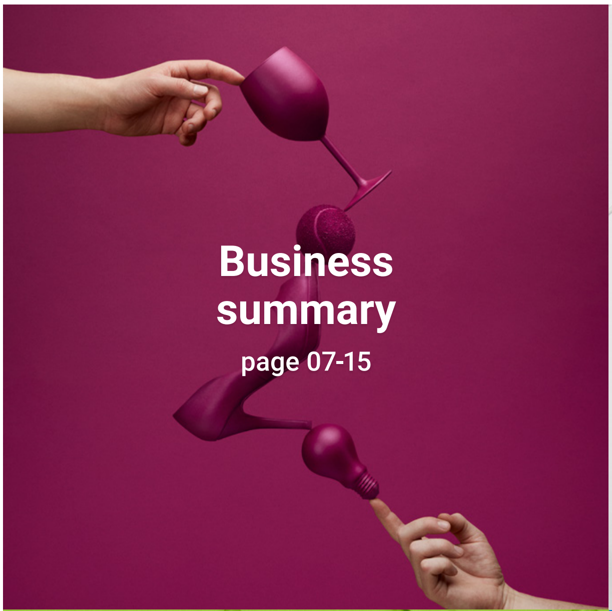
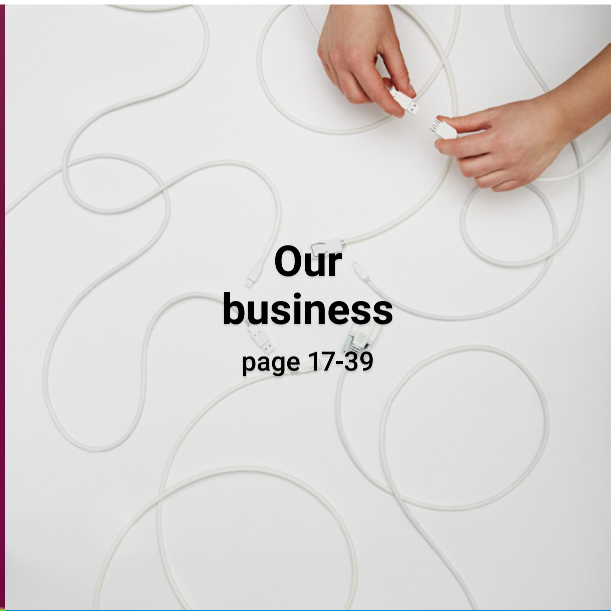
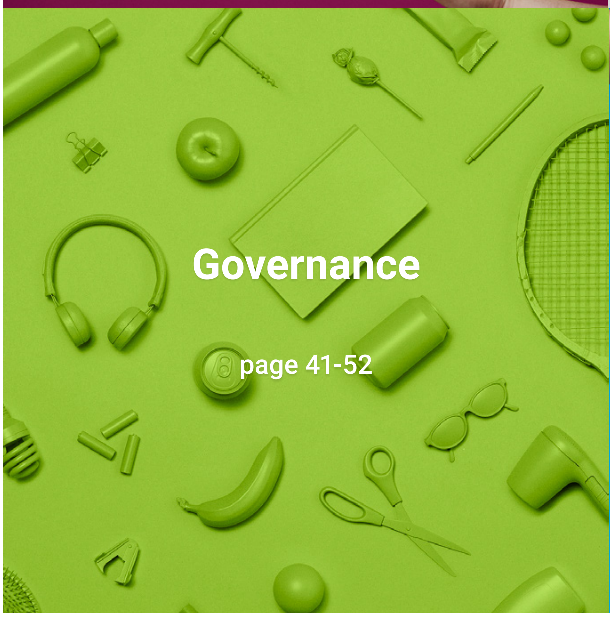
Annual report 2018

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

agillic







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.

Contents

Agillic at a glance

Equity story

Agillic is a Danish software company enabling marketers to maximise the use of data and translate it into relevant and personalised communication, establishing strong relations between people and brands. Our Customer Marketing Platform uses AI to analyse data and to enhance the business value of customer communication. By combining data-driven customer insights with the ability to execute personalised communication, we provide our clients with a head start in the battle of winning markets and customers. In 2018, the world market for Marketing Automation Software, the target market for Agillic, amounted to an estimated USD 2.1 billion, having increased an estimated 16% compared to 2017.[1]

Financial highlights 2018

DKK **50** MILLION

ARR: DKK 50 million
– an increase of 51%

DKK **39** MILLION

Total revenues: DKK 39 million
– an increase of 51%

DKK **-19** MILLION

EBITDA: DKK -19 million
– a decrease of 19 million

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

The Agillic share

Agillic was listed on Nasdaq First North Copenhagen on 22 March 2018.
The market value of Agillic following the Initial Public Offering (IPO) was DKK 355 million at market closure on 22 March 2018.

Ticker: AGILC

An investment in Agillic is an investment in:

- a scale-up software company with an entrepreneurial spirit
- a market-leading AI-powered, personalisation marketing platform
- a proven business model: Software as a Service (SaaS) based on subscription
- 56 dedicated specialists

Offices
HQ: Copenhagen, Denmark
Sales offices: London, UK, and Stockholm, Sweden
Development: Copenhagen, Denmark and Kiev, Ukraine

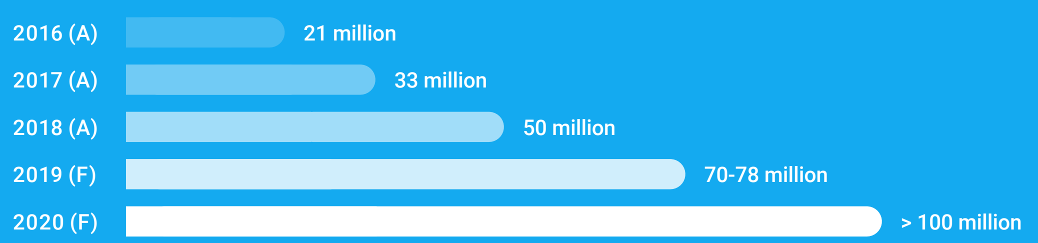
Market presence
Denmark, Finland, Norway, Sweden, Switzerland, UK

Recognitions

Agillic was awarded
“Best e-commerce tool of the year”
at the Association of Danish Internet Trading’s (FDIH) annual prize ceremony in 2018

Agillic achieved the highest ‘top-of-mind’ score as well as the highest ‘unassisted awareness’ score according to the yearly image analysis (2018) from MyResearch

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



* Please refer to page 22 for an explanation of Annual Recurring Revenue

HofF™
HOUSE OF FRIENDS

» With Agillic we have found a cost-effective platform that is easy to implement with our customers, it has a built-in omnichannel focus and pre-built AI-powered customer journeys. Our customers don't need IT staff to be able to create and execute creative and automated communication. Together with Agillic, we are one of the leading players within the field in Sweden and since we started working with Agillic our marketing automation business has doubled, and we expect a continual growth of 100% a year.

Magnus Widgren, CEO of House of Friends

About House of Friends: House of Friends is a leading Swedish agency with a strong focus on creativity.

RESPONSIVE

» What Agillic brings to the table is profound expertise in the field of automated cross-channel marketing technology. With an innovative yet robust platform, Agillic is our go-to solution for delivering on the challenging agenda of the modern CMO.

Peter Schlegel, CEO of Responsive

About Responsive: Responsive is a customer engagement agency using analytics and technology to plan and execute the most effective sales and marketing initiatives for their clients.

Business summary

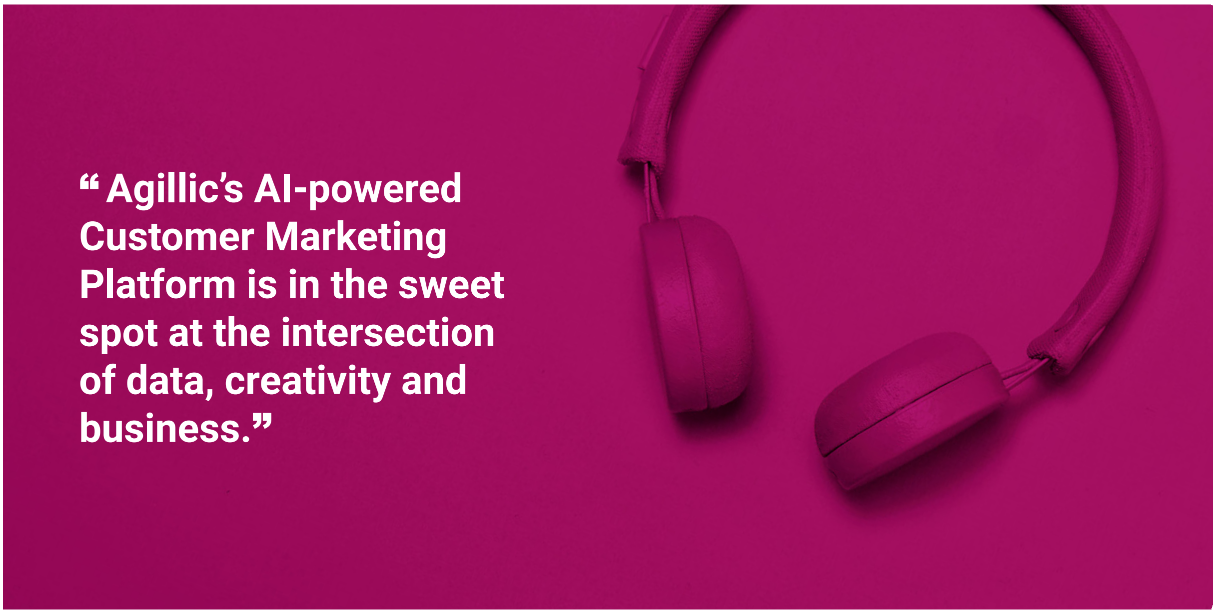
On track towards 2020

2018 was a solid year for Agillic, and we are pleased with both the company's financial results and operational performance. We achieved an Annual Recurring Revenue (ARR) of DKK 50 million, exceeding our originally estimated outlook for 2018. We strengthened our foothold in UK and intensified our Nordic presence, welcoming a number of new clients from various industries.

It has been a very busy year for Agillic with the Initial Public Offering (IPO) on Nasdaq First North Copenhagen in March 2018 as one of the highlights that has made a lasting and positive change to our company. We have always felt a strong commitment to making a difference and to delivering value to our clients – and with the IPO this commitment now also includes our shareholders.

The capital raised at the IPO enabled us to accelerate our growth strategy and to intensify our internationalisation efforts. Under the influence of the ongoing digital business transformation and the changing marketing landscape, we experienced an increasing interest in Agillic. Furthermore, we were able to welcome a number of new clients from a wide range of industries, all of whom share the conviction that AI-powered, automated and personalised communication executed through Agillic's Customer Marketing Platform, will provide them with a competitive advantage.

Our activities in 2018 helped realise our strategic goals and we are especially pleased that we have managed to build momentum in UK, where several clients chose to subscribe to the Agillic Customer Marketing Platform, thus significantly supporting our sales and growth aspirations.



A financially solid 2018

Annual Recurring Revenue (ARR) amounted to DKK 50 million in 2018, which is an increase of 51% compared to year-end 2017, and we are steering firmly towards our end-2020 financial target of an Annual Recurring Revenue (ARR) of at least DKK 100 million. In conclusion, we are satisfied with our financial achievements in 2018 and the overall performance of the Agillic business.

Data is the fuel, tech is the tool

There are several megatrends setting the 2019 agenda for marketing departments, but one of the main drivers is the quest for personalised communication, and the business advantages this holds. Consumers produce enormous amounts of data, and companies and marketers can no longer manage or act on the data manually. They need tools such as Agillic’s Customer Marketing Platform to deploy complex and effective communication flows, leveraging data strategically. This trend positions Agillic’s AI-powered Customer Marketing Platform in the sweet spot at the intersection of data, creativity and business. We intend to continue to take advantage of this and our organisation is set up for delivering positive customer experiences and growth in 2019.

While growth through internationalisation remains a strategic priority on the path to realising our ambitious 2020 goal, we are also conscious of the importance of continually delivering high quality to existing clients and adding value to their businesses. Looking back at 2018, the majority of our clients chose to extend their subscriptions with Agillic and, in many cases, increase their engagement with us. Being able to retain clients is highly important to us and our high retention rate is evidence of their commercial satisfaction with Agillic's marketing software.

We attract and retain clients through the continued development of the Agillic Customer Marketing Platform. In 2018, clients embraced our AI offering, which undergoes continuous enhancements. In 2019, we are looking forward to launching our paid media integration, which enables clients to take the positive effects of the personalisation they already know from e.g. newsletters to paid media, i.e. digital advertising. We will also launch a new and more intuitive Agillic user-interface, which will improve the user experience for our clients. The 2019 initiatives will help our clients stay at the forefront and contribute to consolidating Agillic as a reliable and innovative software vendor and attractive investment in the marketing-technology category.

Financial outlook for 2019
Based on market prospects, Agillic's strategy and the results we achieved in 2018, our financial outlook for 2019 is positive. Annual Recurring Revenue is expected to amount to DKK 70-78 million. We expect a revenue of DKK 52-60 million and an expected EBITDA of DKK -7 to -15 million.

Thank you!
We thank our shareholders, partners and clients for their trust in Agillic – we are dedicated to delivering results for you. We would also like to extend considerable thanks and gratitude to our employees who are living our core values – integrity, continuity, expertise and dedication – and without whom there would be no Agillic. We are on track towards our 2020 goal and will continue to work hard to achieve it.

Johnny Henriksen
Chair of the Board of Directors

Jesper Valentin Holm
Chief Executive Officer

Performance highlights 2018

DKK million	2018	2017	Change (%)
Income Statement			
Total revenue	39.0	25.8	51%
Gross profit	29.4	22.1	33%
Gross profit margin	75%	86%	-
Operational costs	48.5	22.2	118%
EBITDA	(19.1)	(0.1)	-
Operating profit (EBIT)	(23.3)	(2.1)	1010%
Profit before tax	(28.0)	(5.9)	375%
Net profit	(25.8)	(5.2)	396%
Financial position			
Cash	12.3	0.0	-
Current assets	26.0	17.4	49%
Total assets	47.4	31.4	51%
Equity	3.5	(6.4)	-
Deferred income	21.3	15.8	34%
Debt to credit institutes	11.3	16.1	(30%)
Trade payables	3.1	1.4	121%
Dividends paid	0.0	0.0	-
Employees			
Average number of full-time employees	42	25	68%
Software as a Service (SaaS)			
Annual Recurring revenue (ARR)[1]	50.1	33.2	51%
Net increase/decrease in ARR	16.9	12.4	36%
Average Annual Recurring Revenue (ARR)[2]	0.7	0.5	34%
Gross profit margin (adjusted)[3]	75%	76%	-
Customer Acquisition Costs (CAC)[4]	0.9	0.5	91%
Years to recover CAC (years)[5]	1.7	1.2	44%

[1-5] See references to SaaS table on page 13.

Financial development per quarter

DKK million	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Total	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2018 Total
Income Statement										
Total revenue	6.3	6.2	6.1	7.1	25.8	8.2	9.5	9.1	12.2	39.0
Gross profit	5.5	5.1	5.5	6.0	22.1	5.3	7.2	7.1	9.7	29.4
Gross profit margin	87%	83%	90%	84%	86%	65%	76%	78%	79%	75%
EBITDA	0.6	(0.6)	(0.2)	(0.3)	(0.1)	(5.4)	(4.0)	(3.4)	(6.3)	(19.1)
Net profit	0.3	(1.6)	(0.8)	(3.2)	(5.2)	(7.2)	(6.1)	(5.8)	(6.7)	(25.8)
Financial position										
Total assets	21.2	21.0	23.1	31.4		60.4	53.9	50.0	47.4	
Equity	1.8	2.7	3.4	6.4		21.4	15.4	9.9	3.5	
Debt to credit institutes	10.3	11.0	13.0	16.1		13.0	11.6	9.0	11.3	
Dividends paid	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)	(1.1)	35.1	(11.0)	(8.5)	(3.3)	12.3
Employees										
Headcount (end of quarter)	18.0	18.0	23.0	27.0		32.5	43.0	49.5	56.0	

DKK million	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Average	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2018 Average
Software as a Service (SaaS)										
Total Annual Recurring Revenue (ARR)[1]	21.4	21.7	23.7	33.2		35.1	37.9	41.8	50.1	
Net increase/decrease in Annual Recurring Revenue (ARR)	0.6	0.2	2.1	9.5	3.1	1.9	2.8	3.9	8.3	4.2
Average Annual Recurring Revenue (ARR)[2]	0.5	0.5	0.5	0.6	0.5	0.6	0.7	0.7	0.7	0.7
Gross profit margin (adjusted)[3]	77%	73%	80%	76%	76%	71%	77%	78%	75%	75%
Customer Acquisition Costs (CAC)[4]	0.4	0.4	0.5	0.5	0.5	0.7	1.0	0.9	0.9	0.9
Years to recover CAC (years)[5]	1.1	1.3	1.3	1.1	1.2	1.6	2.0	1.7	1.6	1.7

[1] Annual Recurring Revenue (ARR), i.e. the annualised value of subscription agreements and transactions at the end of the actual reporting period. [2] Average Annual Recurring Revenue, i.e. the average ARR per customer. [3] Gross profit margin (adjusted), i.e. gross profit margin adjusted for a special release of accruals in 2017. 2017 gross profit margin before adjustment amounts to 84%. No adjustment are made in 2018. [4] Customer Acquisition Costs, i.e. the average sales and marketing cost (inclusive direct related costs, like travel costs, personal IT costs, costs of offices etc.) of acquiring one new customer. [5]Years to recover CAC (years), i.e. the average period in years it takes to generate sufficient gross profit from a customer to cover the costs of acquiring the customer.

Financial outlook 2019

Agillic expects the strong growth to continue in 2019 and Annual Recurring Revenue at the end of 2019 is expected to amount to DKK 70-78 million.

As Agillic is confident in its ability to generate a positive cash flow from new clients over the clients' lifetime, the company will continue acquiring new clients in already established markets as well as in new markets in Europe with special focus on DACH and Benelux.

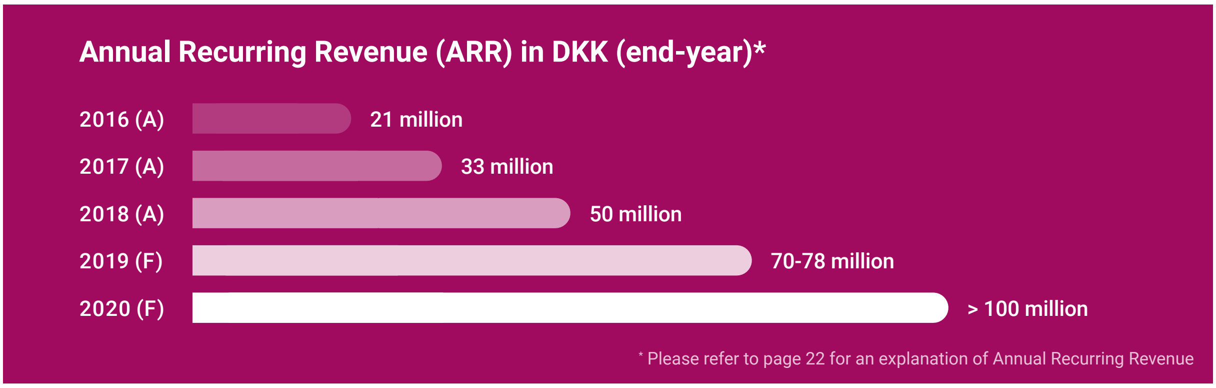
With an increased client base at the beginning of 2019, Agillic is expecting to increase the positive cash flow generated from existing clients in 2019.

In 2019, Agillic will therefore continue to invest both free cash flow generated from existing clients as well as its current cash funds in acquiring new clients.

During the period 2015-2018, CAGR (Compounded Annual Growth Rate) of Annual Recurring Revenue (ARR) amounted to 60% and growth of ARR in 2018 amounted to 51% compared to the year before. The company expects the strong growth to

2019 Guidance

DKK 70-78 M	DKK 52-60 M	DKK -7 TO -15 M
Annual Recurring Revenue DKK 70-78 million	Revenue DKK 52-60 million	EBITDA DKK -7 to -15 million



continue in 2019 and Annual Recurring Revenue (ARR) at the end of 2019 is expected to amount to DKK 70-78 million, corresponding to an increase of 40-56%.

In a subscription business model, such as Agillic's, revenue is recognised over the subscription period revenue, which means revenue will be less than the Annual Recurring Revenue (ARR) as long as the company is expanding. In 2019, revenue is expected to amount to DKK 52-60 million, corresponding to an increase of 33-54%.

As it is often the case for small and medium-sized SaaS-companies, the sales and marketing cost related to acquiring new clients typically, on an initial basis, generate a negative EBITDA. In the following years, the subscription value is expected to exceed the cost associated to maintain the client and a positive EBITDA is generated. Furthermore, the EBITDA margin on existing clients is expected to expand as the base of existing clients grows.

Existing clients generate a positive EBITDA. This will, however, be offset by the negative EBITDA generated by acquiring new clients. On this background, including Agillic's planned strategy of growth via internationalisation, EBITDA for 2019 is expected to amount to DKK -7 million to DKK -15 million.

In consequence of the growth and investment strategy, the company is expecting a negative result in 2019. This will impact the equity negatively. In line with strategy, Agillic will accept a negative result and a reduced equity as long as there is a market potential for growth. However, with a growing client base, the company is steadily moving towards a viable situation, where revenue from existing clients covers the investment in acquiring new clients. Therefore, the company is expecting to increase its equity by 2020 and beyond.

Agillic's offensive growth strategy is cash consuming, therefore we are continuously monitoring and adjusting the growth investment according to the actual financial situation. To accelerate the company's expansion, the company might choose to strengthen its financial position via debt or equity.

The financial outlook for 2019 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 2019.

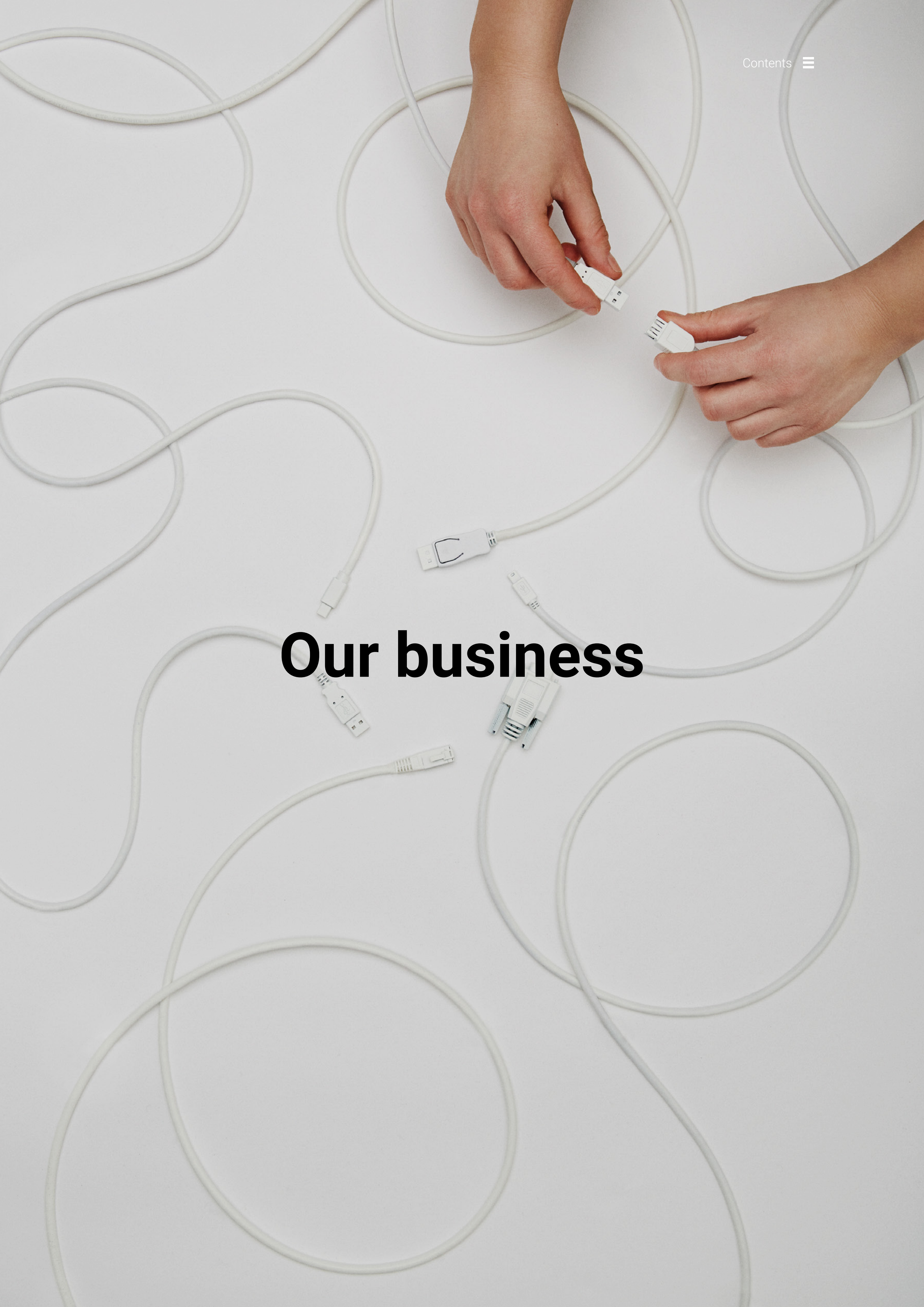
» Ours is an omnichannel strategy, and we want to provide a holistic shopping experience regardless of channel and space. The customer is at the centre of everything we do, and this is what the Agillic platform enables us to act upon.

Jesper Holm Pedersen, Loyalty Manager, SPORTMASTER

» Agillic supports our strategic objective of creating loyalty – and on an operational level, the platform enables us to be more efficient in our daily work.

Charlotte Albrechtsen Christensen, Head of Individual Giving, Fundraising and Marketing, Danish Red Cross

Our business



The Agillic 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.

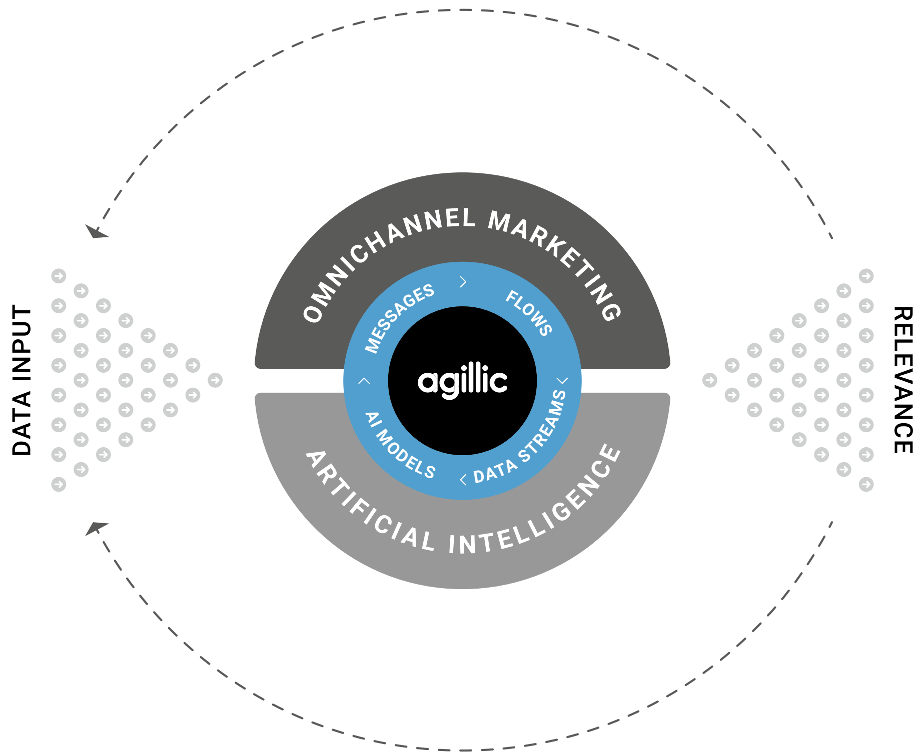
Agillic is a software company and our product is aimed at marketing departments. Within the marketing-technology eco-system, we define the Agillic software as a Customer Marketing Platform. The platform enables our clients to create and execute automated personalised communication at scale across channels, which is also called omnichannel marketing. The communication can be executed through email, SMS, app push, personalised websites, offline materials and ads in paid media.

We offer pre-built customer journeys, which are communication flows, triggered by defined events, such as specific purchase or consumer behaviour. We provide the option to deploy AI-driven customer journeys to explore high volumes of data at a very granular level. This has a documented effect on the commercial value of the communication and our clients' revenue.

Our clients' business objectives

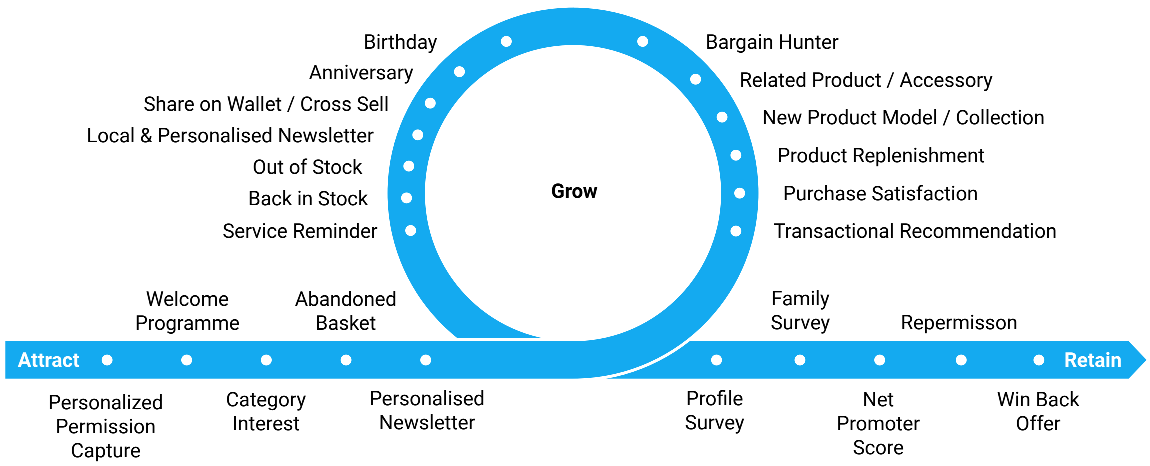
The modern marketing department must drive growth and it must establish and maintain the connection between the brand and consumers by means of creative and compelling communication. Furthermore, the CMOs (Chief Marketing Officers) must commit themselves to delivering a documented contribution to top-line growth, i.e. Return on Marketing Investment, and customer loyalty.

The fact that contemporary consumers are becoming immune to traditional advertising and the "one size fits all" campaigns are losing impact is a massive challenge. Personalisation is the new norm by which consumers have come to expect hyper individualised content and interactions of constant relevance. In order to meet customer expectations, marketers are increasingly focusing on building scalable personalisation capabilities through investments in marketing technology (martech) to be able to explore and act on the massive volumes of customer data available. They need to be able to analyse, predict and track results to stay competitive. The successful companies have already transitioned to driving customer loyalty and business growth by the fusion of crea-



Built for marketers

The Agillic Customer Marketing Platform is built for the marketer who wants to be in control of attracting, growing and retaining relationships with the consumer. Built upon a deep understanding of modern marketing challenges and technological opportunities, the Agillic AI-powered Customer Marketing Platform enables marketers to exploit opportunities through automated 1:1 communication at scale, across channels such as, email, SMS, Apps, personalised websites, offline materials and ads in paid media. Users of the Agillic Customer Marketing Platform work efficiently and fluently with data insights, creative messaging and best-in-class communication across paid and owned media, all from a single interface.



tivity and analytics, and many more will follow. And it is at this intersection of data, creativity and business that the Agillic Customer Marketing Platform is empowering the marketing department to orchestrate communication with the individual customer at the centre and execute personalised and compelling communication at scale.

Software delivery

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

The SaaS-market is in general experiencing growth, which is also reflected in the marketing technology sector, in which Agillic operates.[1] Being a SaaS company, Agillic is prepared to capitalise on the growth potential and to scale the business internationally and by pursuing growth in specific verticals. As part of scaling the platform to provide services to more clients, Agillic is scaling staff functions such as Support to maintain high client satisfaction.

A subscription business model

Agillic targets mid-sized business-to-consumer businesses with a substantial customer base in all industries, but primarily Retail, Digital Subscription Business, Travel & Leisure, NGO & Unions, and Financial Services. We sell directly to businesses as well as through partners.

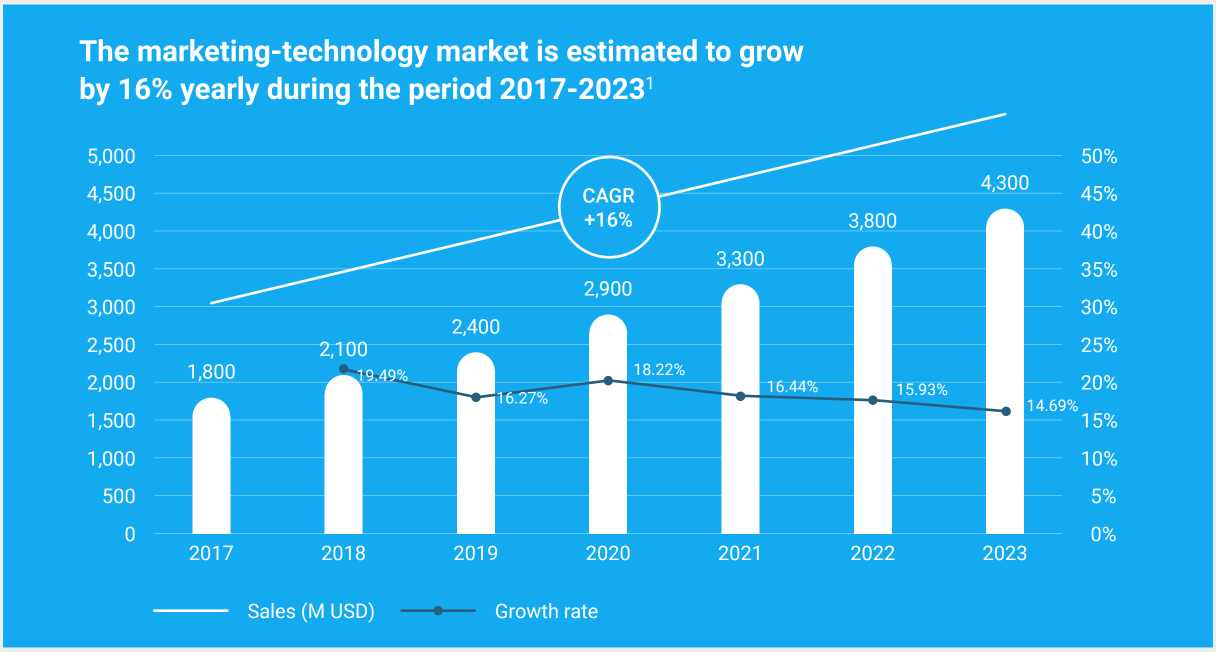
Agillic is currently present in six countries, with main market momentum in Denmark and Norway.

Clients subscribe to the Agillic Customer Marketing Platform and pay an annual fee depending on the number of channels they choose to use. Based on the number of transactions, for example the number of email 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

"Personalisation is the new norm by which consumers have come to expect hyper individualised content and interactions of constant relevance."

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



themselves to a subscription period of one year. This provides a very degree of financial transparency and stability as the revenue is foreseeable. The central financial metric for SaaS companies such as Agillic is Annual Recurring Revenue (ARR). It comprises the annualised value of subscriptions and transactions at the end of the actual reporting period. For a further explanation of Annual Recurring Revenue, please see page 22.

The market and the competitive landscape
The marketing-technology market is estimated to grow by 16% yearly during the period 2017-2023 and there are many players looking to benefit from the growth potentials.[1]

The competitive marketing-technology landscape covers large full-scale providers and best-of-breed providers, such as Agillic. Opposed to the large multi-purpose suite providers, Agillic excels in delivering a flexible, cost-advantageous software with dedicated capabilities.

Competition varies depending on the individual markets, but in tenders Agillic generally competes with global suite providers 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.

In comparison to the large suite providers, Agillic's unique selling points (USPs) are:
- Speedy onboarding
- Easy implementation
- Fast time to value

In comparison to best-of-breed providers, Agillic's unique selling points (USPs) are:
- Sector convergence
- Omnichannel capacities
- AI fast-track qua pre-built customer journeys

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

Annual Recurring Revenue (ARR)

One of the key metrics for SaaS companies such as Agillic is the Annual Recurring Revenue as it expresses the recurring value of the company's subscriptions.

Annual Recurring Revenue (ARR) is one of the key figures and value drivers when looking at the performance of a Software as a Service (SaaS) company such as Agillic, because it is the foundation for evaluating the potential recurring revenue a SaaS company can generate over time.

Equity analysts often apply a multiple to ARR in order to estimate a value of stock exchange listed SaaS companies.

A SaaS company is defined as a company that delivers access to a centrally hosted software model on subscription.

In general, ARR expresses the revenue from subscriptions the SaaS company can generate in a 12 months period from its portfolio of current client agreements. ARR is important because it expresses the recurring value of the company's subscriptions, and as long as these subscriptions are not churned they will continue to generate revenue year after year.

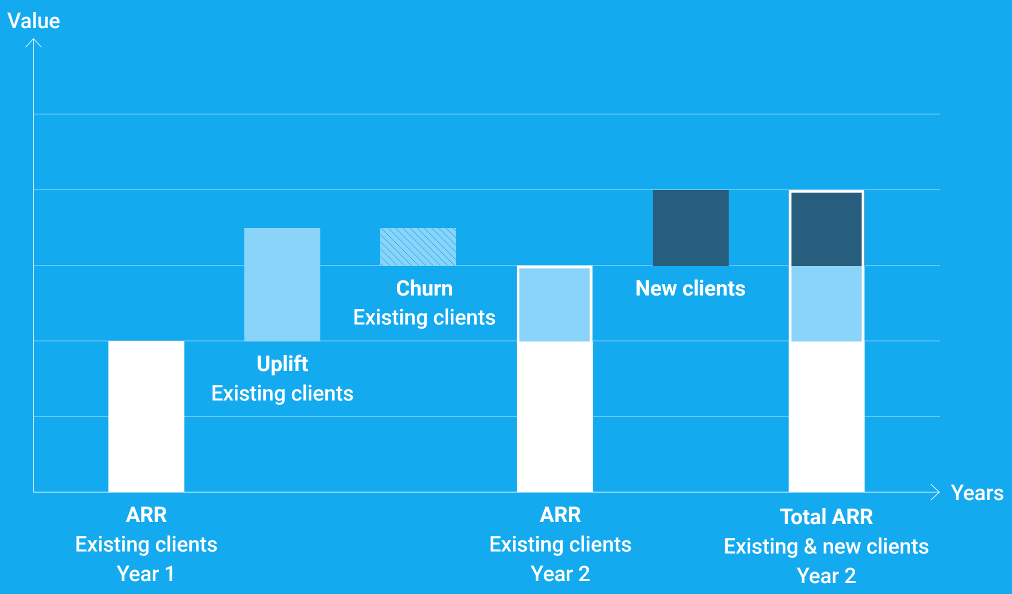
This also means that if the SaaS company's ARR is increasing, the revenue that will be generated year after year is increasing.

ARR will in general increase when the SaaS company's subscriptions with existing clients are uplifted and when the company sells new subscriptions. Similarly, ARR will decrease when subscriptions are churned, i.e. not prolonged. Hence, as long as the total value-increase from existing subscriptions and new agreements exceed the value of the agreements churned, ARR will increase and the revenue generated year after year will increase.

As long as the SaaS company can continue to increase its ARR there is – in theory – no limit for the accumulated future revenue. That said, all agreements are expected to churn at some point of time but as long as the value increase exceeds the value of churned agreements total ARR will increase.

Factors impacting the development of Annual Recurring Revenue (ARR)

Annual Recurring Revenue (ARR) will in general increase when the SaaS company's subscriptions with existing clients are uplifted and when the company sells new subscriptions. Similarly, ARR will decrease when subscriptions are churned, i.e. not prolonged. Hence, as long as the total value-increase from existing subscriptions and new agreements exceeds the value of the agreements churned, ARR will increase and the revenue generated year after year will increase.



The increase in Annual Recurring Revenue (ARR) from year 1 to year 2 can be summarised as follows:

+ Annual Recurring Revenue (ARR) end of year 1 (value of all existing client agreements)
+ increase in subscriptions and transactions from existing clients
- churn of existing clients
+ agreements with new clients

= Annual Recurring Revenue (ARR) end of year 2

Operational highlights 2018

In 2018, we accelerated the transformation of Agillic from a start-up to a scale-up company. During the Initial Public Offering (IPO), we presented investors with the six tactical focus areas we have identified as crucial to take us to the next level. We have been working according to the communicated plan and have achieved the expected results.

Based on three years of a proven product-market fit and business model, as well as a core team of highly skilled and motivated employees, Agillic is preparing for global scale-up.

During the Initial Public Offering (IPO) process in the spring of 2018, we presented investors with the six tactical focus areas, which we believe will take Agillic to the next level. In 2018, we have delivered results in all six areas.

1: Sales
In collaboration with Deloitte Monitor, during Q4 2018 we conducted a thorough analysis of the existing subscription base, identifying the client and deal characteristics, that have proven the most valuable over the past four years. Based on this, we have been able to focus our market position, target clients and competitive differentiation. This has enhanced our ability to select the business opportunities offering the potentially highest win rates as well as most value over time.

We have reinforced our sales team in both Denmark, UK and Sweden. During 2018, Thomas G. Andersen was recruited to lead the establishment of our international sales team, a task Thomas has many years of experience with from his time with Sitecore, as managing director for the Nordics and the emerging markets.

Running an efficient marketing operation is key to ensuring sales success. Bringing Agillic to new markets is dependent on marketing being able to harvest prospects and mature these to the right level before handing over to sales. During 2018, we established our inside sales process and pipeline management to allow for further growth in established as well as new territories in 2019 and onwards.

“During 2018, we established our inside sales process and pipeline management to allow for further growth in established as well as new territories in 2019 and onwards.”

2: Internationalisation

During 2018, we introduced Agillic in UK, opening a sales office, led by Mike Weston. Mike Weston and his team succeeded in entering into contracts with a handful of clients and partners during the second half of 2018, which was faster than originally expected.

We aim to grow our market share in Sweden, and in 2018 we succeeded in entering into contracts with important partners, as well as welcoming Jonas Luthander as Country Manager. Jonas has 20 years of experience working with enterprise sales in organisations such as Microsoft and Sitecore, as well as experience from several successful Swedish start-ups.

We expect to grow the Swedish market further in 2019 and we feel confident that we have created the right foundation for future success.

A strong partner strategy is part of our internationalisation ambitions and in August 2018, we welcomed Kim Elsass as Head of Global Partner Programmes to prepare our entry into new territories, such as Benelux and DACH, a task Kim has substantial experience with from his many years with Sitecore as a member of their global management team.

3: Thought leadership
A key component for success with our internationalisation plans is our ability to ensure that prospective partners and clients are exposed to our expertise within contemporary marketing and technology, and establish ourselves as a trustworthy and robust player in markets where we have little presence.

For that reason, Agillic employees across the team often share their view on topics from high-level market trends to hands-on input and advice on marketing tactics.

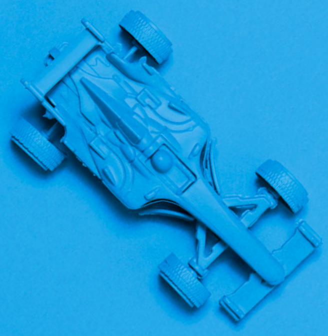
We are delighted to learn that during 2018 the professional marketing community found our contribution valuable:

- Agillic achieved the highest "top-of-mind" score as well as the highest "unaided awareness" score in Denmark, ahead of global competitors such as Salesforce and Adobe in the yearly image analysis from MyResearch.
- We were awarded first prize as "Best e-commerce tool" at the Association of Danish Internet Trading's (FDIH) annual prize ceremony.
- CIO Outlook included Agillic in the list of Top 10 retail tech companies[1] to watch and also brought an article[2] about the Agillic Customer Marketing Platform
- BBC World has several times asked us to comment on trends in the tech industry
- We have been invited to give conference keynotes and participate in panel discussions at numerous conferences across Europe.
- In May, we hosted the yearly Agillic Summit in Copenhagen and London, bringing the latest with AI-driven marketing to more than 500 marketers.

[1] https://europe.retailcioutlook.com/vendors/top-retail-tech-companies-in-europe-2018.html

[2] https://europe.retailcioutlook.com/vendor/agillic-fueling-retail-marketing-automation-using-ai-cid-321-mid-42.html

“During 2018, we proved the value of our AI offering with several clients. We have seen improvements to communication efficiency of between 300-900%, compared to traditional campaign communication.”



Improve AI offering

During 2018, we proved the value of our AI offering with several clients. We have seen improvements to communication efficiency of between 300-900%, compared to traditional campaign communication. During 2019, we will reinforce and enhance our AI offering further to the benefit of both partners and clients. The development of Agillic's AI is handled in Armstrong One ApS that is a joint venture between Agillic and Houston Oy (Finland).

5: Maintain technological leadership

The Agillic Customer Marketing Platform offers specific advantages for our partners and clients, compared to our competitors. The ease and flexibility characterising the use of the Agillic Customer Marketing Platform allows partners and clients to focus their budgets and efforts on creating business results, rather than allocating budgets to IT implementation and integration projects. During 2018, we improved these capabilities even further. We refactor the platform components on an ongoing basis to leverage the most contemporary cloud capabilities, to support speed and scalability to the users, while at the same time optimising our operational costs.

There is a growing demand from marketers to have access to data from a variety of sources in a format allowing immediate use in a business context. We presented solutions for this in 2018 and we will continue with enhancement releases to put more power in the hands of the marketers.

In 2018, we announced a partnership with Adform, entailing an integration that enables users of Agillic to plan and execute customer marketing communication across owned and paid media channels from a single interface. This offers a unique opportunity for businesses to optimise their marketing spending and at the same time improve precision and relevance in their paid media communication. Based on this partnership, we expect to attract new clients throughout Scandinavia.

6: Retain and attract global talent

During 2018, we have welcomed 29 new colleagues, strengthening all teams across Agillic. The R&D and sales teams especially have been reinforced with highly specialised and experienced colleagues, infusing innovation, speed and quality into the entire organisation.

Financial review 2018

Agillic experienced a solid financial year in 2018. The company delivered on the projected outlook and the achieved results demonstrated a viable scale-up and internationalisation strategy and proved Agillic's market fit.

As part of Agillic's internationalisation, Deloitte was elected as new auditor for Agillic at an extraordinary general assembly on 14 December 2018. Following the election of Deloitte, Agillic has implemented new accounting principles according to the International Financial Reporting Standards (IFRS), as well as corrected the principles for recognising revenue. IFRS offers a more standardised reporting compared to the markets the company is entering and is also considered more appropriate in relation to Agillic's status as a listed company.

The transition from Danish Financial Statements Act to IFRS means that Agillic's performance becomes more easily comparable to other international companies. The financial statements of Agillic for 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS). The impact on the financial statements of the change in principles as well as correction of errors from prior periods are described in detail in note 1 Accounting Principles, page 65. The following comments are based on restated figures for 2017 and 2018.

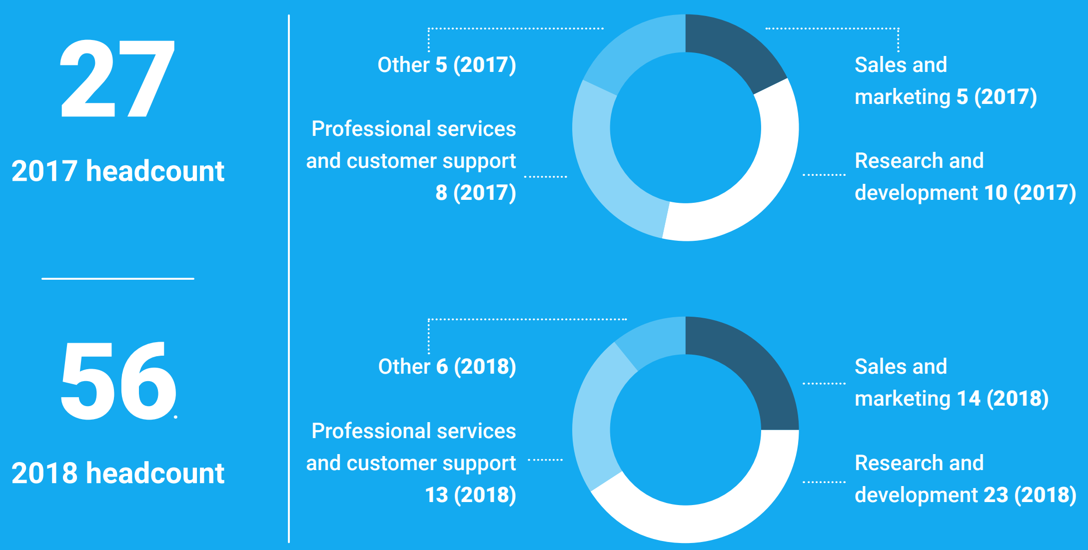
The company continued its high growth in 2018 with revenue increasing 51% compared to 2017. The investments in expansion and internationalisation were further accelerated in 2018 and the company raised DKK 32.6 million net of costs on NASDAQ First North Copenhagen to support its continued growth. 29 new employees were hired in Denmark and UK to strengthen the sales and marketing efforts, as well as further development of the Agillic Customer Marketing Platform. The increased costs for expansion generated an EBITDA of DKK -19.1 million, which adjusted for changes in accounting principles, was in line with the company's financial guidance for 2018.

Financial performance 2018

As part of Agillic's internationalisation, the accounting principles have been changed from Danish Financial Statements Act to International Financial Reporting Standards (IFRS). In addition to this,

Headcount 2017 and 2018

Increase in headcount 2017 to 2018 is 29, hereof 22 in sales, marketing and R&D.



the principles for recognising revenue have been changed from recognising revenue when a client is invoiced to recognising revenue over the subscription period starting when the client commences using the Agillic Customer Marketing Platform.

Based on these new principles, revenue amounted to DKK 39.0 million, corresponding to an increase of 51% compared to 2017. Growth in revenue was driven by continued strong development in existing clients that grew 24%, as well as revenue generated from new clients and revenue from clients processing transactions via the Agillic Customer Marketing Platform.

Deferred income amounted to DKK 21.3 million at the end of 2018, meaning that DKK 21.3 million of sales invoiced in 2018 will not be recognised as revenue until future financial years.

Agillic's original revenue guidance for 2018 was based on the previous accounting principles, Danish Financial Statements Act, where revenue is recognised when clients are invoiced. Based on those former principles, revenue guidance was DKK 47 million to DKK 53 million. Revenue for 2018, based on this principle amounted to DKK 47 million, and hence was within the original revenue guidance.

Direct cost increased by 58% to DKK 9.6 million, compared to DKK 6.1 million in 2017 (adjusted for accrued delivery costs of DKK 2.5 million released during 2017). The main driver behind the increase was increased cost related to client transactions processed through Agillic's platform. Gross profit margin was 75% compared to 76% in 2017, when adjusted for accrued delivery cost released during 2017.

As a consequence of the company's expansion strategy, staff costs increased 98% to DKK 27.4 million in 2018 from DKK 13.9 million in 2017. During 2018, the number of headcounts increased from 27 at year-end 2017 to 56 at year-end 2018. The average number of full-time employees in 2018 amounted to 42 compared to 25 in 2017.

To support the company's continued growth and internationalisation, sales and marketing, as well as competences in certain key positions, were strengthened significantly during 2018 with recruitment in both the headquarters in Denmark, and in UK.

In addition, the R&D function was further strengthened in order to secure that the Agillic Customer Marketing Platform and AI-offering remain state-of-art, and a total of 22 headcounts were hired in sales, marketing and R&D during 2018.

Other external costs increased by 162% to DKK 24.4 million in 2018 from DKK 9.3 million in 2017, and were mainly driven by increased costs to marketing, internationalisation and business development.

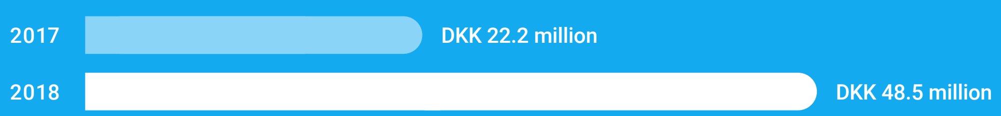
Total operational costs increased to DKK 48.5 million in 2018 from DKK 22.2 million in 2017 as a consequence of the investment in new employees to support the increased expansion and internationalisation. These activities reduced EBITDA to DKK -19.1 million in 2018 from DKK -0.1 million in 2017.

Agillic's original EBITDA guidance, as of 22 March 2018, for 2018 amounted to DKK -5 million to -10 million. If reported EBITDA for 2018 had been accounted for using previous accounting principles, EBITDA would have been within the original company guidance for EBITDA.

Depreciation increased 112% to DKK 4.2 million in 2018 from DKK 2.0 million in 2017. The main reason for the increased depreciations was a change in accounting principles (to IFRS) with a more aggressive depreciation profile. Previously, the devel-

Total operational cost

Total operational costs increased to DKK 48.5 million in 2018 from DKK 22.2 million in 2017 as a consequence of the investment in new employees to support the company's expansion and internationalisation.



opment of the Agillic Customer Marketing Platform has been divided into separated development projects and the depreciation of development costs started when a development project had been finalised and then depreciated over five years. As of 2018, the development of the Agillic Customer Marketing Platform is considered an ongoing development process where development costs are started being depreciated over five years as soon as they are held.

EBIT amounted to DKK -23.3 million in 2018 compared to DKK -2.1 million in 2017.

The development of the Agillic's AI is handled in Armstrong One ApS that is a joint venture between Agillic and Houston Analytics Oy (Finland). The share of profit after tax in joint venture covers Agillic's part of the result in Armstrong One ApS and amounted to DKK -3.3 million.

Financial costs mainly covering interest on debt to the Danish Growth Fund amounted to DKK 1.4 million.

In 2018, profit before tax amounted to DKK -28.0 million and net profit amounted to DKK -25.7 million compared to DKK -5.9 million and DKK -5.2 million, respectively, in 2017.

The positive tax income in 2018 and 2017 is capitalised tax credit for development costs.

Cash flow and liquidity and other significant balance sheet items

In March 2018, Agillic raised DKK 34.8 million (net of costs) when the company was listed at NASDAQ First North Copenhagen. During 2018 some of this capital was invested in the continued growth and internationalisation of Agillic as well as in repaying selected debt. On 31 December 2018, total current assets amounted to DKK 26.0 million, with cash position amounting to DKK 12.3 million, and trade receivables with due date in Q1 2019 amounting to DKK 10.6 million. Prepayments amounted to DKK 0.8 million.

Trade payables amounted to DKK 3.1 million.

During 2018, Agillic's cash position increased with DKK 12.3 million. DKK 46.4 million was generated from sales to clients while DKK 34.8 million (net of cost) was generated from issuing shares in connection with the company's Initial Public Offering (IPO) in March 2018. DKK 68.9 million was spent on operations and repayment of debt.

During 2018, net reduction in debt amounted to DKK 4.8 million, and on 31 December 2018 debt to the Danish Growth Fund amounted to DKK 11.3 million.

According to IFRS, the company's recently applied accounting principles, 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 2018, deferred income amounted to DKK 21.3 million. This amount will be recognised as revenue during 2019 and 2020.

Due to the changes in accounting principles, the opening balance for 2017 and the balance as of 31 December 2017 have been restated. The total negative adjustment to equity amounted to DKK 16.5 million. The adjustment was primarily driven by changes in revenue recognition and adjustment to deferred tax assets. With these technical negative adjustments, which do not have any cash implications, equity at 31 December 2017 amounted to DKK -6.4 million, while equity at 31 December 2018 amounted to DKK 2.5 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 via the platform. In 2018, the Annual Recurring Revenue (ARR) increased by 51% from DKK 33.2 million as of 31 December 2017 to DKK 50.1 million as of 31 December 2018, corresponding to an increase of DKK 16.9 million. Agillic's original guidance of 22 March 2018 was an increase in ARR of 40-50%. In December 2018, this guidance was increased to 48-52%, corresponding an increase in ARR in actual numbers of DKK 49-50 million.

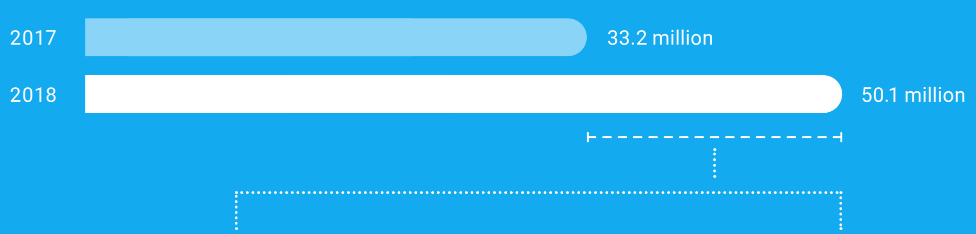
An important driver in the growth in Annual Recurring Revenue (ARR) was a net increase in the value of existing clients' subscription agreements that increased 24% compared to a market benchmark of -3%. That gave a retention rate of 124% compared to a market benchmark of 97%. In addition to this, the growth was driven by new clients.[1]

The increase in Annual Recurring Revenue (ARR) was generated from all markets, inclusive the UK market where a new sales team was established during 2018.

[1] Benchmark based on a sample of over 700 private SaaS companies analysed by SaaS Capital, using the median net revenue retention rate for companies of comparable revenue size. Source: Company information; SaaS Capital, Bessemer Venture Partners.

Increase of Annual Recurring Revenue (ARR) in DKK 2018

In 2018, Annual Recurring Revenue (ARR) increased by 51% from DKK 33.2 million as of 31 December 2017 to DKK 50.1 million as of 31 December 2018, corresponding to an increase of DKK 16.9 million.



51%

Annual Recurring Revenue (ARR) increased by 51% from 31 Dec. 2017 to 31 Dec. 2018.

DKK 16.9 MILLION

The 51% increase in ARR from 2017 to 2018 corresponds to DKK 16.9 million

Net Revenue Retention (NRR) 2018

Agillic outperforms the median net revenue retention rate of private SaaS companies with annual revenue of USD 5-10 million by 27 percentage points.[1]

[1] Benchmark based on a sample of over 700 private SaaS companies analysed by SaaS Capital, using the median net revenue retention rate for companies of comparable revenue size. Source: Company information; SaaS Capital, Bessemer Venture Partners.

The average Annual Recurring Revenue (ARR) per client, i.e. the average deal size, amounted to DKK 0.7 million in Q4 2018 compared to DKK 0.5 million in Q4 2017. The increase in 2018 was both driven by the increase in the size of existing subscription agreements as well as by minor customers being replaced by larger customers.

Customer Acquisition Costs (CAC), see definition on page 97, illustrates the average cost of acquiring one new client. It includes all costs 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, which due to its complexity involves a significant amount of people on both Agillic's and the client's side. This makes the sales process expensive and an investment in strengthening the sales and marketing organisation will not materialise in increased sales until after 6-9 months later.

Software as a Service (SaaS)

DKK million	2018	2017	Change (%)
Annual Recurring Revenue (ARR)[2]	50.1	33.2	51%
Net increase/decrease in ARR	16.9	12.4	36%
Average Annual Recurring Revenue (ARR)[3]	0.7	0.5	34%
Gross profit margin (adjusted)[4]	75%	76%	-
Customer Acquisition Costs (CAC)[5]	0.9	0.5	91%
Years to recover CAC (years)[6]	1.7	1.2	44%

[2] Annual Recurring Revenue (ARR), i.e. the annualised value of subscription agreements and transactions at the end of the actual reporting period. [3] Average Annual Recurring Revenue, i.e. the average ARR per customer. [4] Gross profit margin (adjusted), i.e. gross profit margin adjusted for a special release of accruals in 2017. 2017 gross profit margin before adjustment amounts to 84%. No adjustment are made in 2018. [5] Customer Acquisition Costs, i.e. the average sales and marketing cost (inclusive direct related costs, like travel costs, personal IT costs, costs of offices etc.) of acquiring one new customer. [6] Years to recover CAC (years), i.e. the average period in years it takes to generate sufficient gross profit from a customer to cover the costs of acquiring the customer.

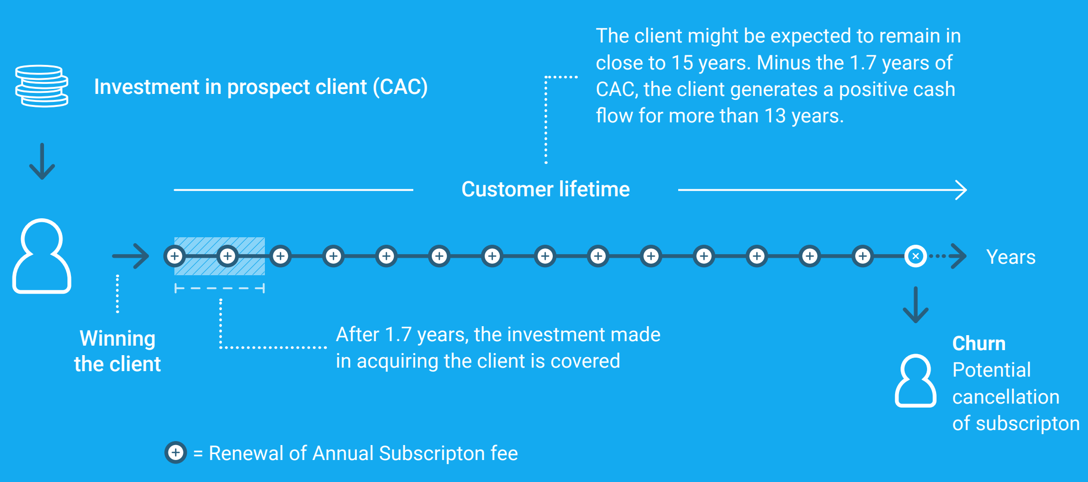
During 2018, Agillic invested a large amount in further strengthening the sales and marketing organisation as well as increasing the company's brand and product awareness in order to support the further expansion and internationalisation of Agillic. As a consequence, average Customer Acquisition Cost (CAC) increased from DKK 0.5 million in 2017 to DKK 0.9 million in average in 2018. Looking forward, Customer Acquisition Cost (CAC) is expected to decrease as the strengthening of the sales and marketing organisation is expected to increase the amount of new agreements that can be signed.

With gross profit margin amounting to 75% in 2018, average gross profit per customer amounted to DKK 0.5 million, and with Customer Acquisition Cost (CAC) amounting to DKK 0.9 million, the average number of years to recover CAC amounted to 1.7 years end of 2018, compared to 1.2 years at the end of 2017. This means that it takes Agillic 1.7 years to cover the costs of acquiring a new client. The increase of 44% in years to recover can mainly be explained by the increased Customer Acquisition Cost (CAC) as a consequence of the investment in strengthening the sales and marketing organisation.

Churn rate, at e.g. the end of 2018, is defined as the value of the subscription agreements terminated between 31 December 2017 and 31 December 2018 compared to the total Annual Recurring

Customer Lifetime Value

The average number of years to recover Customer Acquisition Cost (CAC) amounted to 1.7 year at the end of 2018, compared to 1.2 year at the end of 2017. This means that it takes Agillic 1.7 year to cover the costs of acquiring a new client. The increase of 80% in years to recover can mainly be explained as a consequence of the investment in strengthening the sales and marketing organisation.



Revenue (ARR) as of 31 December 2017. In 2018, the average churn rate amounted to 7.5% meaning that the calculated average lifetime of Agillic's clients by the end of 2018 amounted to 14.9 years.

Hence, while it takes 1.7 years to cover the costs of a new client, the client might be expected to remain a client in close to 15 years and generating a positive cash flow for more than 13 years.

Financial performance split between existing business and acquisition of new clients
For a business expanding as fast as Agillic, churn rate can be volatile. But even with a higher churn rate, it is very attractive for Agillic to invest in acquiring new clients. Although Agillic invests a significant amount in acquiring a new client and because this generates a loss in the first year of the subscription period, the costs of servicing the client in the following years are limited and the client is expected to generate a significant profit during its total lifetime.

This can best be seen by comparing the value of the subscription agreements to the costs of acquiring and servicing the clients. As periodised revenue distributes some of the revenue coming from a new subscription agreement into the following years, the costs of acquiring new clients and servicing existing clients have to be compared to Annual Recurring Revenue (ARR).

When distributing 2018 Annual Recurring Revenue (ARR) of DKK 50.1 million between Annual Recurring Revenue (ARR) from existing clients and new clients, Annual Recurring Revenue (ARR) generated from existing clients amounted to DKK 41.1 million, and Annual Recurring Revenue (ARR) generated from new clients amounted to DKK 9.0 million.

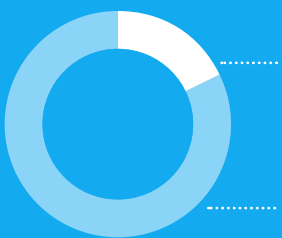
Agillic's profit and loss statement for 2018 includes both the costs of servicing existing clients and the costs of acquiring new clients 2018, and totalled DKK 48.5 million. Of this amount, the costs related to acquiring and servicing new clients amounted to DKK 26.8 million.

ARR split between existing clients and new clients as of the end of 2018

When distributing 2018 Annual Recurring Revenue (ARR) of DKK 50.1 million between Annual Recurring Revenue (ARR) from existing clients and new clients, Annual Recurring Revenue (ARR) generated from existing clients amounted to DKK 41.1 million, and Annual Recurring Revenue (ARR) generated from new clients amounted to DKK 9.0 million.

DKK **50.1** MILLION

2018 Annual Recurring Revenue (ARR)
– existing and new clients



Financial performance split between new clients and existing clients

DKK million	New clients 2018	Existing clients 2018	All clients 2018
Annual Recurring Revenue (ARR)	9.0	41.1	50.1
Direct operational costs	(1.7)	(7.9)	(9.6)
Gross profit	**7.3**	**33.2**	**40.5**
Acquisition costs (new clients) / Operational costs (existing clients)	(26.8)	(21.7)	(48.5)
Client contribution	**(19.5)**	**11.5**	**(8.0)**
Depreciations of development costs	0.0	(4.2)	(4.2)
Client net contribution	**(19.5)**	**7.3**	**(12.2)**

Costs related to acquiring and servicing new clients include the majority of sales and marketing costs as well as direct cost related to run the platform for the new clients acquired in 2018. Sales and marketing costs include travel costs, IT-costs, office costs etc. directly related to the sales and marketing team.

As Annual Recurring Revenue (ARR) generated from new clients amounted to DKK 9.0 million and direct operational costs amounted to DKK 1.7 million the net investment in acquiring and servicing new clients in 2018, amounted to DKK -19.5 million.

The cost for servicing existing clients covers general operational costs, a part of sales and marketing costs as well as development costs and direct costs related to run the Agillic Customer Marketing Platform for existing clients. In 2018, the costs of servicing existing clients amounted to DKK 21.7 million. With Annual Recurring Revenue (ARR) generated from existing clients in 2018 amounting to DKK 41.1 million and direct operational costs amounted to 7.9 million, client contribution from existing clients amounting to DKK 11.5 million. Client net contribution after depreciation costs to develop the platform amounted to DKK 7.3 million.

In 2019, the new clients acquired in 2018 will be included in the pool of existing clients and as they will generate a positive result in 2019, net contribution from existing clients is expected to increase in 2019. As our client base grows, our ability to realise economies of scale in servicing existing clients is expected to lead to a higher EBITDA margin in the future.

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.

Potential improvements in 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 aim to balance incoming and outgoing payments in local currency as much as possible as well as monitoring the development in exchange rates and adjust price lists when required.

The most significant financial risk in Agillic relates to 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 seek to ensure that contracts with clients are entered into in DKK, NOK or EUR.

Financial risks are further described in note 23 Financial risks.

Cash flow risk
Agillic is investing significant resources in growing the business. The growth cannot solely be financed from profit from existing clients and Agillic is investing its cash reserves in growth. Acquiring new customers may be delayed causing income to be delayed. Agillic is monitoring sales closely and is maintaining a liquidity buffer to handle potential delays in income.

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 inesting in sales and marketing.

Product development
New marketing channels and other market changes are having a continuous impact on what is the required 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 plans to realise a high growth rate. It is therefore the management's assessment that continuous recruitment is required. Skilled back-end 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 knowl-

edge 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. Maintaning 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 could become difficult to identify qualified labour in Denmark and the EU.

The political environment in Ukraine and the conflict with Russia may cause problems for Agillic's access to employees and services. In addition, 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 is expanding 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 such access.

Access to capital
As a consequence of Agillic's focus on growth, development and the continual optimisation of the company, there is currently no positive cash flow from operations. Growth is currently being financed by the capital raised from the IPO. Should Agillic not be able to generate positive cash flow, for example, due to a decrease in revenue, lower client intake than anticipated, reduced activity among existing clients, higher churn than anticipated, or as a result of higher costs than anticipated, such as salary expenses, higher costs associated with acquiring new clients or higher costs associated to market expansion, Agillic could find itself in a situation where new funding is required to finance the future operations of the company. In the event that Agillic is unable to generate or secure the needed funding, the company will not be able to continue business operations.

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 back-ups are geographically distributed to maintain redundancy in the event of a natural disaster or a location-specific failure.

Netlife

» We chose to partner with Agillic after a thorough vendor search in the European marketplace – and it has been a success from day one. Agillic's AI and machine learning capabilities are critical to our customers and us. The field is developing rapidly, and this sets Agillic apart from other solutions. Finally, being accessible via the cloud, implementing Agillic is easy which helps our clients to be in business fast.

Arild Horsberg, CEO of Netlife Dialog

About Netlife Dialog
Netlife Dialog is Norway's leading dialogue marketing agency providing digital communication solutions.

RATIO

» We engaged with Agillic because we had been through several personalisation and marketing automation projects and found that the depth of functionality and speed-to-launch required significant customisation, time and effort. We needed something that would get us up and running in a much shorter time and deliver value to the clients. Agillic fits our needs because of their focus on doing what they do very well from a product perspective, their demonstrable track record, and their relative freshness in the UK market.

Steve Renshaw, Managing Partner, Ratio

About Ratio
Ratio is a development and optimisation consultancy, working with brands to put data at the heart of every conversation.

Governance

Corporate governance

Agillic focusses on good corporate governance and is continually professionalising its practices. The objective is to support and secure the company's expansion into new territories by having established and documented 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.

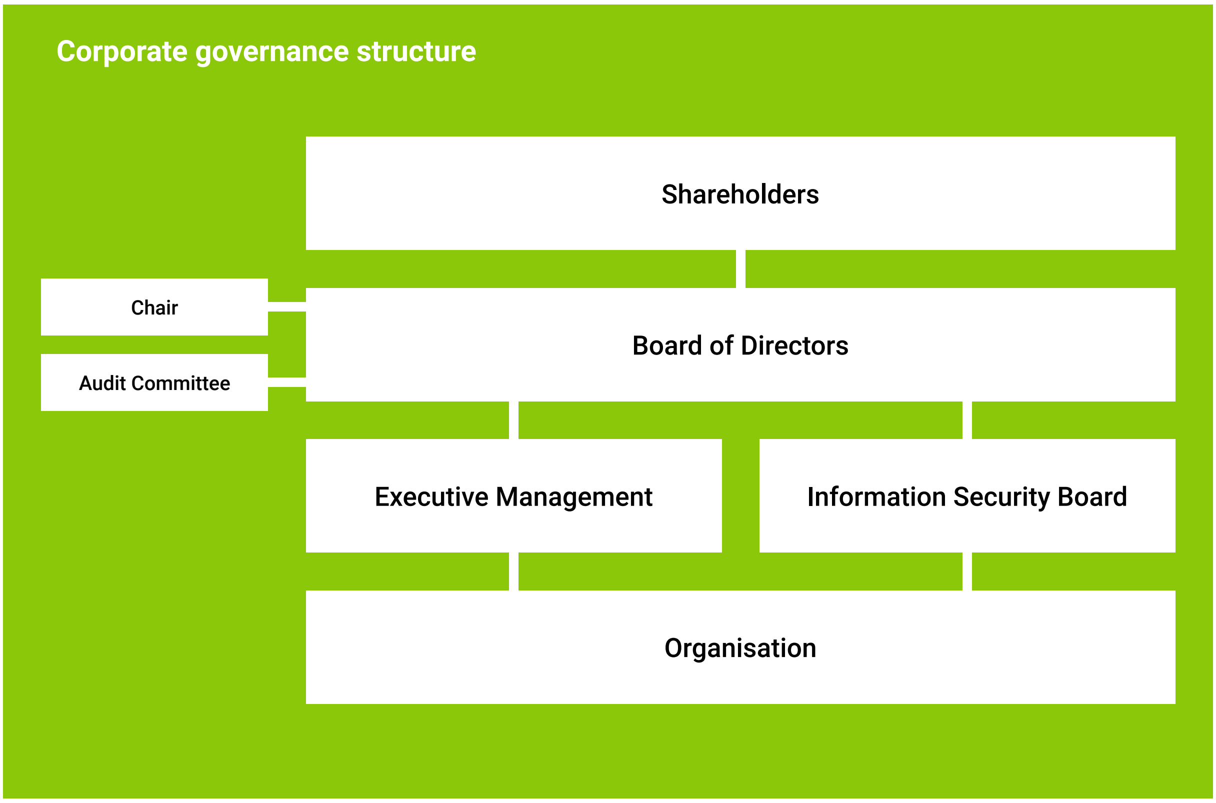
Shareholders also elect board members and the independent auditor.

The Board of Directors and Executive Management

Agillic has a two-tier management structure where in 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, the Chief Commercial Officer and the Chief Technology Officer.

As per 31 December 2018, 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.
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 and receives bi-weekly update reports.



The Chairmanship
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

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 unauthorised 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' skill-sets 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 2018, the share capital in Agillic comprised 8,286,900 shares at 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 2018, Agillic A/S' registered shareholders owned a total of 98.6% of the share capital.

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

Ownership
At the end of 2018, 79% 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 63% of the votes at the end of 2018.

The shares are marketable securities but 79% of the share capital and 80% of the votes are restricted for trading until 22 March 2019 due to the lock-up period agreed with certain shareholders in connection with the Initial Public Offering (IPO) of Agillic in March 2018.

Share price and trading activities
At the end of 2018, the price of the Agillic share was DKK 24.51, compared to DKK 38.00 at the time of the first listing of the company on 22 March 2018.

In 2018, a total of 714,941 shares were traded, corresponding to 8.6% of the total number of shares.

The company's market value amounted to DKK 203 million at the end of 2018, compared to DKK 315 million on 22 March 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%	19.09%
Johnny Henriksen	1,557,383	18.79%	19.06%
Peter Lerbrandt	1,537,231	18.55%	18.81%
Mikael Konnerup	1,404,935	16.95%	17.19%
Christian Nellemann	459,894	5.55%	5.63%
Total	**6,519,458**	**78.67%**	**79.78%**

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. The year-end report is issued in connection with the release of the annual report. However, due to the company's rapid growth, the company has decided to also issue quarterly reports for the first and third quarter.

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:

Jesper Valentin Holm, CEO, Agillic A/S
+45 6093 3630
jesper.valentin@agillic.com

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

Certified Adviser
Tofte & Company
Thomas Tofte Hansen, info@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, Globeteam 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 Addwish, Junkbusters, Logpoint, Reepay, SimpleSite 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: 153,248 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.

Thomas G. Andersen, Chief Commercial Officer
Thomas holds an AP Graduate in International Marketing from Niels Brock Copenhagen Business College. Thomas joined Agillic as Chief Sales Officer in May 2018, before taking on the role as CCO. Thomas has been involved in several successful business growth processes, including Danish-founded and internationally renowned Sitecore. With years of experience from other growth companies, Thomas is driving Agillic's commercial growth.
No holdings in Agillic.

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 a deep knowledge of marketing technologies and experience in managing large digital projects, including for international clients for global digital agency Valtech.
Holdings in Agillic: 35,873 shares.

Bo Sannung, Chief Operating 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 Strategy 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

Financial calendar 2019

Month	Date	Event
February	28	Annual Report 2018
March	28	Annual General Meeting
May	02	Quarterly Report 1st quarter 2019
August	14	Half-year Report 2019
October	30	Quarterly Report 3rd quarter 2019

Please see **agillic.com/investor**

storytel

» **Customer engagement and loyalty are our top priorities. Through Agillic, we reach our customers in multiple channels with personalised and data-driven communication and it makes all the difference. Using Agillic helps us reach our goal of global expansion.**

Malin Rosdahl, Global CRM Manager, Storytel

National Lighting

» **We believe omnichannel strategy and execution is the way forward for retailers to survive tomorrow and by joining Agillic, we are taking an essential step in personalisation through automation.**

Anouk de Lange, eCommerce & Marketing Head, National Lighting

xln | for small business

» **For us, the main advantage of Agillic is the way it empowers us to get things done. With Agillic, I can do in 30 minutes, what could take an IT department months to develop. Agillic enables me to achieve what I want on a daily basis with minimal resources.**

Robbie Henderson, Senior Marketing Manager, XLN

Financial statements 2018

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 - 31 December 2018.

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 2018 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2018.

Moreover, in our opinion, the Management's Report includes a fair review 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, 28 February 2019

Board of Management

Jesper Valentin Holm
CEO

Rasmus Houlind

Bo Sannung

Board of Directors

Johnny Emil Søbæk Henriksen
Chair of the Board

Peter Aue Elbek

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 01.01.2018 - 31.12.2018, 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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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 Entity 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 Entity'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 Entity 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 Entity'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 Entity'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 Entity 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, 28 February 2019
Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Bjørn Winkler Jakobsen
State Authorised Public Accountant
MNE no 32127

Henrik Wolff Mikkelsen
State Authorised Public Accountant
MNE no 33747

Income statement

Note	(DKK '000)	2018	2017
3	Revenue	39,021	25,782
4	Direct costs	9,644	3,637
	Gross profit	**29,377**	**22,145**
	Other operating income	3,371	910
5	Other external costs	24,370	9,300
6,7	Staff costs	27,446	13,879
	EBITDA	**(19,068)**	**(124)**
8	Depreciation and amortisation of intangible and tangible assets	4,237	1,999
	Operating profit (EBIT)	**(23,305)**	**(2,123)**
14	Share of profit of joint ventures	(3,283)	(2,227)
	Financial income	-	90
9	Financial expenses	1,447	1,656
	Profit before tax	**(28,035)**	**(5,916)**
10	Tax on profit for the year	2,264	749
	Profit/(loss) for the year	**(25,771)**	**(5,167)**
16	Earnings per share (EPS)	(3.21)	(0.71)
16	Earnings per share, diluted (DEPS)	(3.08)	(0.70)

Statement of comprehensive income

(DKK '000)	2018	2017
Profit/(loss) for the year	**(25,771)**	**(5,167)**
Other comprehensive income	-	-
Total comprehensive income	**(25,771)**	**(5,167)**

Statement of financial position

Note	(DKK '000)	31 Dec. 2018	31 Dec. 2017	1 Jan. 2017
	ASSETS			
	Non-current assets			
	Client contracts	1,628	-	-
	Software developed	17,070	13,562	10,575
12	**Intangible assets**	**18,698**	**13,562**	**10,575**
	Fixtures and equipment	35	70	104
	Leasehold improvements	30	-	-
13	**Tangible assets**	**65**	**70**	**104**
14	Receivables from joint ventures	2,377	178	240
	Deposits	247	181	-
	Other non-current assets	**2,624**	**359**	**240**
	Total non-current assets	**21,387**	**13,991**	**10,919**
	Current assets			
15	Trade receivables	10,643	14,384	5,848
22	Other receivables	-	2,254	2,887
10	Tax receivables	2,264	749	1,275
	Prepayments	774	-	19
	Cash	12,312	40	1,121
	Total current assets	**25,993**	**17,427**	**11,150**
	TOTAL ASSETS	**47,380**	**31,418**	**22,069**

Statement of financial position - continued

Note	(DKK '000)	31 Dec. 2018	31 Dec. 2017	1 Jan. 2017
	EQUITY AND LIABILITIES			
	Equity			
16	Share capital	829	723	235
	Reserve development costs	14,166	9,712	5,846
	Retained earnings	(11,494)	(16,866)	(8,209)
	Total equity	**3,501**	**(6,431)**	**(2,128)**
	Liabilities			
17	Debt to credit institutions	11,291	11,291	10,189
19	Deferred income	1,794	3,589	-
	Non-current liabilities	**13,085**	**14,880**	**10,189**
17	Debt to credit institutions	-	4,796	-
	Trade payables	3,077	1,442	1,545
18	Other payables	8,248	4,509	4,430
19	Deferred income	19,469	12,222	8,033
	Current liabilities	**30,794**	**22,969**	**14,008**
	Total liabilities	**43,879**	**37,849**	**24,197**
	TOTAL EQUITY AND LIABILITIES	**47,380**	**31,418**	**22,069**

Cash flow statement

Note	(DKK '000)	2018	2017
	Profit/(loss) for the year	(25,771)	(5,167)
11	Adjustments for non-cash items	7,656	5,982
11	Changes in working capital	14,286	(991)
	Net financial items, paid	(1,405)	(1,637)
	Income taxes, received	749	1,275
	Cash flow from operating activities	**(4,485)**	**(538)**
	Investment in joint ventures	(3,786)	(1,560)
	Purchase of intangible assets	(9,330)	(4,952)
	Purchase of tangible assets	(38)	-
	Cash flow from investing activities	**(13,154)**	**(6,512)**
	Issuance of shares, net of costs	34,750	-
11	Borrowing/repayment (-) debt to credit institutions	(4,839)	5,969
	Cash flow from financing activities	**29,911**	**5,969**
	Change in cash and cash equivalents	12,272	(1,081)
	Cash and cash equivalents at 1 January	40	1,121
	Cash and cash equivalents at 31 December	**12,312**	**40**

Statement of changes in equity

(DKK '000)	Share capital	Reserve development costs	Retained earnings	Total
Equity at 1 January 2017	235	5,846	8,616	14,697
Effect of change in accounting policies	-	-	(8,725)	(8,725)
Adjustment related to prior years	-	-	(8,100)	(8,100)
Equity at 1 January 2017 - As restated	235	5,846	(8,209)	(2,128)
Profit for the year	-	3,866	(9,033)	(5,167)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**3,866**	**(9,033)**	**(5,167)**
Transactions with owners				
Issue of share capital	488	-	(488)	-
Costs related to Initial Public Offering (IPO)	-	-	(75)	(75)
Share-based payments	-	-	939	939
Equity at 31 December 2017	**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**

Agillic A/S has in connection with the IPO on Nasdaq First North issued capital of DKK 37 million, of which DKK 97 thousand represents share capital. Costs incurred for 2018 related to the IPO amounts to DKK 4,245 thousand of which DKK 2,414 thousand have been recognised directly in equity, corresponding to the estimated share of costs related to issuance of new shares. The remaining share of the costs are recognised in the income statement in Other external costs.

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 2018 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 February 28, 2019 the Board of Directors and the Board of Management considered and approved the annual report for 2018 of Agillic A/S. The annual report will be presented to the shareholders for approval at the Annual General Meeting to be held on March 28, 2019.

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.

First-time adoption of IFRS

Agillic A/S' financial statements have for the first time 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. In previous years, the financial statements were prepared in accordance with the Danish Financial Statements Act for reporting class B supplemented by certain requirements for reporting class C. As a result of the transition to IFRS, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

In accordance with IFRS 1 the statement of financial position at 1 January 2017 and comparative figures for 2017 has been prepared in accordance with IFRS/IAS and IFRIC/SIC applicable as per 31 December 2018. Statement of financial position at 1 January 2017 has been prepared in accordance with the same principles, as if the mentioned standards had been applied.

IFRS 9 Financial instruments

Agillic has applied IFRS 9 Financial instruments (as revised in July 2014) from 1 January 2018. As allowed in the transition provisions of IFRS 9, Agillic has not restated comparatives. The new disclosure requirements in IFRS 7 Financial instruments, that relate to IFRS 9, were also adopted.

Agillic has assessed its existing financial assets and liabilities in terms of the requirements in IFRS 9 based on the facts and circumstances that existed on 1 January 2018. It has been assessed whether a financial asset meets the business model test for amortised cost or fair value. The application of IFRS had no impact on Agillic´s financial assets as regards to their classification and measurement.

IFRS 9 requires an expected credit loss model (ECL) in comparison to an incurred credit loss model under IAS 39. The expected credit loss model requires Agillic to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Agillic applies the simplified approach for measuring loss allowance for trade receivables. Based on low historical loss on trade receivables, the application of IFRS 9 has not resulted in additional loss allowances.

The changes in IFRS 9 in relation to hedge accounting are not relevant for Agillic since hedge accounting was not applied in 2017 and 2018.

Changes in accounting policies and correction of prior year errors

As a result of first time adoption of IFRS, the company has changed its accounting policies for recognition of share-based payments, deferred tax assets and revenue from con-

Note 1 - Accounting policies - continued

tracts with customers as well as corrected errors from prior periods. The company has adjusted for the changes in accounting policies and errors from prior periods as adjustment to the opening balance of equity at 1 January 2017.

The opening balance for 2017 and comparative figures for 2017 have been restated due to the adoption of IFRS, change in accounting policies and correction of prior years errors.

Share-based payments
Agillic has established shared-based incentive programs comprising equity-settled programs (warrants) for the Management and other key employees. The purpose of these programs is to ensure common goals for Management, key employees and shareholders. According to Danish Financial Statements Act there is no requirement for recognition and measurement on equity-settled programs.

Following the adoption of IFRS, IFRS 2 requires that the warrant programs should be recognised at fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 7 Share-based payments.

The impact on the financial statements regarding the warrant program from transition to IFRS is shown in the tables on page 67-69.

Deferred tax assets
Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either through a set-off against deferred tax liabilities or as net assets to be offset against future positive taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

In consequence of Agillic's main strategic objectives regarding expansion and internationalisation it is Managements' assessment that there is no convincing evidence that sufficient taxable profit will be generated within the next years, hence the deferred tax assets have been reassessed in relation to the adoption of IFRS and have been revalued at 0.

The impact of reassessment of the deferred tax assets from transition to IFRS is shown in the tables on page 67-69.

Revenue
Historically Agillic has recognised revenue from software licenses when an irrevocable contract is entered and the client is invoiced which have not been in accordance with the Danish Financial Statement Act. Revenue from software licenses should have been recognised on a straight-line basis over the license period.

The correction has resulted in allocation of revenue to the balance sheet recognised as deferred income set out in note 19 Deferred income.

Revenue recognition for transaction fees, professional services and other fees remain unchanged.

The impact on the financial statements regarding the correction is shown in the tables on page 67-69.

Other adjustments prior year
Besides the above mentioned adjustments, other minor adjustments have been made to prior year, that has resulted in restatement op the opening balance for 2017 and change to comparative figures for 2017. Other adjustments consist of capitalisation of borrowing costs, adjustment of depreciations on Software developed, holiday pay accrual for management, adjustment of prepaid costs, adjustment of IPO related costs transferred to equity and rent deposit not accounted for in 2017.

Reclassifications
As a result of adoption to IFRS amendments to presentation has been made which has resulted in some reclassification to the comparative figures for 2017.

Other operating income has been reclassified from Other external costs to Other operating income and other employee related costs have been reclassified from Staff costs to Other external costs.

The following tables summarise the impact of change in accounting policies and correction of prior period errors on the company's financial statements for the year ending 31 December 2017.

Note 1 - Accounting policies - continued

Impact on Income statement and Statement of comprehensive income 2017

(DKK '000)	2017 as reported	Impact from adoption of IFRS	Impact from corrections prior year [1]	2017 before changes
Revenue	25,782	-	(3,859) [4]	29,641
Direct costs	3,637	-	(813)	4,450
Gross profit	**22,145**	**-**	**(3,046)**	**25,191**
Other operating income	910	-	910	-
Other external costs	9,300	-	1,942	7,358
Staff costs	13,879	939 [2]	(852)	13,792
EBITDA	**(124)**	**(939)**	**(3,226)**	**4,041**
Depreciation and amortisation	1,999	-	378	1,621
Operating profit (EBIT)	**(2,123)**	**(939)**	**(3,604)**	**2,420**
Share of profit of joint ventures	(2,227)	-	(511)	(1,716)
Financial income	90	-	-	90
Financial expenses	1,656	-	(71)	1,727
Profit before tax	**(5,916)**	**(939)**	**(4,044)**	**(933)**
Tax on profit for the year	749	4,474 [3]	-	(3,725)
Profit/(loss) for the year	**(5,167)**	**3,535**	**(4,044)**	**(4,658)**
Total comprehensive income	**(5,167)**	**3,535**	**(4,044)**	**(4,658)**
Earnings per share (EPS)	(0.71)			(0.64)
Earnings per share (DEPS), diluted	(0.70)			(0.63)

[1] Including reclassifications as described on page 66.
[2] Impact on Share-based payments as described on page 66.
[3] Impact on Deferred tax assets as described on page 66.
[4] Impact from correction of revenue as described on page 66.

For further description of the nature of impact refer to section Changes in accounting policies and correction of prior year errors on page 65 in Note 1 Accounting policies.

Note 1 - Accounting policies - continued

Impact on Cash flow statement 2017

(DKK '000)	2017 as reported	Impact from adoption of IFRS	Impact from corrections prior year [1]	2017 before changes
Profit/(loss) for the year	(5,167)	3,535	(4,044)	(4,658)
Adjustments for non-cash items	5,982	(3,535)	818	8,699
Changes in working capital	(991)	-	3,226	(4,217)
Other	(362)	-	-	(362)
Cash flow from operating activities	**(538)**	**-**	**-**	**(538)**
Cash flow from investing activities	**(6,512)**	**-**	**-**	**(6,512)**
Cash flow from financing activities	**5,969**	**-**	**3,469**	**2,500**
Change in cash and cash equivalents	**(1,081)**	**-**	**3,469**	**(4,550)**
Cash and cash equivalents at 1 January	1,121	-	10	1,111
Cash and cash equivalents at 31 December	**40**	**-**	**3,479**	**(3,439)**

[1] Including reclassifications as described on page 66.

For further description of the nature of impact refer to section Changes in accounting policies and correction of prior year errors on page 65 in Note 1 Accounting policies.

Note 1 - Accounting policies - continued

Impact on Statement of financial position 2017

(DKK '000)	2017 as reported	Impact from adoption of IFRS	Impact from corrections prior year [1]	2017 before changes
Software developed	13,562	-	(378)	13,940
Receivables from joint ventures	178	-	178	-
Deposits	181	-	181	-
Deferred tax asset	-	(3,725) [3]	-	3,725
Tax receivables	749	(526) [3]	-	1,275
Other	16,748	-	(130)	16,878
Total assets	**31,418**	**(4,251)**	**(149)**	**35,818**
Share capital	723	-	-	723
Reserve development costs	9,712	-	(209)	9,921
IPO costs transferred to equity	(75)	-	(75)	-
Share-based payments	939	939 [2]	-	-
Opening balance adjustment to retained earnings	(16,825)	(8,725) [3]	(8,100) [4]	-
Retained earnings	(905)	3,535	(3,834)	(605)
Total equity	**(6,431)**	**(4,251)**	**(12,219)**	**10,039**
Debt to credit institutions	16,087	-	(392)	16,479
Other payables	4,509	-	570	3,939
Deferred income	15,811	-	11,892 [4]	3,919
Other	1,442	-	-	1,442
Total liabilities	**37,849**	**-**	**12,070**	**25,779**
Total equity and liabilities	**31,418**	**(4,251)**	**(149)**	**35,818**

[1] Including reclassifications as described on page 66.
[2] Impact on Share-based payments as described on page 66.
[3] Impact on Deferred tax assets as described on page 66.
[4] Impact from correction of revenue as described on page 66.

For further description of the nature of impact refer to section Changes in accounting policies and correction of prior year errors on page 65 in Note 1 Accounting policies.

Note 1 - Accounting policies - continued

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 96-97.

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.

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 customer and exclude amounts collected on behalf of third parties. The company recognises revenue when it transfers control of the license or service to a customer. All revenue is derived from contracts with customers.

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
Transactions fees relates 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 customer 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 mplementation 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 contributions 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 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 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 utilization 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 A/S 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 fnitie-lived assets, which are as follows:

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 dertermine 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 assets 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 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.

Investment 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

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 assessmenet.

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.

Debt to credit institutions
Debt to credit institutions 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.

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 result 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 REVISED IFRS STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

IASB has published the following standards and amendments to existing standards that are not yet mandatory for the preparation of the financial statements of the company for the year ended 31 December 2018:

IFRS 16	Leases
IFRS 17	Insurance contracts
Amendments to IFRS 9	Prepayments Features with Negative Compensation
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Cost
Amendments to IAS 19 Employee Benefits	Plan Amendment, Curtailment or Settlement
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRIC 23	Uncertainty over Income tax Treatments

The company adopts the new standards and amendments when they become mandatory in the EU.

IFRS 16 - Leases
IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17.

Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 January 2019.

IFRS 16 will change how the company accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset.

The company has made a preliminary assessment of the impact from adopting IFRS 16 indicating that no material impact is expected. 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 2018, the company has no non-cancellable operating lease commitments.

IFRS 16 and none of the other standards and amendments are expected to have a material impact on the financial statements.

Note 2 - Critical accounting estimates and judgements

In the application of the company's accounting policies, which are described in note 1, the management are 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)	2018	2017
Subscription fees	27,135	16,555
Transaction fees	8,733	6,539
Professional services and other fees	3,153	2,688
Total revenue	**39,021**	**25,782**

All revenue is derived from contracts with customers. Revenue from subscription fees are 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)	2018	2017
Hosting costs	1,415	1,016
Transaction costs	6,270	5,104
Other direct costs of license	1,959	2
Accrued delivery costs	-	(2,485)
Total direct costs	**9,644**	**3,637**

Note 5 - Other external costs

(DKK '000)	2018	2017
Sales and marketing costs	7,320	3,237
External consultancy costs	7,052	2,968
Other employee related costs	2,413	852
Other administrative expenses	5,754	2,243
Costs related to Initial Public Offering (IPO)	4,245	75
Hereof transferred directly to equity	(2,414)	(75)
Total other external costs	**24,370**	**9,300**

Note 6 - Staff costs

(DKK '000)	2018	2017
Salaries	33,001	17,651
Share-based payments	953	939
Pension plans (defined contribution)	61	49
Social security and other costs	444	192
Staff costs transferred to capitalised development costs	(7,013)	(4,952)
Total staff costs	**27,446**	**13,879**
Employees		
Average number of employees (FTE)	42	25
Number of employees year end (FTE)	51	30

	Board of Directors		Board of Management		Other key management personnel	
(DKK '000)	2018	2017	2018	2017	2018	2017
Remuneration						
Board fees	2,129	1,380	-	-	-	-
Salaries	-	-	3,600	3,273	2,477	1,674
Share-based payments	-	-	773	258	180	134
Bonus	-	-	936	-	701	-
Defined contribution pension plans	-	-	-	-	-	-
Total remuneration	**2,129**	**1,380**	**5,309**	**3,531**	**3,358**	**1,808**

Other key management personnel consist of:

René Løfberg (CFO)	From 1 September 2008 to 31 May 2018
Nicolas Remming (CTO)	From 1 April 2015
Christian Tange (CFO)	From 1 April 2018
Thomas Gaarde Andersen (CSO)	From 1 May 2018

Note 7 - Share-based payments

(DKK '000)	2018	2017
Costs of share-based payments	953	939
Total costs of share-based payments	**953**	**939**

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 program April 2017

The Board of Directors have used the authorisation in the Articles of Association article 3.3 to allocate warrants to the employees where the participants acquire the right to subscribe of in total 84,494 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.
79,203 warrants were vested as per grant date 1 April 2017 and exercised 22 and 23 February 2018.
5,291 warrants were cancelled.
The issue of shares had a dilutive effect of 1.17%.

Warrant program September 2017

The Board of Directors have 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 program April 2018

The Board of Directors have 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 program April 2018

The Board of Directors have 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 will be granted 31 December 2018, 41,435 warrants will be granted 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 oustanding warrants:

Number of warrants	Weighted average exercise price DKK	Board of Management	Other key management personnel	Employees	Total
Outstanding at 1 January 2017	-	-	-	-	-
Granted	2.07	292,527	16,610	67,883	377,020
Cancelled	2.07	-	-	(5,290)	(5,290)
Outstanding at 31 December 2017	**2.07**	**292,527**	**16,610**	**62,593**	**371,730**
Granted	38.00	-	51,793	-	51,793
Excercised	2.07	-	(16,610)	(62,593)	(79,203)
Cancelled	38.00	-	(3,848)	-	(3,848)
Outstanding at 31 December 2018	**7.13**	**292,527**	**47,945**	**-**	**340,472**

Note 7 - Share-based payments - continued

Outstanding warrants have the following characteristics:

Warrants outstanding	Weighted average exercise price DKK	Vesting period	Exercise period	2018	2017
Warrant program April 2017	2.07	Apr-17	Apr-17 - Apr-22	-	79,203
Warrant program September 2017	2.07	Jan-18 - Oct-21	Jan-21 - Mar-22	292,527	292,527
Warrant program April 2018	38.00	Jan-18 - Oct-20	Jan-21 - Mar-22	20,717	-
Conditional warrant program April 2018	38.00	Jan-20 - Jan-23	Jan-20 - Dec-23	27,228	-
Outstanding at 31 December				**340,472**	**371,730**

None of the granted warrants are exercisable at 31 December 2018. 79,203 warrants were exercised during 2018.

	2018	2017
Average remaining life of outstanding warrants at 31 December (years)	2.6	3.1
Exercise price for outstanding warrants at 31 December (DKK)	2.07 - 38.00	2.07

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 program April 2018	Warrant program April 2018	Warrant program September 2017	Warrant program April 2017
Average share price (DKK)	34.70	34.70	11.28	10.19
Expected volatility rate (% p.a.)	40	40	40	40
Risk-free interest rate (% p.a.)	(0.11 - 0.44)	(0.23 - 0.40)	(0.32 - 0.45)	(0.20)
Expected warrant life (no. years)	2.75 - 4.75	3.00 - 4.00	3.58 - 4.58	5.00
Exercise price (DKK)	38.00	38.00	2.07	2.07
Fair value all warrants, after dilution (DKK '000)	727	176	2.587	681

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)	2018	2017
Client contracts	626	-
Software developed	3,568	1,965
Fixtures and equipment	35	34
Leasehold improvements	8	-
Total depreciation and amortisation of intangible and tangible assets	**4,237**	**1,999**

Note 9 - Financial expenses

(DKK '000)	2018	2017
Interest expense, cash etc.	127	134
Interest expense financial liabilities carried at amortised cost	1,135	1,071
Other interest expense	41	158
Foreign exchange rate adjustments (net)	144	293
Total financial expenses	**1,447**	**1,656**

Note 10 - Tax

(DKK '000)	2018	2017
Current income tax	(2,264)	(749)
Adjustment deferred tax	(3,771)	(711)
Total	**(6,035)**	**(1,460)**
Unrecognised deferred tax	3,771	711
Total	**(2,264)**	**(749)**
Profit/(loss) before tax	(28,035)	(5,916)
Income tax, tax rate of 22% (2017: 22%)	(6,167)	(1,302)
Tax effect from:		
Non-deductible expenses	30	14
Income from joint ventures	722	490
Adjustment of temporary differences, deferred tax	(620)	(662)
Tax losses carried forward	3,771	711
Tax on profit for the year	**(2,264)**	**(749)**
Effective tax rate	**8%**	**13%**

The companys tax loss for 2018 is not expected to be used in full. The tax assets recognised reflects the share that is expected to be used as a result of the companys use of the Danish tax credit scheme.

As per 31 December 2018, the company has unused tax losses of DKK 100.6 million available for offset against future profits.

No deferred tax asset has been recognised in respect of the remaining DKK 18.4 million (2017: DKK 15.4 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.

Note 11 - Notes to cash flow statement

(DKK '000)	2018	2017
Adjustments for non-cash items		
Tax on profit for the year	(2,264)	(749)
Financial income and expenses	1,447	1,566
Share-based payments	953	939
Depreciation, amortisation and impairment	4,237	1,999
Share of profit after tax in joint ventures	3,283	2,227
Total adjustments for non-cash items	**7,656**	**5,982**
Changes in working capital		
Changes in trade receivables, other receivables, prepayments etc.	3,459	(8,670)
Changes in trade payables, other payables, deferred income etc.	10,827	7,679
Total changes in working capital	**14,286**	**(991)**
Borrowing/repayment (-) debt to credit institutions		
Debt to credit institutions 1 January	16,087	10,189
Borrowing of debt to credit institutions	-	5,969
Repayment of debt to credit institutions	(4,839)	-
Amortised borrowing costs	43	(71)
Debt to credit institutions 31 December	**11,291**	**16,087**

Note 12 - Intangible assets

(DKK '000) - 2018	Client contracts	Software developed	Total
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**

(DKK '000) - 2017			
Cost beginning of year	-	10,575	10,575
Additions	-	-	-
Additions from internal development	-	4,952	4,952
Disposals	-	-	-
Cost end of year	**-**	**15,527**	**15,527**
Amortisation beginning of year	-	-	-
Amortisation	-	1,965	1,965
Disposals	-	-	-
Amortisation end of year	**-**	**1,965**	**1,965**
Carrying amount end of year	**-**	**13,562**	**13,562**

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

Capitalised software development costs relates 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 covers both development of front-end and 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 assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets is sufficient to cover the value of recognised developed software at the reporting date.

In 2018, the company expensed DKK 3.2 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) - 2018	Fixtures and equipment	Leasehold improvements	Total
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**

(DKK '000) - 2017			
Cost beginning of year	2,467	63	2,530
Additions	-	-	-
Disposals	-	-	-
Cost end of year	**2,467**	**63**	**2,530**
Depreciation beginning of year	2,363	63	2,426
Depreciation	34	-	34
Disposals	-	-	-
Depreciation end of year	**2,397**	**63**	**2,460**
Carrying amount end of year	**70**	**-**	**70**

Note 14 - Joint ventures

Name of joint venture	Activity	Country	Proportion of ownership interest and voting rights 31 Dec. 2018	Proportion of ownership interest and voting rights 31 Dec. 2017
Armstrong One ApS	Software development	Denmark	60% [1]	60% [1]

[1] During 2017 Agillic A/S purchased additional 10% of the shares in Armstrong One ApS from 50% to 60% ownership. It is management assessment that the shareholders have joint control of the company according to clauses in the shareholders agreement.

Hence the investment in Armstrong One ApS is accounted for as a joint venture using the equity method in the financial statements as set out in accounting policies in note 1.

The summarised financial information below represents amounts from the joint venture prepared in accordance with IFRS Standards.

(DKK '000)	**2018**	**2017**
Current assets	294	179
Non-current assets	726	950
Current liabilities	282	1,312
Non-current liabilities	9,871	3,478
The above amounts of assets and liabilities include the following:		
Cash	21	47
Non-current financial liablities	9,871	3,478
Revenue	1,509	514
Net profit for the year	(5,472)	(3,711)
Total comprehensive income	(5,472)	(3,711)
The above profit (loss) for the year include the following:		
Depreciation and amortisation	224	168
Interest expense	5	11
Net assets of joint venture	(9,132)	(3,661)
Proportion of Agillic's ownership interest in the joint venture	**(5,479)**	**(2,197)**
Offset against:		
Trade receivables and loans, joint venture	7,856	2,375
Total receivables from joint ventures	**2,377**	**178**

Note 15 - Trade receivables

(DKK '000)	31 Dec. 2018	31 Dec. 2017	1 Jan. 2017
Trade receivables, gross	11,261	14,384	5,848
Allowances for doubtful trade receivables:			
Balance beginning of year	-	-	-
Change in allowance during the year	618	-	-
Realised losses during the year	-	-	-
Allowances for doubtful trade receivables year end	**618**	**-**	**-**
Trade receivables, net	**10,643**	**14,384**	**5,848**
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	6,631	12,773	3,716
Past due, but not impaired:			
Not more than 30 days	3,380	1,552	1,704
Between 31 and 60 days	119	12	347
Between 61 and 90 days	146	47	81
More than 90 days	367	-	-
Trade receivables, net	**10,643**	**14,384**	**5,848**

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

In 2018, allowances have been recognised according to the lifetime expected credit loss method as introduced under IFRS 9.
The transition to lifetime expected credit losses has had no impact on allowances as of 1 January 2018.

Note 16 - Share capital and Earnings per share

Share capital

As at 31 December 2018, the share capital consisted of 8,286,900 (2017: 7,234,010) 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)	2018
Issued and fully paid shares:	
At 1 January 2017, 2,351,890 shares of DKK 0.10 each	235
Capital increase, registered 31.12.2017 (restructuring to a private limited company)	488
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 2018	**829**

	2018	2017
Earnings per share		
The calculation of earnings per share is based on the following:		
Profit/(loss) for the year	(25,771)	(5,167)
Weighted average number of shares used for calculation of earnings per share[1]	**8,036,087**	**7,234,010**
Average dilutive effect of outstanding share options	328,486	160,879
Weighted average number of shares used for calculation of diluted earnings per share[1]	**8,364,573**	**7,394,889**
Earnings per share (EPS)	(3.21)	(0.71)
Earnings per share, diluted (DEPS)	(3.08)	(0.70)

[1] Number of shares in 2017 have been annualised for comparative purposes as the company was not listed in 2017.

Note 17 - Debt to credit institutions

(DKK '000)	31 Dec. 2018	31 Dec. 2017	1 Jan. 2017
Debt to credit institutions are due as follows:			
Within 1 year	-	4,796	-
From 1-5 years	11,291	10,889	8,220
After 5 years	-	402	1,969
Total debt to credit institutions	**11,291**	**16,087**	**10,189**
Debt to credit institutions are recognised accordingly:			
Non-current liabilities	11,291	11,291	10,189
Current liabilities	-	4,796	-

Agillic A/S obtained loans from Vækstfonden of a total of DKK 13 million. The loans mature in July 2023. No covenants apply. The variable interest rate is subject to adjustment quarterly based upon the 3-month CIBOR plus a premium.

Note 18 - Other payables

(DKK '000)	31 Dec. 2018	31 Dec. 2017	1 Jan. 2017
Accrued vacation payables	3,130	1,831	1,330
Bonus and commission payables	1,517	147	-
Payroll taxes, VAT etc.	895	2,009	332
Other accrued costs	2,705	522	2,768
Total other payables	**8,248**	**4,509**	**4,430**

Note 19 - Deferred income

(DKK '000)	31 Dec. 2018	31 Dec. 2017	1 Jan. 2017
Arising from contracts with customers	21,263	15,811	8,033
Total deferred income	**21,263**	**15,811**	**8,033**
Current	19,469	12,222	8,033
Non-current	1,794	3,589	-
Total deferred income	**21,263**	**15,811**	**8,033**

Revenue relating to subscriptions is recognised over time although the customer 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)	2018	2017
Lease payments recognised in the income statement	1,119	513
Total minimum future lease payments:		
Within 1 year	631	723
From 1-5 years	-	482
After 5 years	-	-
Total	**631**	**1,205**

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 the company's financial position.

A mortgage of DKK 13 million is registered as collateral for the company's debt to Vækstfonden of DKK 11.3 million as per 31 December 2018.

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 joint venture and is jointly and severally liable for payments of Danish corporate tax and withholding tax etc.

Commitments

Agillic has a commitment to fund its joint venture Armstrong One ApS by making interest-free loans to the joint venture of total DKK 7.5 million as per 30 September 2019 at the latest. The loan should cover financing of marketing and development of Armstrong One ApS' solutions within predictive analytics. As per 31 December 2018, Agillic the remaining commitment amounts to DKK 964 thousand.

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 of 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 2018 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)	2018	2017
Joint ventures		
Transactions		
Sale of goods and services	3,371	910
Sales commission	153	-
Purchase of goods and services	1,168	-
Outstanding balances		
Trade receivables and loans	7,856	2,375

Until 31 January 2018, Agillic A/S was owned 100% by the former UK-based parent company Agillic Limited. As a part of the IPO Agillic Group was restructured and activity from client contracts in Agillic Limited was in January 2018 acquired by Agillic A/S at a value corresponding to the contractual value of DKK 2,254. See to note 12 Intangible assets. Agillic Limited is after the IPO no longer related to Agillic A/S.

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 consists 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 48-49 for additional information on members of the Board of Directors.

Note 23 - Financial risks

(DKK '000)	31 Dec. 2018	31 Dec. 2017
Specification of financial assets and liabilities:		
Trade receivables	10,643	14,384
Other receivables	-	2,254
Tax receivables	2,264	749
Cash	12,312	40
Total financial assets	**25,219**	**17,427**
Debt to credit institutions	11,291	16,087
Trade payables	3,077	1,442
Other payables	8,248	4,509
Total financial liabilities	**22,616**	**22,038**

Due to the nature of its operations, investments, and financing, the company is exposed to a number of financial risks. It is the 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 37-39 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 aim to balance incoming and outgoing payments in local currency as much as possible as well as monitoring the development in exchange rates and adjust price lists when required.

The most significant financial risk in Agillic relates to exchange rate fluctuations. The greatest exposure in foreign currency is to NOK and in 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 seek to ensure that contracts with clients are entered into in DKK, NOK or EUR.

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)	2018	2017
Sensitivity to a 10% increase in NOK exchange rate		
Revenue	1,396	928
EBITDA	769	418

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. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Currency				
NOK	8,019	2,896	1,026	485
EUR	321	15	388	633
SEK	1,094	242	5	-
Other	342	2,254	81	42

Interest rate risk

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

Agillic's interest-bearing debt to credit institutions of DKK 11,291 thousand as per 31 December 2018 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 116 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.

At 31 December 2018, the company's cash and cash equivalents amounted to DKK 12,312 thousand (2017: DKK 40 thousand).

The cash reserve and expected cash flow for 2019 are considered to be adequate to meet the obligations of the company as they fall due.

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 upfront annual invoicing and payment.

The company did not historically had any siginficant loss on trade receivables and the risk of significant losses on the total receivables as per 31 December 2018 is estimated to be limited. As per 31 December 2018, the company has trade receivables sent to debt collection and receivables due more than 30 days of DKK 1,250 thousand. Hereof DKK 618 thousand have 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 the Agillic consists of net debt 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

No material events have occured after the reporting period, that have consequenses for the Annual Report 2018.

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 e-mail 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. 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 cost (inclusive direct related cost, like travel costs, personal IT costs, costs of office etc.) of acquiring one new customer.
Customer lifetime	Average number of years from customers 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 interests, tax, depreciation, amortisation and result from joint ventures.
EBIT	Earnings before interest and tax.
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
Gl. 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
Mikael Konnerup
Jesper Genter Lohmann
Casper Moltke-Leth

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 Thursday 28 March 2019 at 5 pm at Gl. Mønt 4, 1., Copenhagen, Denmark.