For the purpose of clarity, the financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the financial statements. Similarly, information not considered material is not presented in the notes.

The accounting policies, except as described below, have been applied consistently during the financial year and for the comparative figures.

Operating segments

At this point the Company only operates in one segment and segments are not a part of the internal management reporting, hence operating segments are not presented in the financial statements.

Foreign currency translation

Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange adjustments arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement under financial income or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest financial statements is recognised in the income statement under financial income or financial expenses.

Non-IFRS financial measures

Agillic uses certain financial measures that are not defined in IFRS to describe the Company's financial performance. These financial measures may therefore be defined and calculated differently form similar measures in other companies, and thus not be comparable.

The definitions of non-IFRS financial measures are included in Definitions of key figures and ratios on page 97-98.

INCOME STATEMENT

Revenue recognition

Agillic recognises revenue from the following major sources:

- Subscriptions
- Transactions
- Professional services and other

Revenue is mainly derived from subscription fees charged for AGILLIC software licenses, transaction fees and professional service and training fees. 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.

Note 1 - Accounting policies - continued

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 measured based on the consideration to which the Company expects to be entitled in a contract with a client and exclude amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of the license or service to a client. All revenue is derived from contracts with clients.

Subscription fees
Subscription fees covers license, hosting and maintenance.

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.

Standard perpetual software licenses provide clients with the right to use the software whilst the contract remains in force.

New subscription fees are comprised of income derived from new clients and additional subscription income originating from supplementary sales to existing clients.

The main possible performance obligation related to subscription agreements has been identified as the right to use the software. The right to use software license is considered a separate performance obligation when it satisfies the following conditions: can be delivered separately from other services, can be installed by a third party, can be used without upgrades, and is functional without upgrades or technical support.

Agillic has assessed that the client obtains control of the license when a contract is agreed, the license is delivered, and the client has the right to use it.

Revenue relating to subscription fees are recognised over time. The transaction price allocated to these subscriptions is recognised as a contract liability (deferred income) at the time of the initial sales transaction and is released on a straight-line basis over the subscription agreement period.

Transaction fees
Transaction fees relate to outbound transactions, i.e. email, SMS, etc. Transactions are sold on price per units for the relevant transaction and revenue is calculated based on transactions send and recognised when control of the goods has transferred, being at the point the client purchases the goods by sending out transactions.

Professional services and other fees
Agillic provides professional services and training related to on-boarding and setup of infrastructure, template design and implementation and training of new and existing clients. These services are sold on hourly billing rates for the relevant service and revenue is as a performance obligation satisfied over time. Revenue is recognised for these installation services based on the stage of completion.

Direct costs
Direct costs comprise costs incurred to achieve the year's revenue including hosting and transaction costs.

Other operating income
Other operating income and other operating expenses comprise income and expenses of a secondary nature relative to the principal activities of the Company.

Other external costs
Other external costs comprise sales and marketing costs, external consultancy costs, other employee related costs, IT and software costs, investor relations costs, rent costs, allowances for doubtful trade receivables and other administrative expenses.

Staff costs
Staff costs consist of salaries, sales commissions, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits.

Salaries, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits are recognised in the year in which the associated services are rendered by the employees.

The Company has entered into retirement benefits schemes and similar agreements with employees. Contributions to defined contribution plans are recognised in the income statement in the period to which they relate and any contri-

Note 1 - Accounting policies - continued

butions outstanding are recognised in the statement of financial position as other liabilities.

Share-based payments
The Board of Directors, the Board of Management and other employees have been granted warrants. The warrants are measured at fair value at the grant date and are recognised as an expense in staff costs over the vesting period. Expenses are set off against equity.

The fair value of the warrants is measured using the Black-Scholes valuation method or other generally accepted valuation techniques. The calculation takes into account the terms and conditions under which the warrants are granted. Subsequent fair value adjustments are not recognised in the income statement.

If subsequent modifications to a warrant program increase the value of the warrants granted, measured before and after the modification, the increase is recognised as an expense. If the modification occurs before the vesting period the increase in value is recognised as an expense over the period for services to be received. If the modification occurs after the vesting date, the increase in value is recognised as an expense immediately.

Consideration received for warrants sold are recognised directly in equity.

Financial income and financial expenses
Financial income and expenses include interest income, interest expense, amortisation of borrowing issue costs and realised and unrealised exchange gains and losses.

Tax
Tax on the profit/loss for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to items recognised in other comprehensive income and directly in equity, respectively, is recognised in other comprehensive income or directly in equity. Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the balance sheet as the expected tax on the taxable income for the year, adjusted for tax paid on account. The current tax charge for the year is calculated based on the tax rates and rules enacted at the balance sheet date.

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities.

Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised. Deferred tax assets, including the tax value of tax losses carried forward, are recognised as other non-current assets and measured at the amount at which they are expected to be realised, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under the legislation in force on the balance sheet date when the deferred tax asset is expected to crystallize as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

The Company recognises deferred tax assets relating to losses carried forward when Management finds that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilisation in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding growth and operating margin in the coming years.

Agillic is included in national joint taxation with its joint venture. The tax charge for the year is allocated between the Danish jointly taxed companies in proportion to their taxable income, taking into account taxes paid.

STATEMENT OF FINANCIAL POSITION

Intangible assets
Intangible assets with determinable useful lives are measured at cost less accumulated amortisation and impairment losses. Intangible assets include developed software and client contracts. Amortisation is provided on a straight-line basis over the expected useful lives of the finite-lived assets, which are as follows:

Note 1 - Accounting policies - continued

Client contracts	3 years
Software developed	5 years

Expected useful lives are reassessed regularly. The Company regularly reviews the carrying amounts of its finite-lived intangible assets to determine whether there is an indication of an impairment loss.

Client contracts
Client contracts acquired are initially recognised at fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. The value of client contracts is amortised on a straight-line basis, based on the estimated duration of the acquired contract or other relevant period if deemed appropriate.

The carrying values of other intangible assets are reviewed annually for impairment to assess if there is an indication of impairment beyond what is expressed through normal amortisation. If the carrying amount exceeds its recoverable amount, the carrying amount of the asset is written down to the recoverable amount.

All intangible assets are considered to have limited useful economic lives.

Software developed
Software developed by the Company is recognised as an asset if the cost of development is reliably measurable and an analysis shows that future economic benefits from using the software exceed the cost. Cost is defined as development costs incurred to make the software ready for use.

Once a software application has been developed the cost is amortised over the expected useful life. The cost of development consists primarily of direct salaries and other directly attributable development costs.

Amortisation and impairment charges are recognised in the income statement.

For Agillic, the measurement of intangible assets, could be affected by significant changes in judgment and assumptions underlying their calculation. The estimated useful life reflects the period over which the Company expects to derive economic benefit from intangible assets.

As active markets for the majority of acquired assets and liabilities do not exist, management has made estimates of their fair values. Fair values were estimated as the present value of future cash flows calculated based on churn rates or other expected cash flows related to each asset.

Estimates of fair value are associated with uncertainty and may be subsequently adjusted.

Tangible assets
Property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment. Property, plant, and equipment are depreciated on a straight-line basis over the expected useful lives of the finite-lived assets, which are as follows:

Leasehold improvements	over the lease term up to 10 years
Fixtures and equipment	3-5 years

Tangible assets are tested for impairment if indications of impairment exist. Tangible assets are written down to its recoverable amount, if the carrying amount exceeds the higher of the fair value less costs to sell and the value in use. Depreciation and impairment charges are recognised in the income statement.

Impairment of tangible and intangible assets
The carrying amounts of tangible assets and intangible asets with determinable useful lives are reviewed regularly to determine whether there are any indications of impairment. If such indications are found, the recoverable amount of the asset is calculated to determine any need for an impairment write-down and, if so, the amount of the write-down. For intangible assets with indeterminable useful lives the recoverable amount is calculated annually, regardless of whether any indications of impairment have been found.

If the asset does not generate any cash flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit that includes the asset.

The recoverable amount is calculated as the higher of the fair value less costs to sell and the value in use of the asset or the cash-generating unit, respectively. In determining the value in use, the estimated future cash flows are discounted to their present value, using a discount rate reflecting current market assessments of the time value of money as

Note 1 - Accounting policies - continued

well as risks that are specific to the asset or the cash-generating unit and which have not been taken into account in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For cash-generating units, the write-down is allocated in such a way that goodwill amounts are written down first, and any remaining need for write-down is allocated to other assets in the unit, although no individual assets are written down to a value lower than their fair value less costs to sell.

Impairment write-downs are recognised in the income statement. If write-downs are subsequently reversed as a result of changes in the assumptions on which the calculation of the recoverable amount is based, the carrying amount of the asset or the cash-generating unit is increased to the adjusted recoverable amount, not, however, exceeding the carrying amount that the asset or cash-generating unit would have had, had the write-down not been made.

Investments in joint ventures
Investments in joint ventures are recognised in accordance with the equity method, and measured at the proportionate share of the net asset value of joint venture at the reporting date.

Income from joint ventures comprises the Company's share of the profit and loss after tax and is recognised in the income statement.

Investments in subsidiaries
As per 14 May 2019, Agillic purchased the remaining 40% of the shares in its joint venture Armstrong One ApS from 60% to 100% ownership.

The investment in Armstrong One Aps is at 31 December 2019 accounted for as a subsidiary measured in accordance with the equity method, which means that the investments are measured at the parent company's proportionate share of the net asset value of the subsidiaries at the reporting date. Profit or loss from investments in subsidiaries represents Agillic A/S' share of the profit and loss after tax. The net revaluation is recognised in equity under Equity method reserve.

Equity method reserve
The equity method reserve comprises value adjustments of equity investments in subsidiaries according to the equity method. The reserves are reduced by the dividends distributed to Agillic A/S, and other movements in the shareholders' equity of the investments, or if the equity investments are realised in whole or in part.

Deposits
Deposits are primarily related to leasing of offices. Deposits which will not be returned within one year of the balance sheet date are recognised as non-current assets.

Trade receivables
Trade receivables are measured at amortised cost less allowance for lifetime expected credit losses.

To measure the expected credit losses, credit risk for trade receivables have been based on an individual assessment.

Trade receivables are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

The cost of allowances for expected credit losses and write-offs for trade receivables are recognised in the income statement under other administrative expenses.

Prepayments
Prepayments are recognised as an asset and comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Borrowings
Borrowings are measured at amortised cost.

Trade payables and other payables
Other payables include bonus and commission accruals, vacation pay obligations, payroll taxes and VAT. Payables are measured at cost.

Deferred income
Deferred income comprises income received relating to subsequent financial years. Deferred income is measured at cost.When a client pays consideration in advance, or an amount of consideration is due contractually before transferring of the license or service, then the amount received in advance presented as a liability.

Note 1 - Accounting policies - continued

Deferred income represents contractual prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to licenses, maintenance, and services. License billing generally occurs at periodic intervals (e.g. quarterly or yearly) prior to revenue recognition, resulting in liabilities.

CASH FLOW STATEMENT

The cash flow statement is presented according to the indirect method commencing with the results for the year.

The cash flow statement shows the Company's cash flows divided into operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated using the indirect method as the profit for the year adjusted for non-cash items, changes in working capital, changes in contract assets, financial income received, financial expenses paid and income tax paid.

Cash flows from investing activities consist of receipts and payments in connection with acquisitions and disposals of companies and operations, intangible assets and property, plant, and equipment, as well as other non-current assets and liabilities.

Cash flows from financing activities are comprised of changes in share capital and related costs, purchase of treasury shares, proceeds from loans and distributions of dividends to shareholders.

Cash and cash equivalents consist of cash at bank and in hand less current bank loans due on demand.

NEW AND AMENDED IFRS STANDARDS THAT ARE EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

As a result of adopting IFRS 16 Leases, the Company changed its accounting policies. The impact of the adoption of the leasing standard and the new accounting policies are disclosed below.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. There is no longer a distinction between operational and financial leasing.

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Practical expedients applied
In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Note 1 - Accounting policies - continued

Effect from IFRS 16 - Leases
The Company's lease arrangements relate to office facilities with a short term lease period (12 months or less) and leases of low value assets. For short term leases and leases of low value assets (such as personal computers and office furniture), the Company will opt to recognise a lease expense on a straight line basis as permitted by IFRS 16.

As at 31 December 2019, the Company has no non-cancellable operating lease commitments, hence IFRS 16 have no material impact on the financial statements.

NEW AND REVISED IFRS STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS standards that have been issued but are not yet effective.

The Company adopts the new standards and amendments when they become mandatory in the EU:

IFRS 10 and IAS 28 (amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IFRS 3	*Definition of a business*
Amendments to IAS 1 and IAS 8	*Definition of material*

None of the above standards and amendments are expected to have a material impact on the financial statements in future periods.

Note 2 - Critical accounting estimates and judgements

In the application of the Company’s accounting policies, which are described in note 1, Management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements that have the most significant effect on the amounts recognised in financial statements, key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Software developed
The measurement of developed software could be affected by significant changes in judgement and assumptions underlying their calculation. The expected useful life of 5 years reflects the period over which the Company expects to derive economic benefit from software developed. Estimation of useful life are associated with uncertainty and may be subsequently adjusted.

Note 3 - Revenue

(DKK '000)	2019	2018
Subscription fees	37,168	25,783
Transaction fees on subscription	3,447	1,352
Transaction fees by consumption	11,158	8,733
Professional services and other fees	2,003	3,153
Total revenue	**53,776**	**39,021**

All revenue is derived from contracts with clients. Revenue from subscription fees is derived over time and for transaction fees and other professional services at a point in time.

Contract liabilities are presented as deferred income, see note 19 Deferred income.

Note 4 - Direct costs

(DKK '000)	2019	2018
Hosting costs	2,564	1,415
Transaction costs	9,229	6,270
Other direct costs of license	237	1,959
Total direct costs	**12,030**	**9,644**

Note 5 - Other external costs

(DKK '000)	2019	2018
Sales and marketing costs	7,796	7,320
External consultancy costs	9,086	7,052
External consultancy costs transferred to development costs	-3,653	-2.353
Other employee-related costs	2,387	2,413
Other administrative expenses	6,997	5,754
Costs related to Initial Public Offering (IPO)	-	4,245
Hereof transferred directly to equity	-	-2,414
Total other external costs	**22,613**	**22,017**

Note 6 - Staff costs

(DKK '000)	2019	2018
Salaries	42,857	33,001
Share-based payments	968	953
Pension plans (defined contribution)	415	61
Social security and other costs	946	444
Staff costs transferred to capitalised development costs	-9,353	-4,660
Total staff costs	**35,833**	**29,799**
Employees		
Average number of employees (FTE)	59	42
Number of employees at year-end (FTE)	59	51

	Board of Directors		Board of Management		Other key Management personnel	
(DKK '000)	2019	2018	2019	2018	2019	2018
Remuneration						
Board fees	2,129	2,129	-	-	-	-
Salaries	-	-	3,600	3,600	3,456	2,477
Share-based payments	-	-	773	773	195	180
Bonuses	-	-	225	936	150	701
Defined contribution pension plans	-	-	36	-	34	-
Total remuneration	**2,129**	**2,129**	**4,634**	**5,309**	**3,835**	**3,358**

Other key Management personnel consist of:

Nicolas Remming (CTO)	From 1 April 2015
Christian Tange (CFO)	From 1 April 2018
Thomas Gaarde Andersen (CSO)	From 1 May 2018 to 31 December 2019

Note 7 - Share-based payments

(DKK '000)	2019	2018
Costs of share-based payments	968	953
Total costs of share-based payments	**968**	**953**

Costs of share-based payments are recognised as staff costs with a corresponding effect in equity.
Consideration received for warrants sold is recognised directly in equity.

Warrant programme September 2017
The Board of Directors has used the authorisation in the Articles of Association article 3.3 to allocate warrants to the members of the Board of Management where the participants acquire the right to subscribe of in total 292,527 shares at a nominal value of DKK 0.10 each. Shares can be subscribed for at DKK 2.07 per share at a nominal value of DKK 0.10.

All warrants have been granted.

199,096 warrants will be vesting in the period 1 January 2018 to 1 October 2020 and exercise of the warrants must happen in the period 1 January 2021 to 31 March 2021. 93,431 warrants will be vesting in the period 1 October 2020 to 1 October 2021 and exercise of the warrants must happen in the period 1 January 2022 to 31 March 2022.

There are no performance conditions for the granting of the warrants but each participant must remain an employee during the vesting period.

The issue of all shares will have a dilutive effect of 4.04%.

Warrant programme April 2018
The Board of Directors has used the authorisation in the Articles of Association article 3.2 to allocate 20,717 warrants to the members of the Board of Management where the participants acquire the right to subscribe of in total 20,717 shares at a nominal value of DKK 0.10 each. Shares can be subscribed for at DKK 38.00 per share at a nominal value of DKK 0.10.

All warrants have been granted.

15,534 warrants will be vested in the period 1 January 2018 to 1 October 2020 and exercise of the warrants must happen in the period 1 January 2021 to 31 March 2021. 5,183 warrants will be vested in the period 1 October 2020 to 1 October 2021 and exercise of the warrants must happen in the period 1 January 2022 to 31 March 2022.

There are no performance conditions for the granting of warrants but each participant must remain an employee during the vesting period.

The issue of all shares will have a dilutive effect of 0.25%.

Note 7 - Share-based payments - continued

Conditional warrant programme April 2018

The Board of Directors has used the authorisation in the Articles of Association article 3.2 to allocate 113,946 warrants to the members of the Board of Management where the participants acquire the right to subscribe of in total 15,538 shares at a nominal value of DKK 0.10 each. Shares can be subscribed for at DKK 38.00 per share at a nominal value of DKK 0.10.

31,076 warrants were granted 31 December 2018, 41,435 warrants at 31 December 2019 and 41,435 warrants will be granted 31 December 2020. Granting of the warrants are subject to certain performance conditions and each participant must remain an employee during the vesting period.

15,538 warrants will be vesting 1 January 2020, 36,256 warrants will be vesting 1 January 2021, 41,435 warrants will be vesting 1 January 2022 and 20,718 warrants will be vesting 1 January 2023.

Exercise of the warrants must happen no later than 12 months after the warrants are vested.

The issue of all shares will have a dilutive effect of 1.38%.

The warrants are accounted for as equity-settled transactions.

Specification of outstanding warrants:

Number of warrants	Weighted average exercise price DKK	Board of Management	Other key management personnel	Employees	Total
Outstanding at 1 January 2018	2.07	292,527	16,610	62,593	371,730
Granted	38.00	-	51,793	-	51,793
Exercised	2.07	-	-16,610	-62,593	-79,203
Cancelled	38.00	-	-3,848	-	-3,848
Outstanding at 31 December 2018		**292,527**	**47,945**	**-**	**340,472**
Granted	38.00	-	41,435	-	41,435
Exercised	-	-	-	-	-
Cancelled	38.00	-	-35,220	-	-35,220
Outstanding at 31 December 2019		**292,527**	**54,160**	**-**	**346,687**

Note 7 - Share-based payments - continued

Outstanding warrants have the following characteristics:

Warrants outstanding	Weighted average exercise price DKK	Vesting period	Exercise period	2019	2018
Warrant programme September 2017	2.07	Jan-18 - Oct-21	Jan-21 - Mar-22	292,527	292,527
Warrant programme April 2018	38.00	Jan-18 - Oct-20	Jan-21 - Mar-22	20,717	20,717
Conditional warrant programme April 2018	38.00	Jan-20 - Jan-23	Jan-20 - Dec-23	33,443	27,228
Outstanding at 31 December				**346,687**	**340,472**

None of the granted warrants are exercisable at 31 December 2019. No warrants were exercised during 2019.

	2019	2018
Average remaining life of outstanding warrants at 31 December (years)	1.6	2.6
Exercise price for outstanding warrants at 31 December (DKK)	2.07 - 38.00	2.07 - 38.00

The fair value of the warrants issued is measured at calculated market price at the grant date based on the Black & Scholes option pricing model. The calculation is based on the following assumptions at the grant date:

	Conditional warrant programme April 2018	Warrant programme April 2018	Warrant programme September 2017
Average share price (DKK)	34.70	34.70	11.28
Expected volatility rate (% p.a.)	40	40	40
Risk-free interest rate (% p.a.)	-0.11 - -0.44	-0.23 - -0.40	-0.32 - -0.45
Expected warrant life (no. years)	2.75 - 4.75	3.00 - 4.00	3.58 - 4.58
Exercise price (DKK)	38.00	38.00	2.07
Fair value all warrants, after dilution (DKK '000)	727	176	2.587

Expected volatility rate is applied based on the annualised volatility on relevant peer groups derived from the standard deviation of daily observations over 12 months ending 2018.

Note 8 - Depreciation and amortisation of intangible and tangible assets

(DKK '000)	2019	2018
Client contracts	1,017	626
Software developed	5,474	3,568
Fixtures and equipment	64	35
Leasehold improvements	104	8
Total depreciation and amortisation of intangible and tangible assets	**6,659**	**4,237**

Note 9 - Financial expenses

(DKK '000)	2019	2018
Interest expenses cash etc.	70	127
Interest expenses financial liabilities carried at amortised cost	1,391	1,135
Other interest expenses	260	41
Foreign exchange rate adjustments (net)	-	144
Total financial expenses	**1,721**	**1,447**

Note 10 - Tax

(DKK '000)	2019	2018
Current income tax	-3,536	-2,264
Adjustment deferred tax	-3,026	-3,771
Total	**-6,562**	**-6,035**
Unrecognised deferred tax	3,026	3,771
Total	**-3,536**	**-2,264**
Profit/(loss) before tax	-28,592	-28,035
Income tax, tax rate of 22% (2018: 22%)	-6,290	-6,167
Tax effect from:		
Non-deductible expenses	67	30
Income from subsidiaries and joint ventures	1,088	722
Adjustment of temporary differences, deferred tax	-1,427	-620
Tax losses carried forward	3,026	3,771
Tax on profit for the year	**-3,536**	**-2,264**
Effective tax rate	**12%**	**8%**

The Company's tax loss for 2019 is not expected to be used in full. The tax assets recognised reflect the share that is expected to be used as a result of the Company's use of the Danish tax credit scheme. No deferred tax assets have been recognised in respect of the remaining DKK 20.7 million (2018: DKK 19.3 million) as it is not considered probable that there will be taxable profits available in the foreseeable future. All recognised tax losses may be carried forward indefinitely.

As per 31 December 2019, the Company has unused tax losses of DKK 118.6 million available for offset against future profits.

Note 11 - Notes to cash flow statement

(DKK '000)	2019	2018
Changes in working capital		
Changes in trade receivables, other receivables, prepayments, etc.	4,184	3,459
Changes in trade payables, other payables, deferred income, etc.	-765	10,827
Total changes in working capital	**3,419**	**14,286**
Borrowings/repayment (-) long-term		
Borrowings at 1 January, net	11,291	16,087
Borrowing of loans and debt to credit institutions	10,244	-
Repayment of loans and debt to credit institutions	-	-4,839
Amortised borrowing costs	-142	43
Borrowings/repayment (-) long-term at 31 December	**21,393**	**11,291**
Borrowings/repayment (-) short-term		
Borrowings at 1 January, net	-	-
Borrowing of loans and debt to credit institutions	5,155	-
Repayment of loans and debt to credit institutions	-	-
Amortised borrowing costs	-	-
Borrowings/repayment (-) short-term at 31 December	**5,155**	**-**

Note 12 - Intangible assets

(DKK '000) - 2019	Client contracts	Software developed	Total
Cost beginning of year	2,254	22,603	24,857
Additions	-	-	-
Additions from internal development	-	13,006	13,006
Disposals	-	-	-
Cost end of year	**2,254**	**35,609**	**37,863**
Amortisation beginning of year	626	5,533	6,159
Amortisation	1,017	5,474	6,491
Disposals	-	-	-
Amortisation end of year	**1,643**	**11,007**	**12,650**
Carrying amount end of year	**611**	**24,602**	**25,213**

(DKK '000) - 2018			
Cost beginning of year	-	15,527	15,527
Additions	2,254	63	2,317
Additions from internal development	-	7,013	7,013
Disposals	-	-	-
Cost end of year	**2,254**	**22,603**	**24,857**
Amortisation beginning of year	-	1,965	1,965
Amortisation	626	3,568	4,194
Disposals	-	-	-
Amortisation end of year	**626**	**5,533**	**6,159**
Carrying amount end of year	**1,628**	**17,070**	**18,698**

Client contracts relate to software license contracts acquired from the former parent company Agillic Limited carried at cost less accumulated amortisation. The value of the client contracts is amortised on a straight-line basis, based on the duration of the acquired contacts.

It is Management's assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets are sufficient to cover the value of recognised client contracts at the reporting date.

Capitalised software development costs relate to development of the existing proprietary marketing automation software platform. The software is under continuous development for the use of clients and partners and is sold as a license to use the software for a given period. The user has access to upgrades and new functionalities during the contract period.

Development costs for the year cover both development of the front-end and the back-end part of the software solution. Both parts to increase the user experience and functionalities within the software in order to increase the Company's revenue by maintaining existing clients and acquire new clients.

It is Management's assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets are sufficient to cover the value of recognised developed software at the reporting date.

In 2019, the Company expensed DKK 3.1 million for development projects, primarily planning, administrative and other general overhead expenditures not meeting the recognition criteria applicable to internally generated intangible assets.

Note 13 - Tangible assets

(DKK '000) - 2019	Fixtures and equipment	Leasehold improvements	Total
Cost beginning of year	364	38	402
Additions	252	190	442
Disposals	-	-	-
Cost end of year	**616**	**228**	**844**
Depreciation beginning of year	329	8	337
Depreciation	64	103	167
Disposals	-	-	-
Depreciation end of year	**393**	**111**	**504**
Carrying amount end of year	**223**	**117**	**340**

(DKK '000) - 2018			
Cost beginning of year	2,467	63	2,530
Additions	-	38	38
Disposals	-2,103	-63	-2,166
Cost end of year	**364**	**38**	**402**
Depreciation beginning of year	2,397	63	2,460
Depreciation	35	8	43
Disposals	-2,103	-63	-2,166
Depreciation end of year	**329**	**8**	**337**
Carrying amount end of year	**35**	**30**	**65**

Note 14 – Investments in subsidiaries and joint ventures

Name of joint venture	Activity	Country	Proportion of ownership interest and voting rights 31 Dec. 2019	31 Dec. 2018
Armstrong One ApS	Software development	Denmark	100%	60%

Effective from 14 May 2019, Agillic A/S aquired the remaining 40% of the shares in Armstrong One ApS for DKK 1, going from 60% to 100% ownership.

Hence the investment in Armstrong One Aps is accounted for as a joint venture using the equity method at 31 December 2018 and as a subsidiary at 31 December 2019.

As per 31 December 2018, a receivable of DKK 2.4 million from joint ventures was recognised. In the first half of 2019, the joint venture was restructured and a settlement agreement with the previous shareholders was entered into. Agillic A/S purchased the remaining 40% of the shares in the company and is now the sole shareholder of the company with the ownership of 100% of the shares. The settlement agreement also concluded that the receivable was no longer recoverable as the remaining activity in the company is minimal. The net receivable as per the transaction date, DKK 3.0 million, has been subject to write-down in the first half of 2019. The write-down is recognised as impairment charges on loans and receivables in the income statement.

(DKK '000)	2019	2018
Revenue	371	1,509
Net profit/loss for the year	-2,824	-5,472
Proportion of Agillic's ownership interest (60%) 1 January - 14 May 2019	-1,322	-3,283
Proportion of Agillic's ownership interest (100%) 14 May - 31 December 2019	-621	-
Share of profit from subsidiaries and joint ventures	**-1,943**	**-3,283**
Current assets	28	294
Non-current assets	37	726
Current liabilities	25	282
Non-current liabilities	383	9,871
Net assets of joint venture	-343	-9,133
Proportion of Agillic's ownership interest (100%/60%)	**-343**	**-5,479**
Offset against:		
Trade receivables and loans, subsidiaries	383	-
Trade receivables and loans, joint ventures	-	7,856
Total receivables from subsidiaries and joint ventures	**40**	**2,377**

Note 15 - Trade receivables

(DKK '000)	31 Dec. 2019	31 Dec. 2018
Trade receivables, gross	6,093	11,261
Allowances for doubtful trade receivables:		
Balance beginning of year	618	-
Change in allowance during the year	314	618
Realised losses during the year	-	-
Allowances for doubtful trade receivables year-end	**932**	**618**
Trade receivables, net	**5,161**	**10,643**
Allowance for doubtful trade receivables is based on an individual assessment of the receivables.		
Trade receivables (net) can be specified as follows:		
Not past due	3,305	6,631
Past due, but not impaired:		
Not more than 30 days	1,855	3,380
Between 31 and 60 days	1	119
Between 61 and 90 days	-	146
More than 90 days	-	367
Trade receivables, net	**5,161**	**10,643**

The carrying amount is equivalent to the fair value of the assets.

In 2019, allowances have been recognised according to the lifetime expected credit loss method as introduced under IFRS 9.

Note 16 - Share capital and earnings per share

Share capital

At 31 December 2019, the share capital consisted of 8,286,900 (2018: 8,286,900) shares with a nominal value of DKK 0.10. The shares are not divided into classes and carry no right to fixed income.

(DKK '000)	2019
Issued and fully paid shares:	
At 1 January 2018, 7,234,010 shares of DKK 0.10 each	723
Capital increase, registered 23.02.2018	8
Capital increase, registered 31.03.2018 (listing on Nasdaq First North)	98
Share capital at 31 December 2019	**829**

	2019	2018
Earnings per share		
The calculation of earnings per share is based on the following:		
Profit/(loss) for the year	-25,056	-25,771
Weighted average number of shares used for calculation of earnings per share	**8,286,900**	**8,036,087**
Average dilutive effect of outstanding share options	298,742	328,486
Weighted average number of shares used for calculation of diluted earnings per share	**8,585,642**	**8,364,573**
Earnings per share (EPS)	-3.02	-3.21
Earnings per share, diluted (DEPS)	-3.02	-3.21

Note 17 - Borrowings

(DKK '000)	31 Dec. 2019	31 Dec. 2018
Borrowings are due as follows:		
Within 1 year	5,155	-
From 1-5 years	20,354	11,291
After 5 years	1,039	-
Total borrowings	**26,548**	**11,291**
Borrowings are recognised accordingly:		
Borrowings, long-term	21,393	11,291
Borrowings, short-term	5,155	-

In June 2019, Agillic negotiated a funding package of additionally DKK 13.0 million effectuated in August 2019 to further support and strengthen the Company's financial position and growth.

The funding package consists of:
Loan agreement with shareholders of DKK 5.0 million (effectuated in June 2019). The loan, including accrued interests, matures in April 2021. No covenants apply. The loan bears an annual fixed interest rate of 8.22%.

Increase of existing credit line from DKK 3.0 million to DKK 6.0 million. At 31 December 2019, the credit line was utilised with DKK 5.2 million. The credit facility is renegotiated on a yearly basis. The credit line bears an annual variable interest rate subject to DANBOR +3.0%.

Additional loan from Vækstfonden of DKK 5.0 million. The loan matures in July 2025. No covenants apply. The variable interest rate is subject to adjustment quarterly based on the 3-month CIBOR plus a premium.

Existing loans from Vækstfonden amounts to DKK 11.6 million. The loans mature in October 2024. No covenants apply. The variable interest rate is subject to adjustment quarterly based on the 3-month CIBOR plus a premium.

In order to further strengthen the liquidity and fund growth, an increase of the credit line from the Company's main bank amounting to DKK 4.0 million has been agreed in February 2020. Refer to note 24 Events after the reporting period for further details on the initiated fundraising process.

Note 18 - Other payables

(DKK '000)	31 Dec. 2019	31 Dec. 2018
Accrued vacation pay payable, long-term	1,153	-
Accrued vacation pay payable, short-term	3,136	3,130
Bonus and commission payable	675	1,517
Payroll taxes, VAT, etc.	957	895
Other accrued costs	1,392	2,706
Total other payables	**7,313**	**8,248**
Current	6,160	8,248
Non-current	1,153	-
Total other payables	**7,313**	**8,248**

Note 19 - Deferred income

(DKK '000)	31 Dec. 2019	31 Dec. 2018
Arising from contracts with clients	21,181	21,263
Total deferred income	**21,181**	**21,263**
Current	21,181	19,469
Non-current	-	1,794
Total deferred income	**21,181**	**21,263**

Revenue relating to subscriptions is recognised over time although the client pays up-front in full for these subscriptions.
A contract liability is recognised for revenue at the time of the initial sales transaction and is released over the contract period.

Note 20 - Operating leases

(DKK '000)	2019	2018
Lease payments recognised in the income statement	1,808	1,119
Total minimum future lease payments:		
Within 1 year	656	631
From 1-5 years	-	-
After 5 years	-	-
Total	**656**	**631**

Operating lease concerns lease of office premises.

Note 21 - Contingent liabilities and commitments

Contingent liabilities

The Board of Management assesses that the outcome of pending claims and other disputes will have no material impact on Agillic's financial position.

A mortgage of DKK 18 million is registered as collateral for the Company's debt to Vækstfonden of DKK 16.6 million at 31 December 2019.

Contractual obligations

The Company has no contractual obligations besides the minimum operating lease commitments according to note 20 Operating leases.

Joint taxation scheme

Agillic A/S is administration company in the Danish joint taxation. Agillic A/S is taxed jointly with its Danish subsidiary and is jointly and severally liable for payments of Danish corporate tax and withholding tax, etc.

Note 22 - Related parties

Agillic's related parties exercising a significant influence comprise the Company's Board of Directors and Board of Management as well as relatives to these persons.

Related parties also comprise companies in which the individuals mentioned above have material interests.

The Company did not enter into any agreements, deals, or other transactions in 2019 in which the Company's Board of Directors or Board of Management had a financial interest, except for transactions following from the employment relationship. See note 6 Staff costs.

All agreements relating to these transactions are based on market price (arm's length). The Company has had the following transactions with related parties:

(DKK '000)	2019	2018
Subsidiaries and joint ventures		
Transactions		
Sale of goods and services	1,333	3,371
Sales commission	-	-153
Purchase of goods and services	237	1,168
Outstanding balances		
Trade receivables and loans	383	7,856
Shareholders		
Outstanding balances		
Trade receivables and loans	5,242	7,856

Effective from 14 May 2019, Agillic aquired the remaining 40% of the shares in Armstrong One ApS for DKK 1, going from 60% to 100% ownership. Refer to note 14 Investments in subsidiaries and joint ventures for further details.

Loans from shareholders are further described in note 17 Borrowings.

There has not been any transactions with related parties other than the transactions described above, and normal remuneration of the Board of Directors, Board of Management and other Key Management Personnel, which is presented in note 6 Staff costs. Key Management Personnel consist of parties with significant influence not already disclosed as part of the Board of Directors and the Board of Management.

Members of the Board of Directors are elected by the shareholders at the Annual General Meeting for terms of one year. Refer to pages 52-53 for additional information on members of the Board of Directors.

Note 23 - Financial risks

(DKK '000)	31 Dec. 2019	31 Dec. 2018
Specification of financial assets and liabilities:		
Trade receivables	5,161	10,643
Other receivables	650	-
Tax receivables	3,536	2,264
Cash	1,177	12,312
Total financial assets	**10,524**	**25,219**
Borrowings	26,548	11,291
Prepayments from clients	119	-
Trade payables	3,212	3,077
Other payables	6,160	8,248
Total financial liabilities	**36,039**	**22,616**

Due to the nature of its operations, investments, and financing, the Company is exposed to a number of financial risks. It is company policy to operate with a low risk profile, so that currency risk, interest rate risk and credit risk only occur in commercial relations.

The scope and nature of the Company's financial instruments appear from the income statement and statement of financial position in accordance with the accounting policies applied. Provided below is information about factors that may influence amounts, time of payment, or reliability of future payments, where such information is not provided directly in the financial statements.

This note addresses only financial risks directly related to the Company's financial instruments. The Company's most important operational and commercial risk factors are described in more detail on pages 42-44 of the annual report.

Currency risk

Currency risk is the risk that arises from changes in exchange rates and affects the Company's result.

The general objective of Agillic's currency risk management is to limit and delay any adverse impact of exchange rate fluctuations on earnings and cash flows and thus increase the predictability of the financial results. Agillic also aims at balancing incoming and out-going payments in local currency as much as possible as well as monitoring the development in exchange rates and adjust price lists when required.

The greatest exposure in foreign currency is to NOK and in 2019, 37% (2018: 36%) of Agillic's revenue was denominated in NOK. In order to minimise the currency risk related to transactions in NOK, Agillic holds cash deposits in NOK. Furthermore, the Company generally seeks to ensure that contracts with clients are entered into in DKK, NOK or EUR. Though the Company is also exposed to exchange rate risk in GBP, USD and AUD, the exchange rate risk exposure in these currencies is considered very limited.

Note 23 - Financial risks - continued

Based on the net exposure of the Company, the hypothetical impact of exchange rate fluctuations on revenue and EBITDA, is as follows:

(DKK '000)	2019	2018
Sensitivity to a 10% increase in NOK exchange rate		
Revenue	2,001	1,396
EBITDA	1,078	769

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
(DKK '000)	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Currency				
NOK	2,842	8,019	1,526	1,026
EUR	423	321	654	388
SEK	274	1,094	78	5
Other	19	342	50	81

Interest rate risk

Interest rate risk arises in relation to interest-bearing assets and liabilities.

Agillic's interest-bearing borrowings of DKK 16,596 thousand as per 31 December 2019 is subject to a variable rate of interest based on a 3-month CIBOR plus a premium.

If market interest rates increased by one percentage point, the interest rate sensitivity as calculated based on the loan balance to credit institutions as per end of 2018, would lead to a yearly increase in interest expenses of DKK 166 thousand. A corresponding decrease in market interest rates would have the opposite impact.

Liquidity risk

The Company ensures sufficient liquidity resources by liquidity management.

In order to limit the Company's counterparty risk, deposits are only made in well-reputed banks.

To further strengthen the liquidity and fund growth, an increase of the credit line from the Company's main bank amounting to DKK 4.0 million has been agreed in February 2020. Refer to note 24 Events after the reporting period for further details on the initiated fundraising process.

Note 23 - Financial risks - continued

Credit risk

The main credit risk in the Company is related to trade receivables. The Company does not have material risks related to a single client or partner. The company's business model leads to a very limited credit risk, as the majority of the subscription based revenue derived from contracts with clients are subject to upfront annual invoicing and payment.

The Company did not historically have any siginficant losses on trade receivables and the risk of significant losses on the total receivables at 31 December 2019 is estimated to be limited. At 31 December 2019, the Company has trade receivables sent to debt collection and receivables due more than 30 days of DKK 933 thousand. Hereof, DKK 932 thousand has been provided for as doubtful receivables.

Also refer to note 15 Trade receivables.

Capital structure

Agillic manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The capital structure of Agillic consists of net payables and equity.

Management reviews the capital structure continually to consider if the current capital structure is in accordance with the Company's and shareholders interests.

In March 2018, the Company was listed on Nasdaq First North. The main purpose of the listing was to raise funds to strengthen the Company's position in Denmark and the Company's planned international expansion. In connection with the listing, the Company received a proceeds of DKK 34.8 million, net of costs.

Note 24 - Events after the reporting period

As mentioned in the Management Report, Agillic has initiated a process aiming at raising DKK 20-25 million in a share issue to fund growth opportunities and to secure the liquidity to support the strategic plan. The fundraising is expected to be finalized during H1 2020.

In order to further strengthen the liquidity and fund growth, an increase of the credit line from the Company’s main bank amounting to DKK 4.0 million has been agreed in February 2020.

Further, with effect from 1 March 2020, Agillic has recruited Emre Gürsoy who will replace Jesper Valentin Holm as CEO of the Company. Jesper Valentin Holm will continue as senior member of the Management team in his new role as Chief Revenue Officer (CRO).

No other material events have occurred after the reporting period, that have consequences for the Annual Report 2019.

Definitions of key figures and ratios

Annual Recurring Revenue
Annual Recurring Revenue (ARR) is the value of subscriptions at a given date, including transaction-based use, entered into with the Company and converted to a monthly value multiplied by 12.

New subscriptions are included in ARR at the time of entering into the binding agreement, which would typically occur at the time of signing the agreement.

For changes to existing subscriptions, ARR is included at the time that the change enters into force.

Subscriptions that are terminated or not renewed are reduced on ARR at the time that the agreement ceases to exist.

Subscriptions are typically entered into with an irrevocable period of 12-36 months. Inclusion of ARR is conducted in the following manner:

For 12 month subscriptions, ARR is included as 1 times the value of the agreement. For 24 month subscriptions, ARR is included as ½ times the value of the agreement. For 36 month subscriptions, ARR is included as ⅓ times the value of the agreement. Monthly subscriptions are included in ARR as 12x the actual monthly value of the subscription (MRR).

In addition to the value of subscriptions, the clients' transaction-based subscription use, including email and SMS transactions, are also included in ARR.

The value of ARR from transaction-based use is calculated as the latest quarter's actual transaction-based use multiplied by 4.

From quarter to quarter, ARR is calculated as the value from the last day of the most recent quarter's ARR adjusted for changes until the last day of the current quarter.

The following elements are included in the calculation of the changes in ARR:

\+ Additional sales to existing clients (subscription-based upgrades/additional services)
\+ Agreed upon price adjustments to existing subscriptions
\+ New sales of subscriptions
\+ The change (+/-) in transaction use derived from the subscriptions
\- Termination or downgrading of subscriptions
= Change in ARR

ARR is calculated in Danish kroner (DKK). When entering into a agreement in a foreign currency, a currency conversion is conducted at the time of entering into the agreement.

Definitions of key figures and ratios - continued

Churn rate (%)	The value of terminated ARR for a 12-month period as a percentage of total ARR end of reporting period.
Customer Acquisition Costs (CAC)	The sales and marketing costs (inclusive directly related costs, like travel costs, personnel IT costs, costs of office etc.) of acquiring one new client.
Customer lifetime	Average number of years from customer's acquisition to customer churn calculated as 1 divided by gross value churn rate.
Earnings per share (EPS)	Net profit divided by the weighted average number of shares.
Earnings per share, diluted (DEPS)	Net profit divided by the weighted average number of shares, inlcuding the dilutive effect of stock options.
EBITDA	Net profit before interest, tax, depreciation, amortisation and results from subsidiaries and joint ventures.
EBIT	Earnings before interest and tax. See operating profit.
Gross profit margin (%)	Gross profit as a percentage of revenue.
Number of employees year end (FTE)	Number of full-time equivalent employees (part-time employees translated into full-time employees) at the end of the year.
Years to recover CAC	Average number of years to recover the costs of acquiring one new customer (CAC) calculated as CAC divided by Average ARR*Gross profit margin %.

Company Information

Company
Agillic A/S
Gammel Mønt 2, 3.
1117 Copenhagen K
Denmark

CVR No.:	25 06 38 64
Municipality of domicile:	Copenhagen, Denmark
Date of establishment:	2 December 1999
Financial year:	1 January - 31 December
Phone:	+45 70252825
E-mail.:	contact@agillic.com
Website:	www.agillic.com

Board of Directors
Johnny Emil Søbæk Henriksen, Chair of the Board
Peter Aue Elbek
Jesper Genter Lohmann
Casper Moltke-Leth
Mikael Konnerup

Board of Management
Jesper Valentin Holm, CEO
Bo Sannung
Rasmus Houlind

Auditor
Deloitte Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Annual General Meeting
The ordinary Annual General Meeting will be held on Tuesday 24 March 2020 at 5 pm at Gl. Mønt 4, 1., Copenhagen, Denmark.

agillic