

Announcement no. 18 2020

Agillic releases Q3 2020 results

Copenhagen – 22 October 2020 - Agillic A/S (Nasdaq First North Growth Market Denmark: AGILC) releases its financial results for Q3 2020. Total revenue decreased by 5% compared to 2019 due to a lower transaction volume. However, the subscription part of the Company's revenue increased by 10% to DKK 33.3 million and gross profit by 8% to DKK 33.5 million, compared to the first nine months of 2019. Both numbers are an all-time high. EBITDA increased by DKK 10.8 million and amounted to DKK -0.3 million. The subscription part of Annual Recurring Revenue (ARR) decreased by 7% compared to 30 September 2019. Guidance for 2020 has been updated.

Emre Gürsoy, CEO of Agillic comments:

"The effects of COVID-19 continued through Q3 2020. Despite this, we have won 16 new clients YTD and retained existing ones by adjusting subscription fees of the Agillic Platform, typically in exchange for an increase in the client's license period commitment. I am pleased that our revenue from subscriptions, as well as gross profit for the period, are at an all-time high. Both revenue from transactions and the disappointing development in ARR result from the negative impact of COVID-19 churns. We have reduced operational costs by 20% and are now close to a break-even in EBITDA. We continue to focus strongly on expanding our international partner network, gaining new clients, preparing our organisational structure for scalable international growth and strengthening our organisation with internationally experienced MarTech and SaaS competencies. Our three main financial goals remain: 1) Double-digit percentage growth rate in ARR subscriptions, 2) Positive cash flow from operations, and 3) Positive EBITDA."

Performance highlights

	2020	2019		2020	2019	
DKK million	YTD	YTD	Change	Q3	Q3	Change
INCOME STATEMENT						
Revenue from subscriptions	33.3	30.4	10%	10.5	10.6	-1%
Revenue from transactions	4.1	8.8	-53%	1.0	2.2	-55%
Other	0.8	0.8	0%	0.2	0.2	0%
Total revenue	38.2	40.0	-5%	11.7	13.0	-10%
Gross profit	33.5	30.9	8%	10.5	10.1	4%
Gross margin	88%	77%	-	90%	78%	-
Operational costs	33.8	42.0	-20%	10.9	12.9	-15%
EBITDA	-0.3	-11.1	98%	-0.4	-2.8	86%
Net profit	-6.6	-18.6	65%	-3.4	-4.1	17%
FINANCIAL POSITION						
Cash at bank	14.8	-1.0	1,580%	14.8	-1.0	1,580%
SOFTWARE-AS-A-SERVICE (ARR)						
Subscription part of ARR	40.1	43.0	-7%	40.1	43.0	-7%
Transaction part of ARR	4.0	8.7	-54%	4.0	8.7	-54%
Total ARR ¹	44.1	51.7	-15%	44.1	51.7	-15%
Change in ARR last 12 months	-7.6	9.8		-7.6	9.8	

¹⁾ ARR, i.e. the annualised value of subscription agreements and transactions at the end of the actual reporting period

Financial highlights

- Revenue in Q3 2020 amounted to DKK 11.7 million (-10%) compared to Q3 2019.
- Revenue for the first nine months amounted to DKK 38.2 million (-5%) compared to the same period in 2019. The decrease resulted from lower revenue from transactions due to COVID-19. However, revenue from subscription increased by 10% to DKK 33.3 million, which is an all-time high.
- Gross profit in Q3 2020 amounted to 10.5 million, compared to DKK 10.1 million (+4%) in Q3 2019. Gross margin increased to 90% compared to 78% for Q3 2019. Due to a lower number of transactions, the improvement is a consequence of a sales mix effect, as the gross margin is lower on transactions than on subscriptions.
- Gross profit for the first nine months amounted to DKK 33.5 million, which is an all-time high, compared to DKK 30.9 million (+8%) for the same period in 2019. Gross margin increased from 77% to 88% due to the above-mentioned sales mix effect.
- EBITDA for Q3 2020 amounted to DKK -0.4 million, an increase of DKK 2.4 million (+86%).

- EBITDA for Q1-Q3 2020 amounted to DKK -0.3 million, an increase of DKK 10.8 million compared to the same period last year. This positive development results from a combination of an improved gross profit of DKK 2.6 million and reduced operational costs of DKK 8.2 million.
- As of 30 September 2020, cash at bank amounted to DKK 14.8 million, excluding the Company's current credit line at DKK 3.0 million.

Comments on ARR development

- As of 30 September 2020, ARR was DKK 44.1 million, compared to DKK 51.7 million as of 30 September 2019, a decrease of DKK 7.6 million (-15%).
- This decrease is mainly driven by the transaction part of Agillic's ARR. Both seasonality and COVID-19 have negatively impacted the transaction part of ARR. Agillic's clients traditionally reduce communication with their customers in Q3, mainly due to the summer holiday season. Historically, Q4 has compensated the decrease in ARR for the transaction part, and the Company expects the value of transactions to increase, primarily due to Black Friday and Christmas. However, as COVID-19 continues to impact Agillic's clients, there is some uncertainty as to how the seasonality in Q4 will compare to that of previous years.
- Even though Agillic has won 16 new clients this year, the effect of COVID-19 has generated greater downgrades and churn. This is the main reason for the decrease in the subscription part of ARR. Seeking to offset the negative effect of COVID-19, Agillic has focused on adjusting subscription fees of the Agillic Platform, typically in exchange for an increase in the client's license period commitment. This way, clients are retained and can scale up once a more normal market situation returns.

Operational highlights in Q3 2020

- New clients signed contracts with Agillic in Q3, including Sol & Strand, Plantorama, Dansk Kabel TV and Egmont Ehapa Media in Germany.
- Effective as of 1 September 2020, Bent Faurkov joined Agillic as CFO. Faurkov comes with 25 years of CFO experience, including 15 years from listed SaaS companies.
- The Company has entered into a new lease agreement and will move to facilities on Masnedøgade 24. 2., 2100 Copenhagen in December this year.

2020 Guidance

The Company has updated its guidance as follows:

Updated guidance as of 22 October 2020:

- Revenue: DKK 46-49 million.
- EBITDA: DKK -3 to 1 million.
- ARR: DKK 44-49 million
 - License part of ARR: DKK 40-43 million.
 - Transaction part of ARR: DKK 4-6 million.

Former guidance in Half-year Report 2020 as of 20 August 2020:

- Revenue: DKK 46-52 million.
- EBITDA: DKK -5 to 1 million.
- ARR: DKK 44-52 million
 - License part of ARR: DKK 40-46 million.
 - Transaction part of ARR: DKK 4-6 million.

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About Agillic A/S

Agillic is a Danish software company enabling marketers to maximise the use of data and translate it into relevant and personalised communication, thereby establishing strong relations between people and brands. Our customer marketing platform uses AI 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.

Besides the Company's headquarters in Copenhagen, Denmark, Agillic has sales offices in London (UK) and Stockholm (Sweden), as well as a development unit in Kyiv (Ukraine). For further information, please visit www.agillic.com.

Agillic A/S (publ) (Nasdaq First North Growth Market Denmark: AGILC) is obligated to publish the above information in compliance with the EU Market Abuse Regulation. The information was published via agent by Agillic A/S on 22 October 2020.

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Read more about Agillic and the Agillic Platform [here](#)

Appendix: Financial development per quarter

DKK million	2017		2018				2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
INCOME STATEMENT													
Revenue from subscriptions	4.8	5.0	5.9	6.3	6.6	8.7	9.3	10.5	10.6	10.8	12.0	10.8	10.5
Revenue from transactions	1.0	1.3	1.9	2.2	2.0	2.6	3.1	3.4	2.2	2.4	2.2	0.8	1.0
Other revenue	0.3	0.8	0.4	1.0	0.5	0.8	0.4	0.3	0.2	0.5	0.5	0.1	0.2
Total revenue	6.1	7.1	8.2	9.5	9.1	12.2	12.8	14.3	13.0	13.7	14.7	11.8	11.7
Gross profit	5.5	6.0	5.3	7.2	7.1	9.7	9.7	11.1	10.1	10.8	11.9	11.1	10.5
Gross margin	90%	84%	65%	76%	78%	79%	76%	78%	78%	79%	81%	94%	90%
EBITDA	0.2	-0.3	-5.4	-4.0	-3.4	-6.3	-3.5	-4.8	-2.8	-4.3	-0.4	0.6	-0.4
Net profit	-0.8	-3.2	-7.2	-6.1	-5.8	-6.7	-5.9	-8.6	-4.1	-6.5	-2.7	-0.5	-3.4
FINANCIAL POSITION													
Total assets	23.1	31.4	60.4	53.9	50.0	47.4	36.1	40.5	40.9	37.7	38.4	59.3	55.7
Equity	3.4	6.4	21.4	15.4	9.9	3.5	-2.1	-10.5	-14.3	-20.6	-18.7	-1.4	-4.6
Borrowings	13.0	16.1	13.0	11.6	9.0	11.3	10.5	16.3	21.3	24.4	28.5	28.3	28.9
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in cash	-0.4	-0.2	35.1	-11.0	-8.5	-3.3	-9.6	-1.7	-2.0	-3.0	-2.2	21.4	-0.5
EMPLOYEES & CUSTOMERS													
Headcounts (end of quarter)	23	27	33	43	50	56	60	63	67	64	64	61	57
Customers (end of quarter)	53	56	55	59	65	73	73	79	77	81	84	83	79
SOFTWARE AS A SERVICE (SAAS)													
Subscription part of ARR	18.6	25.8	27.6	29.5	33.4	39.6	40.7	44.5	43.0	45.5	47.0	43.6	40.1
Transaction part of ARR	5.1	7.4	7.4	9.3	8.5	10.5	12.6	13.8	8.7	9.6	8.9	3.3	4.0
Total ARR ¹	23.7	33.2	35.1	38.8	41.9	50.1	53.3	58.2	51.7	55.1	55.8	46.9	44.1
Net increase/decrease in ARR	2.1	9.5	1.9	3.7	3.1	8.3	3.2	5.0	-6.5	3.4	0.8	-8.9	-2.8
Average ARR ²	0.4	0.6	0.6	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6
Customer Acquisition Costs (CAC) ³	0.4	0.5	0.7	0.8	0.8	0.8	1.0	1.0	1.3	1.4	1.2	1.6	1.3
Years to recover CAC (years) ⁴	1.2	1.1	1.6	1.6	1.7	1.5	1.6	1.6	2.4	2.6	2.2	3.1	2.6

1 ARR, i.e. the annualised value of subscription agreements and transactions at the end of the actual reporting period.

2 Average ARR, i.e. the average ARR per customer.

3 Customer Acquisition Costs (CAC), i.e. the sales and marketing cost (inclusive direct related cost, like travel costs, personal IT costs, costs of office etc.) of acquiring one new customer.

4 Years to recover CAC (years), i.e. the period in years it takes to generate sufficient gross profit from a customer to cover the costs of acquiring the customer.