avidly

YEAR 2018

CONTENTS

Avidly - Growth, progress, change

In 2018, we succeeded in growing our business significantly, with our revenue increased by over 26%. By acquiring Nitroid, we expanded our operations to South-East Finland and took our first steps in international expansion as well. Also, our result developed according to our expectations during the second half of the year.

Our new colleagues in Kotka, Lappeenranta, and Kouvola brought us a lot of new know-how and ensure that we are close to our customers throughout Finland. A reorganisation at our Turku office following personnel changes helped them gain new momentum and as a result, we were able to get the business in Turku back on a good growth track during the autumn. At the end of the year, we also opened an office at Lahti.

Marketing service agency Avidly was named in September 2018, when Zeeland Family, a Finnish agency offering comprehensive marketing services and growth-focused inbound marketing providers in Sweden, Norway, and Denmark (acquired in August 2018) joined forces. Today Avidly combines the strengths of these two business areas.

In November 2018 and January 2019, we raised a total of EUR 3.3 million from investors with CapMan Growth Fund being the anchor investor. This financing will help us to look for organic and inorganic growth in inbound marketing based on HubSpot, in particular.

Already at an early stage, we have found a common ground for constantly developing Avidly. Our attitude toward marketing is thoroughly #tomorrowbound. This means focusing on doing things today that can have an impact tomorrow. Embarking on a journey towards a better tomorrow – together with our customers. For this journey, we bring the most versatile range of creative marketing services and the latest digital tools available.

While strongly rooted in the present moment, we constantly look beyond and explore the future. This is how we help our customers to ensure their success tomorrow, as well.

Avidly's strategy for 2019-2024 was published at the beginning of 2019. More than ever Avidly is a growth company.

Growth is very much in the focus when working with our customers: We want to be the strategic partner in their growth and change.

In order to support its customers' growth, Avidly offers versatile marketing expertise in Northern Europe. Our own growth will come organically through being the strategic partner to our customers as well as through acquisitions in Europe in our Inbound Marketing business, in particular. Currently, Avidly has offices in 16 cities, of which 11 in Finland.

Our international growth engine in Inbound Marketing is HubSpot; a market-leading technology platform that consists of tools for marketing, sales and customer service. Avidly is already one of the world's largest partners offering services around the HubSpot Software, and our aim is to gain a solid position in the Nordic countries and expand further in Europe. We are a data-driven and customer-centric partner with the most modern tools for the buyer's entire journey. In order to succeed, we need to invest in our marketing and sales processes, recruit new talent and develop our own team.

Our Marketing Service business area will increasingly focus on being the strategic marketing partner of our customers. We continue to develop our unique Marketing as a Service model. Our comprehensive range of services ensures that in addition to versatile marketing expertise, our customers have also PR and media agency services available for them. We continue to develop our lean methods of working and invest in our digital capabilities. Understanding our customer's business, creative courage and working together is key for us.

At the heart of these two strong business area are people: Avidly's employees, with whom we are building a strong corporate culture and the world's best place to work, and also our customers – taking their marketing forward is the purpose of our company.

In Avidly, result-oriented data-driven marketing and adventurous creative work join hands in a unique way. Both are needed in order to succeed. Our vision is to be a globally recognised, modern marketing and sales partner.

We want to stay ahead of the game on the ever-changing field of marketing. It is prerequisite in helping our customers to succeed, shine, get to their goals and beyond.

CEO JYRKI VAITTINEN

KEY FIGURES, FULL YEAR

EUR 1,000	**1–12 2018**	1–12 2017
Revenue	**19,770**	15,665
Gross margin	**15,327**	12,912
EBITDA	**1,047**	1,327
Operating result (EBIT)	**616**	1,064
Profit before taxes	**256**	847
Personnel, average	**195**	160
Earnings/share, EUR	**0.22**	0.69
Equity ratio, %	**50.4%**	27.8%
ROI, %	**6.2%**	31.4%
Equity/share, EUR	**3.73**	2.19
Gearing, %	**-14.7%**	15.6%
Number of outstanding shares, weighted average during the period	**1,585,980**	1,385,677
Number of outstanding shares, at the end of the period	**2,239,560**	1,397,689

KEY FIGURES, QUARTERLY

EUR 1,000	**1–3 2018**	**4–6 2018**	**7–9 2018**	**10–12 2018**	1–3 2017	4–6 2017	7–9 2017	10–12 2017
Revenue	**4,702**	**5,058**	**4,011**	**5,999**	4,026	4,215	3,107	4,317
Gross profit	**3,542**	**3,400**	**3,334**	**5,050**	3,500	3,341	2,542	3,529
Operating profit / -loss	**402**	**-50**	**30**	**234**	590	277	-80	277
Operating profit, % of gross profit	**8.5%**	**-1.0%**	**0.7%**	**3.9%**	14.7%	6.6%	-2.6%	6.4%

Board of Directors' report

1 Jan–31 Dec 2018

MARKET SITUATION

Communication service companies in Finland described their market situation as fairly good according to the Business Tendency Survey compiled by the Confederation of Finnish Industries (EK) in January 2019. They are experiencing rapid growth and their outlook for the next six months is good. The economic trends are expected to remain fairly stable during the spring. According to the survey, 38% of companies had problems with recruitment.

In Finland, a total of EUR 1,246 million was spent on media advertising in 2018, indicating a growth of 2.3% from the previous year. Based on Kantar TNS statistics and a study made by the media industry organisations, investments grew in all media categories except in print media. Online advertising attracts the largest share of spending, 34%. In 2018, outdoor advertising grew the most in percentage terms, 15%. The investments in TV advertising remained stable.

According to the Interactive Advertising Bureau in Finland, the total digital advertising spend in Finland amounted to EUR 421 million. Compared to the previous year, the spending grew by nearly 14% and the share of digital advertising of the total advertising spend increased by 3.6 percentage points.

Zenith and Group M estimate that global media advertising spend increased by some 4% in 2018. In 2019, investments in advertising are expected to grow globally, albeit at a lower pace than in 2018. Avidly estimates that the total marketing spend in its current markets will grow moderately in 2019.

REVENUE AND GROSS PROFIT

Avidly Group's revenue in 2018 grew significantly, by 26.2%, and amounted to EUR 19,770 thousand (15,665). Revenue developed positively in Finland and some 10% of the growth during the year was organic. During the year, Avidly expanded its operations also through acquisitions. New operations in Finland and in the Nordic countries corresponded to some 16% of the growth.

Gross profit increased by 18.7% during the year and was EUR 15,327 thousand (12,912). Continuous services amounted to some 42% (41%) of gross profit.

RESULT

Avidly's result began to improve during the second half of 2018. The profitability for the full financial year decreased from the comparable year, due to lower profitability during the first six months following personnel changes and transactions. During the year, the Group's EBITDA decreased by 21.1% and was EUR 1,047 thousand (1,327) equalling 5.3% of revenue (8.5%). Operating profit decreased by 42.1% and was EUR 616 thousand (1,064). Operating profit was 3.1% (6.8%) of revenue and 4.0% (8.2%) of gross profit.

In 2018 Avidly made major acquisitions, which resulted in a total of EUR 195 thousand in transaction costs. In the comparable year, these costs totalled EUR 7 thousand. Adjusted for the transactions costs, EBIT in 2018 was EUR 811 thousand (1 071).

Profit before taxes was EUR 256 thousand (847). Profit for the period amounted to EUR 352 thousand (960). In addition to transaction costs, the profit for the period was affected by the costs related to raising funding, totalling EUR 196 thousand (49) and recorded in financial expenses. Income taxes include deferred tax assets amounting to EUR 138 thousand (168) resulting from losses confirmed in taxation.

Earnings per share in 2018 were EUR 0.22 (0.69).

Avidly owns some 27% of PCKT Money Oyj, a company developing and selling customer loyalty and payment card systems. Avidly's estimated share of the result of this associated company at the date of the financial statements, EUR 43 thousand (0), is included in the consolidated financial statements as share of profit in associated companies.

BALANCE SHEET AND FINANCIAL POSITION

On 31 December 2018, Avidly's balance sheet total grew to EUR 16,561 thousand (11,008). The growth came from increased goodwill as a result of the acquisitions as well as increased accounts receivable and cash and cash equivalents. The Group's equity totalled EUR 8,355 thousand (3,056) at the end of the year. Equity increased due to a directed share issue to CapMan Growth Fund and other investors in November, which made up part of the funding raised in order to execute the Group's future growth strategy. Avidly's equity ratio at the end of the year increased thus to 50.4% (27.8%) and equity per share was EUR 3.73 (2.19).

The Group's cash flow from operations was EUR 934 thousand (791). Net debt on 31 December 2018 was EUR -1,227 thousand (478) and gearing was -14.7% (15.6%). The net debt includes only interest-bearing loans from financial institutions. A non-interest bearing restructuring debt for one of the subsidiaries, to be repaid according to schedule in 2020, contributes to the Group's debts.

INVESTMENTS AND R&D EXPENSES

Avidly's investments in 2018 totalled EUR 1,261 thousand (591). Investments comprised the acquisition of Nitroid in Finland and Avidly AB operating in the Nordic countries as well as replacement investments and renovations for new office spaces.

Group's R&D activities in 2018 were mainly executed in connection with customer projects. Recorded R&D expenses equalled 0% (0%) of revenue.

CHANGES IN THE GROUP STRUCTURE

In May 2018, Avidly acquired the marketing communication agency Nitroid, operating in South-East Finland. The purchase price was EUR 592 thousand. Nitroid's operations were consolidated with the Group figures as of 1 June 2018.

In July 2018, the fully-owned subsidiaries Zeeland United Oy, H1 Web Oy and Pakkahuone Oy were merged with the Parent Company.

In August 2018, the transaction to acquire Avidly AB, a company offering HubSpot marketing automation services in Sweden, Norway and Denmark, was finalised. The purchase price was EUR 2,058 thousand. In addition, the sellers are entitled to a possible additional purchase price. At this date, the additional purchase price is not known. With the information available at this date, the Board of Directors assumes that the targets set for Avidly AB's net result will not be met and therefore additional purchase price will not be paid. The company will confirm the possible final additional purchase price approximately in May 2019. Avidly AB's operations were consolidated with the Group figures as of 1 September 2018.

PARENT COMPANY

In 2018, the Group's parent company Avidly Plc's revenue totalled EUR 4,870 thousand (1,962), its operating profit was EUR 363 thousand (123) and result for the period was EUR 88 thousand (117). Since fully-owned subsidiaries Zeeland United Oy, H1 Web Oy and Pakkahuone Oy were merged with Avidly Plc, the Parent Company's business operations consist of marketing communication services in Finland in addition to providing administrative services at the end of year. This contributed to the increase in revenue and results.

These mergers also had an impact also on the Parent Company balance sheet. At the end of the period, the Parent Company's balance sheet total was EUR 13,651 thousand (7,823) and equity was 9,081 thousand (3,844). Equity ratio was 66.5% (49.1%).

SUSTAINABILITY

Sustainability in Avidly means above all social responsibility, ensuring the well-being of personnel, and creating an inspiring work environment that promotes creativity.

In 2018, the Group employed on average 195 (160) people and the number of employees at the end of the year was 239 (162). Employee benefit expenses for the period amounted to EUR 9,362 thousand (7,649). Employee satisfaction is measured on a weekly basis. According to the study, the personnel's satisfaction with their work and their employer is at a good level.

Avidly places strong emphasis on personnel development and well-being, and offers learning opportunities for future professionals. In August 2018, Avidly launched a trainee programme where four young digital marketers will learn and grow with us in order to become inbound marketing professionals.

Avidly wants to provide its employees with an enthusiastic work community that pulls together. In autumn 2018, Avidly began to write a culture code for the company. Avidly's refined values and the culture code, to be launched in spring 2019, will facilitate the integration of acquired businesses as well as improve the success of recruitments.

Avidly's environmental impacts are estimated to be low, and they are related to the environmental impacts of normal office work performed by knowledge workers, such as electricity consumption by IT equipment, printing, recycling, general energy consumption, and travelling. For 2019, Avidly chose climate change mitigation and minimising the CO2 footprint of the Finns as the subject of its Tomorrowbono sustainability programme. Avidly will do this pro bono work together with CO2Esto, a Finnish company specialising in climate change mitigation.

According to its strategy, published in January 2019, Avidly is primarily a growth company. Despite its clear growth objectives, the core of Avidly's financial responsibility continues to be profitable growth and good dividend yield.

SHARES AND SHARE CAPITAL

The Company has a single share series. Each share gives one vote. Avidly Plc's shares are listed on the Nasdaq First North marketplace in Helsinki under the code AVIDLY.

Trading in shares and market value

In 2018, a total of 625,710 Avidly shares (1,262,267) were traded, representing approximately 39% (91%) of all shares. On the final trading day of 28 December 2018, the share price was EUR 5.16 (6.89). The highest quoted price during the year was EUR 7.96 (7.09) and the lowest price was EUR 4.58 (3.18). The market value of Avidly Plc's outstanding shares at the end of the period was EUR 11,556 thousand (9,561).

Share capital, number of shares and share ownership

At the beginning 2018, the number of shares was 1,397,869, the share capital was EUR 322 thousand, and the total number of owners was 775.

During the year Avidly had several directed share issues and as a result, at the end of the year the number of shares was 2,258,772, of which 2,239,560 were outstanding. The share capital remained at EUR 322 thousand. The number of shareholders increased during the year and was 934 at the end of the period.

The average number of shares during the period was 1,604,559 (1,397,869) and 1,795,435 (1,397,869) during the second half of 2018.

The personnel employed by Avidly held 11.9% (19.2%) of shares on 31 December 2018. The holdings of the Board of Directors, CEO and the bodies they control (directly or indirectly) totalled 25.8% at the year-end (31.12.2017: 29.8%). Avidly does not have options plans at the moment.

Treasury shares

At the beginning of the year, the company held 10,154 treasury shares. In December 2017, the company began a share buyback programme, under the authorisation by the AGM of 6 April 2017. The share purchases continued until 29 March 2018. In March, 15,000 shares held by the company were transferred against payment to the CEO for incentive purposes. In June, the company redeemed 10,000 shares held by the former COO. Treasury shares were used as part of payment in the Nitroid acquisition. At the end of the year, Avidly held a total of 19,212 own shares, equal to 0.9% of all shares.

Share authorisations

The Annual General Meeting of 5 April 2018 authorised the Board of Directors to resolve upon the acquisition of the company's own shares in one or more instalments. The maximum amount of shares to be acquired under the authorisation is 139,786 shares, corresponding to a maximum of some 10 percent of all shares on the date of the notice to the AGM. Any acquisition under the authorisation may only be carried out by using the company's non-restricted equity and at a value formed in Nasdaq First North market place maintained by Nasdaq Helsinki at the time of the applicable acquisition. The authorisation is valid until 30 June 2019, and the Board did not use the authorisation during the period under review.

The AGM of 5 April 2018 authorised the Board to resolve upon one or more share issues without payment and/or share issues against payment. The authorisation includes the right to transfer treasury shares or to resolve upon issuing of option rights or other special rights entitling to shares as set out in the Finnish Limited Liability Companies Act Chapter 10 Section 1. The maximum amount of shares that can be issued under the authorisation, either by issuing new shares, transferring treasury shares and/or issuing option and other special rights entitling to shares as set out in the Finnish Limited Liability Companies Act Chapter 10 Section 1, is 600,000 shares, corresponding to some 30 percent of all shares after all shares that can be issued, all treasury shares that can be transferred and/or all shares that can be issued based on option and other special rights entitling to shares as set out in the Finnish Limited Liability Companies Act Chapter 10 Section 1 have been issued and/or transferred. This authorisation was used in connection with the acquisitions in 2018. A total of 151,309 shares could still be issued under this authorisation. The authorisation is valid until 30 June 2019.

The Extraordinary General Meeting of 31 August 2018 authorised the Board to resolve upon one or more directed share issues without payment directed to the shareholders of Avidly AB. The share issue shall be used as the payment of the conditional additional purchase price regarding the purchase of Avidly AB's shares. The authorisation includes the right to issue new shares or transfer Avidly Plc's treasury shares. The maximum amount of shares that can be issued under the authorisation, either by issuing new shares or by transferring treasury shares, is 800,000 shares. The authorisation is valid until 30 June 2019, and the Board did not use the authorisation during the period under review.

The EGM of 31 August 2018 authorised the Board to resolve upon one or more share issues without payment and/or share issues against payment. The authorisation includes the right to issue treasury shares or to resolve upon issue of option rights or other special rights entitling to shares as set out in the Finnish Limited Liability Companies Act Chapter 10 Section 1. The maximum amount of shares that can be issued under the authorisation, either by issuing new shares, transferring treasury shares and/or issuing option and other special rights entitling to shares as set out in the Finnish Limited Liability Companies Act Chapter 10 Section 1, is 450,000 shares. The authorisation does not revoke other authorisations. The authorisation is valid until 30 June 2019. The Board used this authorisation in November 2018 when issuing a total of 16,000 new shares to a group of investors and in January 2019 when deciding on a directed issue of 110,000 shares to Palcmills Oy. A total of 324,000 shares could still be issued under this authorisation.

The EGM of 31 August 2018 authorised the Board to resolve upon one or more share issues with the purpose of offering the issued shares to both general public and institutional investors. The maximum amount of shares that can be issued under the authorisation is 800,000 shares. The authorisation is valid until 30 June 2019. The Board used this authorisation when deciding on directed share issues to CapMan Growth Fund in November 2018. A total of 400,000 shares could still be issued under this authorisation.

DIVIDEND

The AGM of 5 April 2018 decided to pay a dividend of EUR 0.16 per share. The record date for dividend payment was 9 April 2018 and the dividend was paid on 17 April 2018.

After the end of the financial period, Board of Directors' decided on 30 January 2019 on Avidly's growth strategy and renewed the Group's long-term dividend policy. During the strategy period of 2019–2024, Avidly may distribute at the most 50% of its annual net result as dividends, given that distribution of the dividends does not affect Avidly's capability on reaching its growth targets for the period of 2019–2024. For 2018, the Board of Directors proposes a dividend of EUR 0.08 per share.

ADMINISTRATION

The Annual General Meeting of the company was held on 5 April 2018 in Helsinki. The AGM re-elected Ville Skogberg, Jari Tuovinen, Marko Häkkinen and Lasse Järvinen as members of the Board. In its organising meeting after the AGM, the Board elected Jari Tuovinen as Chair and Marko Häkkinen as Vice Chair. The Extraordinary General Meeting of 31 August 2018 made resolutions related to the acquisition of Avidly AB and as part of the transaction set the number of Board members at six. Ayed Mosa A Alshamrani and Ingunn Bjøru were elected as new members of the Board. The EGM of 13 December 2018 convened to decide on the directed share issue to CapMan Growth Fund decided to set the number of Board members at seven and elected Juha Mikkola as a new member.

At the end of 2018, Avidly's Board of Directors comprised Jari Tuovinen (Chair), Marko Häkkinen (Vice Chair), Ayed Mosa A Alshamrani, Ingunn Bjøru, Lasse Järvinen, Juha Mikkola and Ville Skogberg.

Avidly's CEO during the period under review was Tuomas Airisto. Jyrki Vaittinen, who was appointed COO of Avidly as of 1 October 2018, took over as CEO on 1 January 2019 as announced earlier.

Following the international expansion of the company, the structure of Avidly's management team was renewed during the year. At the end of 2018, the management team consisted of Sirpa Alhava, Mikko Marttinen, Ismo Nikkola, Jyrki Vaittinen and Tuomas Airisto. At the beginning of 2019, Avidly organised its business in two segments and as of 1 January 2019, the management team comprises CEO Jyrki Vaittinen, Deputy CEO Ismo Nikkola, CFO Mikko Marttinen, COO (Finnish business) Teea Björklund and COO (International business) Ingunn Bjøru.

Avidly's Corporate Governance Statement is available on p 48–49 of the Annual Report and on the company's investor website at investors.avidlyagency.com/en/governance

CERTIFIED ADVISOR

The Company's certified advisor, as required by the First North market place rules, has been Oaklins Merasco Oy during the accounting period.

AUDITOR

Jari Paloniemi, Authorized Public Accountant, acts as the auditor of Avidly Group, with Veikko Terho, Authorized Public Accountant, as the deputy.

BUSINESS RISKS AND UNCERTAINTIES

Strategic risks

Avidly aims to grow faster than the market both organically and by actively concluding M&A transactions. Digitalization is currently rapidly changing the marketing communications industry. This has brought, and will continue to bring, many new, agile operators into the industry, and defining the entire industry segment has become more difficult than before. This has made competition tougher, and Avidly will need to compete even more against both the established industry operators and entirely new competitors.

Operational risks

The general market situation has a large impact on demand for marketing communications services. Avidly has continuously aimed at improving its cost-efficiency and financial control and, thereby, its ability to react to any possible changes in the market situation.

The continuing, strong shift of focus in the marketing communications industry toward digital services demands that the current personnel acquire new competences and are able to rapidly renew themselves. Furthermore, it must be possible to recruit new expertise, which makes Avidly's employer image very important.

Marketing communications projects commonly use a fixed price. Profitability requires that the projects are assessed and priced correctly. It is possible that the pricing of the projects will fail and the projects' profitability will suffer. Pricing projects focused on software is especially challenging. Furthermore, there is increased price competition especially in public administration projects, which may affect the profitability of the projects. With regard to outsourcing services, the service contracts signed with clients will often have a long duration, and if Avidly should fail in the negotiations and pricing related to them, this may have a negative impact on the development of profitability within Avidly.

In line with its strategy, Avidly has concluded and will continue to aim to conclude M&A transactions in order to extend the Group's service offering and grow its geographical coverage. In the longer term, Avidly will aim to conclude even more M&A transactions in Europe. Concluding acquisitions outside Finland and the Nordic countries may be more difficult than in a domestic context. There is uncertainty related to the completion of acquisition, in terms of finding suitable companies and determining the correct price. The integration phase occurring after an acquisition includes the risk of the customers and personnel of the acquired companies leaving following the arrangement.

Financial risks

Avidly has some EUR 1.4 million in interest-bearing liabilities. Changes in reference rates do not have a material impact on Avidly's financing costs. Avidly's interest rate risk is low and separate hedging against it has not been deemed necessary.

The Group's currency risk mainly consists of currency translation risk in foreign operations. The Group has not hedged this risk. Avidly's long-term financing is in euros and does not have exchange rate risk. Avidly estimates its exchange rate risks at the time of closing the accounts to be not substantial.

Accident and interruption insurance has been taken out in order to protect against interruptions in Avidly's business due to accidents. In order to ensure business continuity, most of Avidly's documents are also automatically backed up in a secured storage located outside of the office locations.

One of Avidly's subsidiaries has two pending interlinked disputes in the Helsinki District Court related to termination of employment of two former employees. Avidly is not aware of any other litigation related to the Parent Company or the Avidly Group companies or risks related to authority activities.

Company restructuring programme for one of the Group companies

A company restructuring programme according to the Restructuring of Enterprises Act was confirmed on 9 July 2014 for Avidly Marketing Oy (formerly Zeeland Group Oy), a wholly-owned subsidiary of Avidly Plc. In 2018, Avidly Marketing has executed on the confirmed programme according to plan. If Avidly Marketing's business does not develop in the manner required in the confirmed programme, this may have a negative impact on Avidly's financial position.

AVIDLY'S NEW STRATEGY, FINANCIAL TARGETS AND DIVIDEND POLICY

Avidly Plc's Board of Directors approved, after the end of the accounting period on 30 January 2019, the new strategy and mid-term financial targets for Avidly and confirmed a new dividend policy. In 2019–2024, Avidly is targeting the annual organic revenue growth to exceed 25% and overall revenue growth to exceed 40%. Avidly targets its revenue to exceed EUR 100 million in 2024.

The new strategy rests on two strong pillars:

1. Avidly aims to substantially grow its services based on HubSpot technology both organically and by means of acquisitions in existing markets (Finland, Sweden, Norway, and Denmark), and by expanding into selected regions, mainly within Europe.

2. In Finland, Avidly continues its organic growth as a marketing agency offering a comprehensive range of services and serving customers throughout the country. The company focuses on offering continuous, comprehensive marketing services to medium-sized companies and individual marketing services to large enterprises.

MID-TERM TARGETS	TARGET 2019–2024
Organic revenue growth	> 25% annually
Inbound Marketing, organic growth	> 35% annually
Marketing Services, organic growth	5–10% annually
Revenue growth through M&A	> 15% annually
Inbound Marketing, growth through M&A	> 35% annually
Total revenue	EUR 100 million by 2024
Operating profit (EBIT), % of revenue	2–7%
Inbound Marketing, EBIT-%	> 0%
Marketing Services, EBIT-%	7–12%

The Board of Directors also updated Avidly's dividend policy to better reflect the strong growth mode of the strategy period. Avidly may distribute at the most 50% of its annual net result as dividends during the strategy period of 2019–2024 given that distribution of the dividends does not affect Avidly's capability on reaching its growth targets for the period of 2019–2024.

EVENTS AFTER THE END OF ACCOUNTING PERIOD

As announced previously, Jyrki Vaittinen began as the CEO of the company on 1 January 2019.

On 21 January 2019, Avidly announced a directed share issue to Palcmills Oy. A total of 110,000 shares were issued with a price of EUR 6.25 per share. In total, Avidly received EUR 687,000 in this issue. With the issue, the total funding raised by Avidly in order to execute its growth strategy increased to EUR 3.3 million.

On 28 January, the Board decided to change Avidly's reporting structure and disclosure policy. As of January 2019, Avidly publishes its financial reports and releases both in Finnish and English. Avidly will report two segments from the accounting period starting from 1 January 2019 onwards. The two business areas and reporting segments will be Marketing Services and Inbound Marketing, and the half-year report 2019 will be the first financial report on new segments.

Avidly's contract with the Finnish retail company SOK on outsourcing the production of marketing materials, signed on 1 January 2017, was discontinued on 31 December 2018. On 7 February 2019, Avidly announced the completion of co-operation negotiations related to the discontinuation of the contract. As a result, 7 employees became redundant and 11 were temporarily laid off until further notice. In addition, 11 persons working in the department mostly affected by the SOK deal have moved over to other companies. As a result of the personnel changes, Avidly will book an estimated one-time cost of EUR 0.1 million in its half-year result for the first six months of 2019.

OUTLOOK FOR 2019

Avidly estimates that its revenue in 2019 will be EUR 22–24 million (revenue 2018: EUR 19.8 million) and EBIT will improve compared to 2018 (EBIT 2018: EUR 0.6 million).

BOARD'S PROPOSAL FOR DISTRIBUTION OF PROFITS

Avidly Plc's Board of Directors proposes to the Annual General Meeting that, based on the consolidated balance sheet for the period ending on 31 December 2018, Avidly will distribute a dividend of EUR 0.08 per share (0.16), excluding the treasury shares held by the Company. The rest of the profits shall be left to an account for profits/losses. The dividend shall be paid to the shareholders registered in the shareholders' register of Avidly Plc held by Euroclear Finland Ltd on the record date 3 April 2019. The board of directors proposes that the dividend will be paid on 10 April 2019.

CONSOLIDATED INCOME STATEMENT, IFRS

EUR 1,000	Note	**1 Jan–31 Dec 2018**	1 Jan–31 Dec 2017
REVENUE	3	**19,770**	15,665
Other operating income	4	**83**	117
Materials and services	5	**-4,527**	-2,869
Employee benefit expenses	6	**-11,079**	-9,292
Depreciation and amortization	7	**-431**	-263
Other operating expenses	8	**-3,243**	-2,294
Share of profit in associated companies		**43**	0
OPERATING PROFIT		**616**	1,064
Financial income and expenses	9	**-359**	-217
PROFIT BEFORE TAX		**256**	847
Income taxes	10	**96**	113
Profit for the period		**352**	960
ATTRIBUTABLE TO:			
Parent company shareholders		**352**	960
Minority shareholders		**0**	0
Earnings per share calculated from profit attributable to parent company shareholders, EUR:			
Undiluted	11	**0.22**	0.69
Diluted	11	**0.22**	0.69
Consolidated statement of comprehensive income, EUR 1,000			
Profit for the period		**352**	960
Items that may be reclassified to profit or loss in subsequent periods			
Translation differences		**0**	0
Total comprehensive profit for the period		**352**	960
Total comprehensive income attributable to:			
Parent company shareholders		**352**	960
Minority shareholders		**0**	0

CONSOLIDATED BALANCE SHEET, IFRS

EUR 1,000	Note	**31 Dec 2018**	31 Dec 2017
ASSETS			
Non-current assets			
Intangible rights	13	**698**	246
Goodwill	13, 14	**6,408**	4,479
Machinery and equipment	12	**1,025**	717
Other tangible assets	12	**13**	1
Investments in associated companies	15	**296**	253
Deferred tax assets	16	**440**	314
Total non-current assets		**8,880**	6,010
Current assets			
Work in process	17	**1,195**	932
Accounts receivable	18	**2,163**	1,507
Deferred tax assets	16	**365**	334
Other receivables	18	**392**	333
Prepayments and accrued income	18	**541**	443
Cash and cash equivalents	19	**3,025**	1,449
Total current assets		**7,681**	4,998
Total assets		**16,561**	11,008
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**322**	322
Invested unrestricted equity fund	20	**8,338**	3,161
Retained earnings	20	**-305**	-427
Total equity		**8,355**	3,056
Non-current liabilities			
Financial liabilities	22, 24	**1,157**	1,728
Deferred tax liabilities	16	**250**	156
Other non-current items	22, 24	**665**	1,344
Total non-current liabilities		**2,072**	3,228
Current liabilities			
Financial liabilities	22, 24	**641**	199
Received advances	23	**211**	114
Accounts payable	23, 24	**701**	477
Other liabilities	23, 24	**2,039**	1,645
Accrued expenses and deferred income	23, 24	**2,542**	2,289
Total current liabilities		**6,134**	4,724
Total liabilities		**8,206**	7,952
TOTAL EQUITY AND LIABILITIES		**16,561**	11,008

CONSLOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
CASH FLOW FROM OPERATIONS		
Operating profit	**616**	1,064
Adjustments to operating profit	**431**	263
Change in working capital	**-108**	-551
Financial income in the income statement	**-15**	-49
Financing expenses in the income statement	**375**	266
Received financial income	**15**	49
Financial expenses paid	**-375**	-211
Taxes paid	**-5**	-40
Cash flow from operations	**934**	791
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	**-713**	-285
Business acquisitions	**-548**	-306
Cash flow from investments	**-1,261**	-591
CASH FLOW FROM FINANCING		
Business acquisitions	**405**	58
Changes in short-term loans	**442**	-270
Changes in long-term loans	**-1,250**	1,005
Dividends	**-222**	-110
Purchase of treasury shares	**-176**	-62
Sales of treasury shares	**104**	132
Share issue	**2,600**	-
Cash flow from financing	**1,903**	753
Total cash flows	**1,576**	953
Change in cash and cash equivalents	**1,576**	953
Cash and cash equivalents at 1 Jan	**1,449**	496
Cash and cash equivalents at 31 Dec	**3,025**	1,449

CHANGES IN CONSOLIDATED EQUITY, IFRS

EUR 1,000	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Equity at 1 Jan 2017	322	3,092	-1,278	2,136
Dividends			-110	-110
Purchase of treasury shares		-62		-62
Transfer of treasury shares		132		132
Profit for the period			960	960
Equity at 31 Dec 2017	322	3,162	-428	3,056

EUR 1,000	Share capital	Invested unrestricted equity fund	Retained earnings	Total
Equity at 1 Jan 2018	**322**	**3,162**	**-428**	**3,056**
Share issue		**5,248**		**5,248**
Dividends			**-222**	**-222**
Purchase of treasury shares		**-176**		**-176**
Transfer of treasury shares		**104**		**104**
IFRS 15 change			**-7**	**-7**
Profit for the period			**352**	**352**
Equity at 31 Dec 2018	**322**	**8,338**	**-305**	**8,355**

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES

BASIC INFORMATION ON THE GROUP

Avidly is a Finnish company offering marketing communications services.

The group's parent company is Avidly Plc. The parent company's domicile is Helsinki, its country of incorporation is Finland and its registered address is Konepajankuja 1, 00510 Helsinki, Finland. A copy of the consolidated financial statements is available at Konepajankuja 1, 00510 Helsinki, Finland.

Avidly Plc's Board of Directors has approved these financial statements for publication in its meeting on March 6, 2019. Pursuant to the Finnish Limited Liability Companies Act, shareholders may approve or reject the financial statements in a General Meeting held following their publication. The General Meeting may decide on amending the financial statements.

ACCOUNTING POLICIES

The consolidated financial statements are drawn up according to the International Financial Reporting Standards (IFRS), and the IAS and IFRS standards and SIC and IFRIC interpretations in force as of 31 December 2018 have been used during their preparation. In the Finnish Accounting Act and the regulations issued based on it, the International Financial Reporting Standards refer to the standards approved for application within the EU according to the procedure decreed in EU Regulation no. 1606/2002. The notes to the consolidated financial statements are also in line with the Finnish accounting and company legislation that supplements the IFRS regulations.

Unless otherwise stated in these accounting policies, the consolidated financial statements are based on historical cost.

The financial statements are presented in thousands of euros.

The consolidated financial statements utilize the exemptions available for first-time adopters in the IFRS 1 standard for business acquisitions prior to 1 Jan 2015. Any other exemptions allowed by the IFRS 1 standard have not been applied.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements pursuant to the IFRS standards requires certain estimates and judgments from the group management. Furthermore, judgment is required in the application of the accounting policies and in the preparation of estimates for depreciation periods and impairment tests, for example.

The estimates made during the preparation of the financial statements are based on the management's best available outlook on the final date of the reporting period. The estimates are based on earlier experience as well as assumptions concerning the future that are considered to be the most likely at the time of the closing of the accounts. Any changes in the estimates or assumptions are entered in the accounting records for the accounting period during which the estimate or assumption is adjusted, and for all accounting periods following it.

In Avidly Group, the key assumptions concerning the future and the key sources of estimation uncertainty on the date of the financial statements are related to the determination of fair value of the assets and liabilities of acquired businesses, the allocation of acquisition cost to unrecognized assets of the acquired company, and the impairment testing of goodwill and intangible assets with an unlimited useful life. The valuation of inventories involves estimates and judgment especially as regards the obsolescence of inventories.

Each year, the Group performs impairment tests on goodwill and those intangible assets with an unlimited useful life, and estimates any indications of impairment. The recoverable amounts from units generating cash flow have been determined using calculations based on value in use. Preparing these calculations requires using estimates. Additional information regarding the sensitivity of the recoverable amount to changes in the assumptions is available in note 11, "Intangible assets".

CONSOLIDATION PRINCIPLES

Policies for preparation of the consolidated financial statements

Subsidiaries are companies that the Group has control over. Control is created when the Group, by participating in an entity, is exposed to the entity's variable profit or is entitled to partake in its variable profit, and it is able to affect the said profit by exercising its control over the entity.

The acquisition method has been used to eliminate share ownership between group companies. The transferred consideration and the acquired company's identifiable assets and liabilities have been recognized at fair value at the time of acquisition. Costs related to the acquisition have been recognized as expenses. The consideration transferred does not include transactions that are treated separately from the purchase. These are usually recognized in profit or loss. Any possible contingent purchase price is valued at fair value at the time of acquisition, and it is classified as either liability or equity. An contingent purchase price classified as a liability is valued at fair value at the end of each reporting period, and the resulting profit or loss is recognized in profit or loss. An contingent purchase price classified as equity is not valued again. Any possible non-controlling interests in the object of the acquisition are recognized either at fair value or at an amount corresponding to the non-controlling interests' proportional share of the object's identifiable net assets. The recognition principle is defined separately for each business acquisition. The treatment of goodwill resulting from the purchase of subsidiaries is described in the section titled "Goodwill".

Acquired subsidiaries are included in the consolidated financial statements from the moment the Group gains control, and transferred subsidiaries are included up to the moment the control ceases to exist. Any business transactions between Group companies, receivables, liabilities and unrealized gains as well as the internal distribution of profits are eliminated when the consolidated financial statements are prepared. Unrealized losses are not eliminated if the loss is due to impairment. Changes in the Parent Company's ownership interest in the subsidiary that do not lead to loss of control are treated as business transactions concerning equity.

Associated companies are companies that the Group has significant influence over. Significant influence is generally established when the Group owns more than 20% of the votes in the company or when the Group otherwise has significant influence but no control.

Associated companies are consolidated into the consolidated financial statements by means of the equity method. If the Group's share of the losses of an associate exceed the investment's book value, the investment is recorded at zero value and losses exceeding book value are not consolidated unless the group is committed to fulfilling the obligations of associates. Investments in associates include the goodwill created by the acquisition. Unrealized gains and losses between the group and the associate have been eliminated in proportion to the group's ownership interest. Unrealized losses are not eliminated if the business transaction points toward the impairment of the transferred asset. The share of profit in an associated company, proportional to the group's ownership interest, is presented prior to operating profit. Correspondingly, the group's share of any changes recognized under other items in the associated companies' comprehensive income is recognized under other items in the Group's comprehensive statement of income. The Group's associated companies have had no such items during the accounting periods 2015–2018.

Avidly Group does not have any joint ventures.

CONVERSION OF ITEMS DENOMINATED IN A FOREIGN CURRENCY

The consolidated financial statements are presented in euros, which is the operation and presentation currency of the Group's parent entity.

Receivables and liabilities are converted at the closing rate. Exchange differences caused by the conversion are recognized in profit or loss.

REVENUE RECOGNITION POLICIES AND REVENUE

Income from the sales of products and services, adjusted for indirect taxes and discounts, is presented as revenue.

Avidly has adopted IFRS 15 **Revenue from contracts with customers** standard on 1 January 2018 and has revised its accounting policies accordingly. Revenue is recognized when the service has been rendered and the control has been transferred to the customer. The control is transferred when the Group is entitled to receive payment from the service, the risks and benefits are transferred to the customer, and customer has approved the service.

OTHER OPERATING INCOME

Other operating income includes, for example, profit from the sales of fixed assets and income from the transfer of business operations.

EMPLOYEE BENEFITS

Pension plans are classified as defined benefit plans and defined contribution plans. Avidly's statutory and voluntary pension plans are defined contribution plans.

The pension insurance fees for defined contribution pension plans are paid to the pension insurance company. Payments into defined contribution plans are recognized as expenses in the income statement for the accounting period that it concerns.

OPERATING PROFIT

The Group has defined operating profit as follows: operating profit is the net sum received from revenue added by other operating income and subtracted by costs from materials and services adjusted for inventory changes, employee benefit expenses, depreciations and any possible impairment losses, other operating expenses, and share of profit in associated companies. All other income statement items than those listed above are presented below the operating profit.

INCOME TAXES

The income taxes in the consolidated income statement consist of current and deferred taxes. Taxes are recognized in profit or loss, except for when they are directly related to items recognized as equity or other items in the comprehensive income statement. In this case, the tax is also recognized under these items.

Deferred taxes are calculated from the temporary differences between book value and the tax base. The largest temporary differences arise from the treatment of finance leases and the amortization differences between sales recognition and incomplete work. No deferred tax is recognized for goodwill impairment that is not tax deductible. Deferred taxes are calculated using tax rates that have been enacted or substantively enacted by the date of the financial statements.

Deferred tax assets are recognized up to an amount of probable future taxable income against which the deferred tax assets can be utilized; this approach has been applied in the calculation of deferred tax assets from losses confirmed in taxation. Deferred tax liabilities are recognized in full.

The Group will subtract deferred tax assets from deferred tax liabilities in cases where the Group has a legally enforceable right to settle current tax assets and liabilities and the deferred tax assets and liabilities are related to income taxes collected by the same recipient, from either the same taxpayer or different taxpayers who aim to settle the current tax assets and liabilities or realize the receivables and pay off the liabilities contemporaneously.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are valued at acquisition cost deducted by accrued depreciations and impairment losses. Acquisition cost includes costs directly resulting from the purchase of property, plant, and equipment. Other expenses, such as normal maintenance and repair, are recognized as costs in the income statement

Tangible assets consist of machinery and equipment. A straight-line method of depreciation is used accounting to the useful life of 3–5 years.

INTANGIBLE ASSET

Goodwill

Goodwill created from business acquisitions is recognized at the amount by which the total sum of the transferred consideration, non-controlling interests in the object of purchase, and the previously owned share exceed the fair value of the acquired net assets.

According to the Finnish financial reporting framework, goodwill is calculated as the difference of the purchase price and the subsidiary's equity, and registered to those subsidiary assets that are considered to be the cause of the difference. In IFRS financial statements, the identifiable assets and liabilities of the acquired subsidiary are valued at fair value on the date of acquisition, which will usually reduce the portion of goodwill. The consolidated financial statements retroactively apply the IFRS 3 standard. Pursuant to the requirement in IFRS 1, all goodwill is tested for impairment at the time of transition. The test did not lead to recognition of impairment in the IFRS balance sheet.

OTHER INTANGIBLE ASSETS

In business acquisition, a part of the difference between the purchase price and the subsidiaries' equity is registered to customer relationships for which a 5-year straight-line depreciation is used.

IMPAIRMENT

The book values of assets are regularly assessed in order to detect any possible signs of impairment. If signs of impairment are observed, the recoverable amount for the asset is determined. Goodwill is registered to cash-generating units. It is tested for impairment annually. Impairment loss is generated if the book value of an asset or cash-generating unit exceeds the asset's recoverable amount. Impairment loss is registered in the income statement.

Impairment loss from a cash-generating unit is primarily registered as a reduction of goodwill for the cash-generating unit and secondarily as a reduction of other assets in the unit on a pro rata basis.

The recoverable amount from intangible and tangible assets is defined as either the fair value less costs to sell or the value in use, whichever is higher. When determining value in use, the estimated future cash flows are discounted to present value using discount rates that depict the average capital cost before tax for the cash-generating unit in question. Impairment loss related to property, plant, and equipment and other intangible assets, except goodwill, is reversed if the estimates used when determining the asset's recoverable amount have changed. Impairment loss is reversed at most up to the amount that would have been determined as the book value for the asset if no impairment loss had been registered in previous years.

LEASES

According to the IAS 17 standard on Leases, a lease wherein the risks and benefits characteristic of the ownership of an article are substantially transferred to the company is classified as a finance lease. Assets leased by means of finance leases, deducted by retained depreciations, are registered under tangible or intangible property, plant, and equipment, and the liabilities arising from the lease are registered under interest-bearing debt. Lease payments resulting from the finance lease are divided into interest expenses and debt repayments. A finance lease pursuant to the IAS 17 standard is entered in the balance sheet and valued at an amount equal to the article's fair value at the lease commencement date or the present value of the minimum lease payments, whichever is lower. Articles acquired by finance lease undergo depreciation according to plan and any impairment losses are registered. Depreciation is carried out during to the depreciation periods for the group's fixed assets or during the lease period, whichever is shorter. A lease where the risks and benefits characteristic of ownership remain with the lessor is treated as another type of lease. The lease payments received or made on the basis of other leases are recognized as income or expenses in the income statement.

INVENTORIES

Inventories consist of work in process that is valued under variable expenses in a manner where the value of the work in process does not exceed the net realizable value available from it. Net realizable value is the estimated selling price for the inventories received during ordinary course of business, deducted by the estimated costs for completion and the estimated necessary selling costs.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets held for sale and asset related to discontinued operations are valued pursuant to the IFRS 5 standard at book value or fair value, whichever is lower, deducted by the estimated selling costs. Once an asset has been classified as a non-current asset held for sale or a disposal group, no depreciation is made. Non-current assets classified as held for sale and assets included in the disposal group are presented as separate items in the balance sheet. Debt related to a disposal group is also presented as a separate item in the balance sheet. A discontinued operation is a component of the group that has been disposed of or classified as held for sale and that meets the classification criteria for a discontinued operation pursuant to IFRS 5. Earnings from discontinued operations are presented as a separate item in the consolidated statement of comprehensive income.

On the date of the financial statements, the Group has no discontinued operations or non-current assets held for sale pursuant to IFRS 5.

ACCOUNTS RECEIVABLE

Accounts receivable are valued at acquisition cost, and receivables from which no future profit is expected are registered as impairment. Based on the available information, the company's management assesses the client's ability to fulfil its responsibilities and, if it appears probable that the entire sum cannot be collected, estimates the amount of credit loss.

FINANCIAL INSTRUMENTS

Group's financial instruments are valued and classified according to IFRS 9 standard in the following groups: financial instruments at amortized cost, financial instruments at fair value through comprehensive income statement, and financial instruments at fair value through profit and loss.

The financial instruments are classified based on targets related to the business model and the contractual cash flow nature at the original trade date.

Financial instruments at fair value through profit and loss includes contingent purchase price receivables and derivative financial instruments. Contingent purchase price receivables are recorded in business acquisitions. Purchase price receivables and derivative financial instruments are recorded at fair value in balance sheet on the trade date and revalued at the end of the accounting period. Changes in the contingent purchase price receivables is recorded in financial items in income statement. The valuation of contingent purchase price receivables and contingent considerations is based on estimated discounted values of corresponding cash flows. The valuation is done on each reporting day based on the conditions set in purchase agreement. Management estimates the fulfillment of conditions on each reporting day.

Financial instruments valued at amortized cost include account receivables and other receivables. According to IAS 39, these items were included in item ‘loans and other receivables’.

Account receivables and contractual assets are written off from balance sheet as final credit loss when no payment within reason can be expected. Indications on no payment being expected include significant financial difficulties of debtor, likelihood of bankrupt, nonpayment of bills or late payments of over 180 days. Impairment loss related to account receivables and contractual assets are presented in other operating expenses in income statement. Shares in unlisted companies are classified as financial instruments at fair value through comprehensive income statement and the profit or loss related to the changes in fair value is recorded in other items of comprehensive income statement and are not recognized in profit or loss when sold. The dividends from these shares are recorded in financial income when the Group is entitled to a dividend.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, bank deposits available for withdrawal on demand and other, highly liquid current investments. The Group has estimated that there is no material expected credit loss related to these items. Cash and cash equivalents are generally recorded on the trade day. Cash and cash equivalents are written off from balance sheet when the Group has lost the contractual right to cash flows or when it has transferred the significant risks and benefits to some other party.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are entered in the balance sheet when the Group has, as a consequence of a past event, a present legal or constructive obligation, it is probable that meeting the obligation will require a payment or cause a financial loss, and the amount of the obligation can be reliably assessed. Provisions may be related to restructuring of operations, onerous contracts, litigation, and tax risks. A contingent liability presented in the notes is either a potential obligation generated as a consequence of past events whose realization is uncertain, or a present obligation that will probably not require making a payment or the amount of which cannot be reliably determined.

APPLIED NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Avidly has applied IFRS 15 **Revenue from Contracts** with Customers standard as of 1 January 2018. The effects of this standard change, EUR 7 thousand, has been reported as a deduction of retained earnings.

NEW AND RENEWED STANDARDS AND INTERPRETATIONS TO BE APPLIED LATER

IASB has published the following new or renewed standards and interpretations which the Group has not yet applied. The Group will start using them from the effective date of each standard or interpretation or, if the effective date differs from the first date of the accounting period, from the start of the accounting period following the effective date:

- IFRS 16 **Leases** (to be applied to accounting periods starting 1 Jan 2019 or thereafter). As a consequence, nearly all leases will be recorded in the balance sheet, since operating leases and finance leases are no longer separated. According to the new standard, the asset (the right to use the leased commodity) and a financial liability concerning the lease payments is recognized. The only exceptions are short-term leases concerning assets of minor value. The accounting treatment for lessors will not change significantly. The Group has estimated that the adaptation of this standard will improve the Group’s EBITDA significantly while the effect on EBIT will only be minor. The Group’s assets and liabilities will increase significantly, which will impact key figures based on balance sheet.

2. SEGMENT REPORTING

Group reports one segment, Marketing communications. The income statement and balance sheet of this segment is equal to the income statement and balance sheet of the Group.

3. REVENUE

EUR 1,000	2018	2017
Marketing communications	**19,770**	15,665
Total	**19,770**	15,665

EUR 1,000	2018	2017
Nordic countries	**19,770**	15,655
Total	**19,770**	15,655

4. OTHER OPERATING INCOME

EUR 1,000	2018	2017
Profit from the sales of fixed assets	**78**	41
Rental income	**0**	4
Other income	**5**	72
Total	**83**	117

5. MATERIALS AND SERVICES

EUR 1,000	2018	2017
Purchases during the period	**3,092**	2,090
Changes in inventory	**-78**	-337
External services	**1,513**	1,116
Total	**4,527**	2,869

6. EMPLOYEE BENEFIT EXPENSES

EUR 1,000	2018	2017
Wages	**9,362**	7,649
Pension expenses, defined contribution plan	**1,551**	1,435
Other employee expenses	**166**	208
Total	**11,079**	9,292
Average number of Group personnel during the accounting period	**195**	160

Information regarding the management's employee benefits is presented in note 25 'Related party transactions'

7. DEPRECIATIONS AND AMORTIZATION

EUR 1,000	2018	2017
Intangible assets	**132**	71
Finance lease	**246**	144
Machinery and equipment	**53**	48
Total	**431**	263

8. OTHER OPERATING EXPENSES

EUR 1,000	2018	2017
Expenses of premises	**971**	649
Expenses of acquisitions	**195**	7
Other expenses	**2,077**	1,638
Total	**3,243**	2,294

AUDITORS' FEES

EUR 1,000	2018	2017
Statutory audit	**21**	20
Other services	**21**	9
Total	**42**	29

9. FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

EUR 1,000	2018	2017
Interest income from others	**15**	49
Total	**15**	49

FINANCIAL EXPENSES

EUR 1,000	2018	2017
Interest expenses for financial liabilities valued at amortized cost	**158**	151
Other financial costs	**217**	63
Change in contingent purchase price	**0**	52
Total	**375**	266

10. INCOME TAXES

EUR 1,000	2018	2017
Tax based on taxable income from accounting period	**3**	40
Prior accounting periods taxes	**0**	0
Deferred taxes:		
Created and reversed temporary differences	**-99**	-153
Total	**-96**	-113

Reconciliation of the tax expense recognized in the consolidated statement of income and income taxes calculated at the Finnish statutory tax rate 20%

EUR 1,000	2018	2017
Profit before tax	**256**	847
Income taxes at current tax rate	**51**	169
Taxes from prior accounting periods	**0**	0
Tax-free income	**0**	0
Unbooked tax receivable based on the profit for the period	**12**	0
Change in confirmed losses recognized earlier	**0**	-110
Booking of unused confirmed losses	**-159**	-172
Total	**-96**	-113

11. EARNINGS PER SHARE

EUR 1,000	2018	2017
Profit for the period attributable to parent company shareholders	**352**	960
Profit for the period attributable to parent company shareholders in order to calculate earnings per share, continuing operations	**352**	960
Number of shares, weighted average during the accounting period	**1,585,980**	1,385,677
Undiluted earnings per share, continuing operations	**0.22**	0.69

12. PROPERTY, PLANT AND EQUIPMENT

2018 EUR 1,000	Machinery and equipment	Other tangible assets	Total
Acquisition cost at 1 Jan	**1,362**	**1**	**1,363**
Additions	**697**	**13**	**710**
Deductions	**-90**	**-1**	**-91**
Acquisition cost at 31 Dec	**1,969**	**13**	**1,982**
			0
Accumulated depreciations and impairment at 1 Jan	**-645**	**0**	**-645**
Depreciation	**-299**	**0**	**-299**
Accumulated depreciation from deductions			
Accumulated depreciation and impairment at 31 Dec	**-944**	**0**	**-944**
Book value at 1 Jan 2018	**717**	**1**	**718**
Book value at 31 Dec 2018	**1,025**	**13**	**1,038**

2017 EUR 1,000	Machinery and equipment	Other tangible assets	Total
Acquisition cost at 1 Jan	1,216	1	1,217
Additions	285		285
Deductions	-139		-139
Acquisition cost at 31 Dec	1,362	1	1,363
			0
Accumulated depreciation and impairment at 1 Jan	-473	0	-473
Depreciation	-192	0	-192
Accumulated depreciation from deductions	20		20
Accumulated depreciation and impairment at 31 Dec	-645	0	-645
Book value at 1 Jan 2017	743	1	744
Book value at 31 Dec 2017	717	1	718

13. INTANGIBLE ASSETS

2018

EUR 1,000	**Goodwill**	**Intangible rights**	**Total**
Acquisition cost at 1 Jan	**4,479**	**1,419**	**5,898**
Additions	**1,929**	**583**	**2,512**
Deductions			**0**
Acquisition cost at 31 Dec	**6,408**	**2,002**	**8,410**
Accumulated depreciation and impairment at 1 Jan		**-1,173**	**-1,173**
Depreciation and amortization		**-131**	**-131**
Accumulated depreciation and impairment at 31 Dec		**-1,304**	**-1,304**
Book value at 1 Jan 2018	**4,479**	**246**	**4,725**
Book value at 31 Dec 2018	**6,408**	**698**	**7,106**

2017

EUR 1,000	**Goodwill**	**Intangible rights**	**Total**
Acquisition cost at 1 Jan	4,173	1,338	5,511
Additions	306	81	387
Deductions			0
Acquisition cost at 31 Dec	4,479	1,419	5,898
Accumulated depreciation and impairment at 1 Jan		-1,102	-1,102
Depreciation and amortization		-71	-71
Accumulated depreciation and impairment at 31 Dec		-1,173	-1,173
Book value at 1 Jan 2017	4,173	236	4,409
Book value at 31 Dec 2017	4,479	246	4,725

IMPAIRMENT TESTING

The Group has one reportable segment. For the purposes of impairment testing, goodwill is allocated on the segment in question. The combined value of goodwill allocated on the Group is EUR 6,408 thousand. The cash flow forecasts used in impairment testing are based on company and group level forecasts approved by the management which cover a five-year period and affect the terminal period. Cash flows following the forecast period approved by the management have been extrapolated by using a steady growth factor of 3%. The key variables used in calculating value in use are as follows:

1. Volume increase based on an estimate of sales development.

2. A discount rate determined on the basis of average weighted capital cost for the industry segment that describes the total cost of equity and liabilities. The factors in the discount rate are as follows:
    - market-specific risk-free interest rate
    - market risk premium
    - non-equity capital cost
    - equity ratio

A discount rate of 10% has been used.

Sensitivity analyses were carried out using a downside projection. In the projection, sales growth was reduced from the management estimate or interest rates were increased.

According to the goodwill testing sensitivity analysis, value in use would continue to match book value for all cash-generating units if:

- Revenue growth during the terminal period would not exceed 1%.
- Discount rate would increase by 5 percentage points.

Based on the impairment testing and completed sensitivity analyses, there is no need for recognizing impairment.

14. ACQUIRED BUSINESS

ACQUISITIONS DURING THE ACCOUNTING PERIOD 2018

BUSINESS ACQUISITION

On 31 August 2018, the Group purchased all shares in Avidly AB. The purchase price was EUR 2,058 thousand. In addition, the sellers are entitled to a possible additional purchase price. At this date, the additional purchase price is not known. With the information available at this date, the Board of Directors assume that the targets set for Avidly AB's net result will not be met and therefore additional purchase price will not be paid. The company will confirm the possible final additional purchase price approximately in May 2019.

SURRENDERED CONSIDERATION

EUR 1,000	
Cash	0
Fair value of issued shares	2,058
Contingent consideration	0
Total acquisition cost	2,058

The Group has recognized costs of EUR 156 thousand in total. These costs are included under "Other operating expenses" in the consolidated financial statements.

THE VALUES OF THE ACQUIRED ASSETS AND ASSUMED LIABILITIES AT THE TIME OF ACQUISITION WERE AS FOLLOWS:

EUR 1,000	Recognized
Property, plant and equipment	60
Intangible assets	0
Contracts with customers	397
Work in process	5
Accounts receivable and other receivables	371
Cash and cash equivalents	250
Total assets	1,083
Deferred tax liabilities	80
Other liabilities	613
Total liabilities	693
Net assets	390

GOODWILL RESULTING FROM THE ACQUISITION

EUR 1,000	
Surrendered consideration	2,058
Net identifiable assets of the acquired entity	390
Goodwill	1,668

BUSINESS ACQUISITION

On 31 May 2018, the Group purchased all shares in Nitroid Oy. The purchase price was EUR 592 thousand.

SURRENDERED CONSIDERATION

EUR 1,000	
Cash	0
Fair value of the issued shares	592
Contingent consideration	0
Total acquisition cost	592

The Group has recognized costs of EUR 39 thousand in total. These costs are included under "Other operating expenses" in the consolidated financial statements.

THE VALUES OF THE ACQUIRED ASSETS AND ASSUMED LIABILITIES AT THE TIME OF ACQUISITION WERE AS FOLLOWS:

EUR 1,000	Recognized
Property, plant and equipment	26
Intangable assets	5
Contracts with customers	60
Work in process	173
Accounts receivable and other receivables	271
Cash and cash equivalents	229
Total assets	764
Deferred tax liabilities	11
Other liabilities	402
Total liabilities	413
Net assets	351

GOODWILL RESULTING FROM THE ACQUISITION

EUR 1,000	
Surrendered consideration	592
Net identifiable assets of the acquired entity	351
Goodwill	241

BUSINESS ACQUISITION

On 30 October 2018, the Group purchased 5% of shares in Avidly Media Oy, and now holds 95% of the shares in the company. The purchase price was EUR 20 thousand, which has been fully recognised as goodwill.

ACQUISITIONS DURING THE ACCOUNTING PERIOD 2017

BUSINESS ACQUISITION

On 1 September 2017, the Group purchased all shares in Pakkahuone Oy. The purchase price was EUR 391 thousand. In addition, the seller is entitled to a possible additional purchase price (contingent consideration) to be paid in cash or shares in March 2020.

SURRENDERED CONSIDERATION

EUR 1,000	
Cash	391
Contingent consideration	80
Total acquisition cost	**471**

The Group has recognized costs of EUR 6 thousand in total. These costs are included under “Other operating expenses” in the consolidated financial statements.

THE VALUES OF THE ACQUIRED ASSETS AND ASSUMED LIABILITIES AT THE TIME OF ACQUISITION WERE AS FOLLOWS:

EUR 1,000	Recognized
Property, plant and equipment	1
Contracts with customers	63
Accounts receivable and other receivables	72
Cash and cash equivalents	134
Total assets	**270**
Deferred tax liabilities	13
Other liabilities	50
Total liabilities	**63**
Net assets	207

GOODWILL RESULTING FROM THE ACQUISITION

EUR 1,000	
Surrendered consideration	471
Net identifiable assets of the acquired entity	207
Goodwill	**264**

BUSINESS ACQUISITION

On 1 April 2017, the Group purchased the marketing communications business of Serus Media Oy. The purchase price was EUR 50 thousand. In addition, the seller was entitled to a possible additional purchase price (contingent consideration) to be paid in January 2018. No additional purchase price was paid.

SURRENDERED CONSIDERATION

EUR 1,000	
Cash	11
Total acquisition cost	**11**

The Group has recognized costs of EUR 1 thousand in total. These costs are included under “Other operating expenses” in the consolidated financial statements.

THE VALUES OF THE ACQUIRED ASSETS AND ASSUMED LIABILITIES AT THE TIME OF ACQUISITION WERE AS FOLLOWS:

EUR 1,000	Recognized
Property, plant and equipment	10
Contracts with customers	10
Accounts receivable and other receivables	2
Cash and cash equivalents	0
Total assets	**22**
Deferred tax liabilities	2
Other liabilities	51
Total liabilities	**53**
Net assets	-31

GOODWILL RESULTING FROM THE ACQUISITION

EUR 1,000	
Surrendered consideration	11
Net identifiable assets of the acquired entity	-31
Goodwill	**42**

15. PARTICIPATIONS IN ASSOCIATED COMPANIES

EUR 1,000	2018	2017
Opening balance	**253**	253
Additions	**43**	0
Book value at 31 Dec	**296**	253

Name	Main industry segment	Domicile	Ownership interest
PCKT Money Oyj	Payment cards	Espoo	**27%**

16. DEFERRED TAX ASSETS AND LIABILITIES

2018

EUR 1,000	1 Jan	Recognized in income statement	Recognized as equity	31 Dec
Deferred tax assets				
Differences related to income recognition	**114**	**36**		**150**
Confirmed losses	**534**	**83**		**617**
Acquired businesses				**38**
Total	**648**	**119**		**805**
Deferred tax assets at 31 Dec 2018	**648**	**119**	**0**	**805**

2017

EUR 1,000	1 Jan	Recognized in income statement	Recognized as equity	31 Dec
Deferred tax assets				
Differences related to income recognition	63	51		114
Confirmed losses	362	172		534
Total	425	223		648
Deferred tax assets at 31 Dec 2017	425	223	0	648

2018

EUR 1,000	1 Jan	Recognized in income statement	Recognized as equity	31 Dec
Deferred tax liabilities				
Differences related to income recognition	**93**	**34**		**127**
Acquisitions				**81**
Other	**63**	**-21**		**42**
Total	**156**	**13**	**0**	**250**
Deferred tax liabilities at 31 Dec 2018	**156**	**13**	**0**	**250**

2017

EUR 1,000	1 Jan	Recognized in income statement	Recognized as equity	31 Dec
Deferred tax assets				
Differences related to income recognition	39	54		93
Other	47	16		63
Total	86	70	0	156
Deferred tax liabilities at 31 Dec 2017	86	70	0	156

17. INVENTORIES

EUR 1,000	2018	2017
Work in process	1,195	932
Total	1,195	932

18. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

EUR 1,000	2018	2017
Current		
Loans and receivables		
Accounts receivable	2,163	1,507
Other receivables	757	667
Loan receivables	0	0
Income tax receivables		
Prepayments and accrued income	541	443
Total	3,461	2,617

During the accounting period, the Group has recognized an impairment loss for accounts receivable totaling EUR 1 thousand (2017: EUR 0 thousand). There are no significant credit risk concentrations related to the receivables. The book value of the accounts receivable corresponds to their fair value. The maximum amount of the credit risk related to accounts receivable and other current receivables is their book value. The Group has no securities for accounts receivable or other receivables.

AGE BREAKDOWN FOR ACCOUNTS RECEIVABLE

EUR 1,000	2018	2017
Undue and overdue for less than 30 days	1,986	1,438
Overdue for 31–60 days	99	34
Overdue for 61–90 days	19	0
Overdue for more than 90 days	59	34
Total	2,163	1,506

SIGNIFICANT ITEMS IN PREPAYMENTS AND ACCRUED INCOME

EUR 1,000	2018	2017
Other non-interest bearing receivables	134	106
Other expense advances	238	251
Advance invoicing	169	86
Total	541	443

19. CASH AND CASH EQUIVALENTS

EUR 1,000	2018	2017
Cash on hand and bank accounts	3,025	1,449
Recognized cash and cash equivalents	**3,025**	1,449

20. EQUITY

SHARE CAPITAL

Share subscription price in connection with share issues is credited to share capital unless it is resolved in the share issue decision that it shall be recorded in invested unrestricted equity fund. Avidly Plc has one share class. At the end of the accounting period Avidly had 2,258,772 shares. There is no maximum number of shares in Acticles of Association. The share has no nominal value. The shares are in book-entry system. Changes in number of shares and corresponding changes in equity are presented below.

EUR 1,000	Number of shares (thousand)	Share capital	Invested unrestricted equity fund	Own shares
1 Jan 2017	1,397	322	3,092	25
Transfer of treasury shares			132	-25
Purchase of treasury shares			-62	10
31 Dec 2017	1,397	322	3,162	10
Share issue	862		5,248	
Transfer of treasury shares			104	-15
Purchase of treasury shares			-176	24
31 Dec 2018	2,259	322	8,338	19

The Group had 19,212 treasury shares at the end of the period (2017: 10,154 shares)

INVESTED UNRESTRICTED EQUITY FUND

Invested unrestricted equity fund includes other equity additions as well as the part of share subscription price that according to the share issue decision is not to be credited to the share capital.

DIVIDENDS

In 2018, a dividend of EUR 0.16 per share was paid, amounting to a total of EUR 222 thousand (2017: EUR 0.08 per share, totalling EUR 110 thousand). After the accounting period, the Board of Directors has proposed a dividend of EUR 0.08 per outstanding share.

21. SHARE-BASED PAYMENTS

The Group did not have share-based incentive systems in place during the period under review.

22. FINANCIAL LIABILITIES

BOOK VALUE

EUR 1,000	2018	2017
Non-current financial liabilities valued at amortized cost		
Loans from credit institutions	**502**	991
Finance lease liabilities	**242**	244
Contingent purchase price liabilities	**80**	207
Checking account limit	**415**	493
Restructuring debt	**583**	1,137
Total	**1,822**	3,072
Current financial liabilities valued at amortized cost		
Loans from credit institutions	**260**	0
Restructing debt	**553**	320
Factoring	**1,344**	1,022
Finance lease liabilities	**381**	199
Total	**2,538**	1,541
Total financial liabilities valued at amortized cost	**4,360**	4,613

The book value for loans from credit institutions has been calculated with the effective interest method and the fair value has been defined using the discounted cash flow method where the discount rate used has been a rate at which the Group could receive a similar external loan at the end of the accounting period. All loans from credit institutions are denominated in euros.

23. TRADE AND OTHER PAYABLES

EUR 1,000	2018	2017
Current		
Accounts payable	**701**	477
Advances received	**211**	114
Other current liabilities	**2,039**	1,645
Income tax liabilities	**0**	32
Accrued charges and deferred income	**2,542**	2,257
Total	**5,493**	4,525

The fair value of trade payables and other current liabilities corresponds to their book value. Advances received include amounts invoiced for incomplete work.

SIGNIFICANT ITEMS IN ACCRUED EXPENSES AND DEFERRED INCOME

EUR 1,000	2018	2017
Factoring debt	**1,344**	1,022
Holiday pay expenses	**909**	850
Other accruals and deferred income	**289**	417
Total	**2,542**	2,289

24. FINANCIAL RISK MANAGEMENT

The Group is exposed to several financial risks in its business. The aim of the Group's risk management is to minimize the adverse impacts of changes in the financial market on the Group's earnings. The key financial risks are currency risk, interest rate risk, liquidity risk, and credit risk. The general principles of the Group's risk management are approved by the Board of Directors and their practical implementation is the responsibility of the Group's finance department. The Group's finance department identifies and assesses the risks and if necessary, acquires the instruments to shield against the risks.

CURRENCY RISK

The Group's currency risk mainly consists of currency translation risk in foreign operations. The Group has not hedged this risk. Avidly's long-term financing is in euros and does not have exchange rate risk. The Group has not hedged the currency risk related to equity investments. Avidly estimates its exchange rate risks at the time of closing the accounts to not be substantial.

INTEREST RATE RISK

Interest rate variations affect the Group's interest expenses and earnings. The purpose of the Group's interest rate risk management is to reduce the uncertainty related to earnings caused by interest rate variations.

INTEREST RATE RISK SENSITIVITY ANALYSIS

EUR 1,000	**2018**	2017
Loans with varying interest rates		
Loans from credit institutions	**1,385**	1,434
Impact of a change of 1% in the market rate of interest on earnings after tax		
Change + 1%	**14**	14
Change -1 %	**-14**	-14

LIQUIDITY RISK

Liquidity risk refers to the company's risk of becoming insolvent due to insufficient liquid funds or difficulties in acquiring financing. It is the Group's understanding that it has a sufficient amount of liquid assets to mitigate the liquidity risk.

Shares from the Group companies and corporate mortgages are used as collateral for the Group's loans.

A company restructuring program according to the Restructuring of Enterprises Act was confirmed on 9 July 2014 for Avidly Marketing Oy, a subsidiary of Avidly Plc. Avidly Marketing Oy has executed on the confirmed restructuring programme according to plan. If Avidly Marking Oy's business does not develop in the manner required in the confirmed restructuring programme, this may have a negative impact on Avidly's financial position and liquidity.

CASH FLOWS BASED ON FINANCIAL LIABILITY AGREEMENTS (INCLUDING FINANCING EXPENSES)

EUR 1,000	Carrying amount	2019	2020	2021+	Total
2018					
Loans from credit institutions	**762**	**265**	**510**		**775**
Finance lease liabilities	**623**	**390**	**180**	**70**	**640**
Factoring	**1,344**	**1,365**			**1,365**
Checking account limit	**415**			**420**	**420**
Restructuring debt	**1,136**	**558**	**590**		**1,148**
Accounts payable	**701**	**701**			**701**
Total	**4,981**	**3,279**	**1,280**	**490**	**5,049**

CASH FLOWS BASED ON FINANCIAL LIABILITY AGREEMENTS (INCLUDING FINANCING EXPENSES)

EUR 1,000	Carrying amount	2018	2019	2020+	Total
2017					
Loans from credit institutions	991	290	280	511	1,081
Finance lease liabilities	443	207	150	101	458
Factoring	1,022	1,060			1,060
Checking account limit	493			543	543
Restructuring debt	1,457	328	573	573	1,474
Accounts payable	477	477			477
Total	4,883	2,362	1,003	1,728	5,093

Loans from financial institutions contain standard covenant terms concerning the equity ratio.

CREDIT RISK AND COUNTERPARTY RISK

The Group's credit risk consists of accounts receivable and prepayments. The Group's most common payment term is 14 days net. Accounts receivable involve no significant credit risk, since the receivables consist of a large number of small receivables. During the accounting period, the Group recognized EUR 1 thousand in credit loss (2017: EUR 0 thousand). The age analysis for accounts receivable is presented in note 16, "Accounts receivable and other receivables". In order to minimize the counterparty risk related to prepayments in purchasing, the Group aims to work with suppliers that it has known for an extensive period of time.

CAPITAL STRUCTURE MANAGEMENT

The aim of capital management is to achieve an efficient capital structure that ensures normal prerequisites for business and increases shareholder value in the long term. In order to preserve or alter the capital structure, the Group may, for example, modify the amount of dividends paid to shareholders or adjust the amount or timing of investments The capital being managed is the equity indicated in the consolidated statement of financial position.

Avidly Marketing Oy's restructuring programme includes terms bound to the company's financial results that when realized, will affect the Group's capital structure.

25. OTHER LEASES

MINIMUM RENTS PAID ON THE BASIS OF BINDING BUSINESS PREMISES LEASE AGREEMENTS

EUR 1,000	2018	2017
Within one year	**1,080**	429
Within more than one and at most five years	**4,320**	0
In more than five years	**0**	0
Total	**5,400**	429

LEASING PAYMENTS

EUR 1,000	2018	2017
Within one year	**381**	199
Within more than one and at most five years	**232**	244
Total	**613**	443

26. CONTINGENT LIABILITIES

GUARANTEES GIVEN ON OWN BEHALF

EUR 1,000	2018	2017
Corporate mortgages	**2,100**	2,100
Pledged shares by book value	**0**	226
Pledged bank accounts	**0**	0
Total	**2,100**	2,326

27. RELATED PARTY TRANSACTIONS

The Goup's related parties include the parent entity and subsidiaries. The Group's parent and subsidiary relationships are as follows:

Company	Domicile	Group ownership interest %	Group's share of votes %	Parent company ownership interest %	Parent company's share of votes %
Avidly Oyj	**Finland**				
Avidly Marketing Oy	**Finland**	**100**	**100**	**100**	**100**
Avidly Media Oy	**Finland**	**95**	**95**	**95**	**95**
Avidly Nitroid Oy	**Finland**	**100**	**100**	**100**	**100**
Avidly Nitroid xD Oy	**Finland**	**100**	**100**	**0**	**0**
Avidly Nitroid 360 Oy	**Finland**	**100**	**100**	**0**	**0**
Avidly AB	**Sweden**	**100**	**100**	**100**	**100**
Avidly Sweden AB	**Sweden**	**100**	**100**	**0**	**0**
Avidly Norway AS	**Norway**	**100**	**100**	**0**	**0**
Avidly Denmark APS	**Denmark**	**100**	**100**	**0**	**0**
Bee Consulting Oy	**Finland**	**64**	**64**	**64**	**64**
Sugar Helsinki Oy	**Finland**	**100**	**100**	**100**	**100**

In addition, related parties include parties that are able to exercise control or significant influence over Avidly Plc's in decisions concerning its finances and business operations, such as the major shareholders, board members, chief executive officer, their immediate family, companies under their direction and other parties defined as related parties pursuant to the IAS 24 standard. The Group's receivables from related parties amount to EUR 135 thousand in total.

MANAGEMENT BENEFITS, WAGES AND REMUNERATION

EUR 1,000	2018	2017
Wages and other short-term benefits as well as remuneration		
CEO	**220**	162
Other members of the management team	**497**	508
Jari Tuovinen (Chair of the Board)	**18**	30
Ville Skogberg (member of the Board)	**9**	11
Juha Impola (member of the Board)	**0**	11
Marko Häkkinen (member of the Board)	**9**	11
Juha Mikkola (member of the Board)	**0**	-
Elina Yrjölä-Suhonen (member of the Board)	**0**	11
Lasse Järvinen (member of the Board)	**9**	11
Ingunn Bjøru (member of the Board)	**4**	-
Ayed Mosa Alshamrani (member of the Board)	**4**	-
Total	**770**	755

28. EVENTS AFTER THE REPORTING PERIOD

After the reporting period on 1 January 2019, Jyrki Vaittinen assumed the responsibilities of CEO. Avidly communicated its new mid-term financial targets after the reporting period.

Parent Company financial statements

PARENT COMPANY INCOME STATEMENT, FAS

EUR	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
REVENUE	**4,870,203.39**	1,961,752.00
Other operating income	**0.00**	6,089.00
Materials and services		
External services	**-632,307.09**	-16,377.22
Total materials and services	**-632,307.09**	-16,377.22
Employee benefit expenses		
Wages	**-2,144,929.73**	-701,989.55
Other employee expenses		
Pension expenses, defined contribution plan	**-403,167.88**	-115,557.81
Other employee benefits	**-43,597.91**	-12,185.97
Total employee benefit expenses	**-2,591,695.52**	-829,733.33
Depreciation and amortization	**-67,119.44**	-21.11
Other operating expenses	**-1,216,388.26**	-998,428.73
OPERATING PROFIT	**362,693.08**	123,280.61
Financial income and expenses		
Income from group companies	**0.00**	112 676.01
Other interest and financial income		
From others	**4,229.26**	570.00
Interest and other financial expenses		
To others	**-278,435.60**	-119,341.92
PROFIT BEFORE TAX	**88,486.74**	117,184.70
PROFIT FOR THE PERIOD	**88,486.74**	117,184.70

PARENT COMPANY BALANCE SHEET, FAS

EUR	31 Dec 2018	31 Dec 2017
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	**730,040.82**	-
Other intangible assets	**97,912.96**	-
Total intangible assets	**827,953.78**	-
Tangible assets		
Machinery and equipment	**58,023.26**	660.35
Total tangible assets	**58,023.26**	660.35
Investments		
Shares in group companies	**7,476,384.62**	5,838,779.12
Total investments	**7,476,384.62**	5,839,439.47
TOTAL NON-CURRENT ASSETS	**8,362,361.66**	5,839,439.47
CURRENT ASSETS		
Inventories		
Work in process	**202,347.59**	-
Total inventories	**202,347.59**	-
Non-current receivables		
Receivables from group companies	**30,784.19**	61,568.39
Total non-current receivables	**30,784.19**	61,568.39
Current receivables		
Accounts receivables	**629,531.47**	1,140.80
Receivables from group companies	**1,756,561.28**	1,531,273.56
Loan receivables	**193,075.56**	142,567.75
Other receivables	**23,743.97**	-
Prepayments and accrued income	**103,565.88**	46,435.10
Total current receivables	**2,706,478.16**	1,721,417.21
Cash and cash equivalents	**2,348,641.84**	200,282.50
TOTAL CURRENT ASSETS	**5,288,251.78**	1,983,268.10
Total assets	**13,650,613.44**	7,822,707.57

PARENT COMPANY BALANCE SHEET, FAS

EUR	31 Dec 2018	31 Dec 2017
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**322,400.00**	322,400.00
Invested unrestricted equity fund	**8,530,344.38**	3,160,552.43
Retained earnings	**139,284.42**	243,678.76
Profit for the period	**88,486.74**	117,184.70
TOTAL EQUITY	**9,080,515.54**	3,843,815.89
LIABILITIES		
Non-current liabilities		
Financial liabilities	**914,664.58**	1,482,933.69
Total non-current liabilities	**914,664.58**	1,482,933.69
Current liabilities		
Financial liabilities	**250,000.00**	-
Accounts payable	**275,948.06**	114,393.52
Liabilities to Group companies	**1,970,898.20**	2,028,724.73
Other liabilities	**741,112.96**	261,326.38
Accrued expenses and deferred income	**417,474.10**	91,513.36
Total current liabilities	**3,655,433.32**	2,495,957.99
TOTAL LIABILITIES	**4,570,097.90**	3,978,891.68
TOTAL EQUITY AND LIABILITIES	**13,650,613.44**	7,822,707.57

Notes to the Parent Company financial statements

ACCOUNTING POLICIES FOR PARENT COMPANY FINANCIAL STATEMENTS

The financial statements have been prepared following the assumption principles and methods for measurement and amortization presented for small undertakings in the Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking. The group consists of parent company Avidly Plc, Avidly Marketing Oy, Avidly Media Oy, Avidly Nitroid Oy, Avidly Nitroid xD Oy, Avidly Nitroid 360 Oy, Avidly AB, Avidly Sweden AB, Avidly Denmark APS, Avidly Norway AS, Sugar Helsinki Oy as well as Bee Consulting Oy.

GUARANTEES GIVEN AND OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS AS WELL AS PENSION PLANS, OTHER GUARANTEES

Loan amount, corporate mortages and pledges shares as collateral	1,164,664.58
Pledged accounts receivables	352,408.92
Guarantees given on behalf of subsidiaries	1,775,000.00

INFORMATION ON THE NATURE AND BUSINESS PURPOSE OF SIGNIFICANT OFF-BALANCE SHEET ARRANGEMENTS AND TOTAL AMOUNT OF FINANCIAL COMMITMENTS

- Nature and business purpose of off-balance-sheet arrangements
- The total amount of off-balance-sheet liabilities presented includes
  - the remaining lease liability for a fixed-term lease
  - a financial guarantee given on behalf of a reseller
  - an open leasing liability for the lease period and residual value liability, Avidly Plc is obligated to redeem the commodity following the lease term

TOTAL AMOUNT OF OFF-BALANCE SHEET FINANCIAL COMMITMENTS

Total commitments	3,244,327.54
Lease liability for premises	2,379,011.00
Leasing liabilities	865,316.54

PERSONNEL

Average number of personnel during the accounting period was 39.

ACQUISITION AND TRANSFER OF TREASURY SHARES AND OWNERSHIP INTERESTS

Basis for acquisitions made during the accounting period

- During the year, the company has purchased a total of 27,846 own shares and transfered a total of 18,788 own shares.

NUMBER OF ALL SHARES ACQUIRED AND HELD BY THE COMPANY

The company holds a total of 19,212 own shares.

CHANGES IN EQUITY

Share capital	322,400.00
Invested unrestricted equity fund at the beginning of the period	3,160,552.43
Transfer of treasury shares	103,500.00
Purchase of treasury shares	-176,231.73
Share issues	5,442,523.68
Invested unrestricted equity fund at the end of the period	8,530,344.38
Retained earnings at the beginning of the period	360,863.46
Dividends	-221,579.04
Profit for the period	88,486.74
Total retained earnings	227,771.16
Total equity	9,080,515.54

INFORMATION CORRESPONDING TO THE BOARD OF DIRECTORS' REPORT

The Board of Directors of Avidly proposes that a dividend of EUR 0.08 per outstanding share is paid.

Signatures to the financial statements

Aarhus 6 March 2019

Jari Tuovinen
Chairman of the Board

Marko Häkkinen
Member of the Board

Ayed Mosa Alshamrani
Member of the Board

Ingunn Bjøru
Member of the Board

Lasse Järvinen
Member of the Board

Juha Mikkola
Member of the Board

Ville Skogberg
Member of the Board

Jyrki Vaittinen
CEO

Auditor’s note

Our Auditor’s report has been issued today.

Tampere 6 March 2019

Jari Paloniemi
Authorized Public Accountant

Auditor’s report

To the Annual General Meeting of Avidly Plc

(Translation of the Finnish original)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

OPINION

I have audited the financial statements of Avidly Plc (business identity code 2018481-2) for the year ended 31 December 2018. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company’s balance sheet, income statement and notes.

In my opinion the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

BASIS FOR OPINION

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of Financial Statements section of my report. I am independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland an comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine 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, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES IN THE AUDIT OF FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance on 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I are required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

I 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 I identify during my audit.

OTHER REPORTING REQUIREMENTS

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and my auditor’s report thereon. I have obtained the report of the Board of Directors prior to the date of this auditor’s report, and the Annual Report is expected to be made available to me after that date.

My opinion on the financial statements does not cover the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, my responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In my opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work I have performed on the other information that I obtained prior to the date of this auditor’s report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Tampere 6 March 2019

Jari Paloniemi
Authorized Public Accountant

Corporate governance

The administration and management of Avidly Plc complies with Finnish law, Avidly Plc's ("the Company") Articles of Association, and the rules of the Nasdaq First North marketplace maintained by the Helsinki Stock Exchange.

WEBSITE

The Company's principles of governance are maintained on its website. All Company notices, financial statements and interim reports are also available on the Company's website.

GENERAL MEETING

The Shareholders General Meeting is the Company's highest governing body. The Annual General Meeting is held once a year. Shareholders exercise their decision-making powers in the Company's affairs in the Shareholders General Meeting. The General Meeting handles matters provided for in the Limited Liability Companies Act and in the Articles of Association, from deciding on the distribution of dividends to amending the Articles of Association. The General Meeting elects the Board of Directors and the auditors and decides on their remuneration. An Extraordinary General Meeting is called when necessary.

According to the Finnish Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting, if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the notice.

The notice of the General Meeting must be published on the Company's website and, in other respects, as provided in the Limited Liability Companies Act with regard to notices of meetings. The Board of Directors may also decide to publish the notice in some other manner. A shareholder must inform the Company's Board of Directors of their participation in the General Meeting no later than on the date specified by the Board of Directors, which may not be earlier than ten days prior to the General Meeting. Information on an obligation to register will be given in the notice of the meeting.

BOARD OF DIRECTORS

According to the Articles of Association, the Board of Directors may be composed of three to nine members. The term of Board members begins at the closing of the General Meeting and continues until the next Annual General Meeting. The duties and responsibilities of the Company's Board are determined on the basis of the Limited Liability Companies Act and other applicable legislation.

The Board of Directors sees to the Company's administration and the appropriate organisation of its operations, and handles and makes decisions on all of the most significant matters pertaining to the Company's operations. The Board appoints and discharges the Company's Chief Executive Officer and confirms the appointment of the Management Team pursuant to the CEO's proposal. The CEO is not a member of the Board of Directors.

The Board convenes at the invitation of its Chair, as often as the Company's affairs require it. The Board has quorum when more than half of its members are present in a meeting. Matters are decided according to the majority opinion, if necessary by vote. When the votes are tied, the Chair has the casting vote. When the votes are tied and the Chair is absent from the vote, the election is decided by drawing lots.

The Extraordinary General Meeting of 13 December 2018 confirmed the number of members of the Board at seven. Avidly Plc's Board of Directors is chaired by Jari Tuovinen.

CEO

The CEO appointed by the Board of Directors sees to the daily administration of the Company as provided in the Limited Liability Companies Act and the instructions and orders given by the Board. The CEO ensures the legality of the Company's accounting and the reliable organisation of asset management. The CEO participates in Board meetings as a presenter and chairs the Management Team.

Avidly Plc's CEO in 2018 was Tuomas Airisto. Jyrki Vaittinen has been Avidly Plc's CEO as of 1 January 2019.

MANAGEMENT TEAM

The principal duty of Avidly Plc's Management Team is to assist the CEO in operative management. The duties of the Management Team include the Group's strategic planning and finance, decision-making in sales and significant business transactions as well as the development of the Company's internal cooperation.

The members of the Management Team report to the CEO. The Management Team convenes regularly, at least quarterly. In addition, the Management Team holds extra meetings for the purpose of strategic planning.

The Group's Management Team is currently composed of five members, including the CEO.

REMUNERATION

The General Meeting confirms the remuneration of Board members annually, and the Board confirms the CEO's salary and other benefits. The incentives of the CEO are decided by the Board of Directors. Board members are remunerated solely on the basis of their Board membership, excluding the Chair of the Board, who participates in business transactions made by the Company in an operational capacity. On 5 April 2018, the Company's Annual General Meeting decided that the remuneration of the Chair of the Board is EUR 2,000 per month and that the remuneration of other Board members is EUR 1,000 per month and that travel expenses of Board members will be compensated for pursuant to the Company's travel policy and that other meeting fees will not be paid.

INTERNAL CONTROL

Internal supervision and risk management ensure that the Company's operation is as efficient and productive as possible, that information is reliable, and that regulations and operating principles are complied with. The principal responsibility for accounting and the supervision of asset management lies with the Company's Board of Directors, and the CEO is responsible for the practical organisation of the control system and risk management. The Company's financial standing and development is monitored on a monthly basis, and the information is published in the Financial Statement and in Interim Report.

INSIDERS

Avidly Plc complies with the insider rules of Nasdaq Helsinki, which is complemented with the Company's internal insider rules.

AUDITING

According to the Articles of Association, the Company has one auditor and one deputy auditor. The auditor, whose term ends at the closing of the next Annual General Meeting, is appointed by the General Meeting. The auditor provides an auditor's report in connection to the Company's annual financial report.

The statutory auditing is tasked with verifying that the financial statements provide a true and fair account of the Company's result and financial standing. Auditing provides shareholders with an independent statement on how the Company's accounting, financial statements and administration have been managed.

The auditor usually reviews the Company's administration, accounting, payroll administration and other necessary auditing targets three to four times a year.

The Annual General Meeting of 5 April 2018 appointed Jari Paloniemi, APA, as the Company's Auditor, and Veikko Terho, APA, as its Deputy Auditor.

BASIC INFORMATION ON AVIDLY SHARE

The Company's shares have been traded on the Nasdaq First North marketplace maintained by the Helsinki stock exchange as of 3 December 2007.

Board of Directors

Jari Tuovinen
Born in 1968
Chair of the Board of Directors
(since 2012)

Key work experience
Vision Fund I Ky, Managing Director (2017–)
Visionplus Management Oy, Partner/Managing Director (2012–)
Zeeland Oyj, CEO (2007–2011)
Privanet Capital Oyj, CEO, Board member (2003–2009)
Finance Group International Finland Oyj, CEO (2001–2004)
Innofactor Oyj (former TJ Group Oyj), EVP (1999–2001)
Tietovalta Oy, founder, Director (1988–1999)

Shareholding in company
3,000 shares directly and 178,910 shares, through 100% owned Gobelet Oy

Ayed Mosa Alshamrani
Born in 1959
Board member
(since 2018)

Key work experience
Founder and Chairman, Adwa Al Shehaab Company (ASC) (2003–)
Vice Chairman, Interkey Group (2003–)
Chairman, SALECO (2008–2011)
Vice President Marketing and Sales, STC (2001–2003)
General Manager, Commercial Services Department, STC (1998–2001)
Director Technical Affairs of Royal Telecom Department, Ministry of Post, Telephone & Telegraph (1996–1998)
Assistant Director Technical Affairs of Royal Telecom Department, Ministry of Post, Telephone & Telegraph (1987–1996)
Senior Broadcasting Engineer, Ministry of Information (1983–1987)
Transmission Engineer, Ministry of Information (1981–1983)

Shareholding in company
203 006 shares through closely associated company Stockholm Holding Co W.L.L. (nominee registered)

Ingunn Bjøru
Born in 1989
Board member
(since 2018)

Key work experience
Country Manager Norway, and COO of Avidly at Inbound Norway AS (2017–)
Consultant at tobecontinuedcontent (2015–2017)
CEO at Inbound Group AS (2017–2017)
IMC Manager at Inbound Group AS (2016–2017)
Digital Marketing Consultant at Idium AS (2015–2016)
Project Manager at Findexa Forlag AS (2013–2015)

Shareholding in company
5 950 shares through 100% owned Amrap Holding AS (nominee registered).

Marko Häkkinen
Born in 1966
Board member
(since 2014)

Key work experience
Minodel Oy, Managing Director (2004–)
Riserva-konserni, CEO (1996–2014)
HSG-Logistics Oy, Managing Director (2009–2011)
Proffice Finland Oy, COO (2006–2007)
HSG-Henkilöstöpalvelut Oy, Managing Director (2001–2006)
Developer consultant (1996–2000)
Building contractor (1988–1995)

Shareholding in company
1,232 shares directly and 22,065 shares through 100% owned Minodel Oy

Lasse Järvinen
Born in 1981
Board member
(since 2016)

Key work experience
Bonusway Oy, Co-founder, CFO (2014–)
Bonusway Oy, CEO (2011–2014)
Accountor (former Pretax Oy), Analyst (2005–2009)
PricewaterhouseCoopers Oy, Associate (2005)

Shareholding in company
19,297 shares

Juha Mikkola
Born in 1961
Board member
(since 2018)

Key work experience
CapMan Growth Equity, Managing Partner and member of the management team (2017–)
Norvestia Industries Oy, CEO and head of investments (2011–2017)
Eqvitec, Partner (1998–2010)
Aboa Venture Oy, CEO (1993–1998)

Shareholding in company
-

Ville Skogberg
Born in 1980
Board member
(since 2009)

Key work experience
Nebula Oy, Strategic Director (2014–2015) and Managing Director (2002–2014)

Shareholding in company
121,594 shares directly

Salla Tuominen
Born in 1976
External secretary of the Board of Directors
(since 2012)

Key work experience
Asianajotoimisto DLA Piper Finland Oy, Senior Counsel (2017–)
Asianajotoimisto Bird & Bird Oy, Counsel (2008–2017)
Asianajotoimisto White & Case Oy, Counsel (2006–2008)
OMX Exchanges Group (2004–2006)
District Court of Helsinki (court training) (2003–2004)
Hex Oyj (2000–2003)

Shareholding in company
-

Management Team

Jyrki Vaittinen
Born in 1977, M.Sc. (Econ.)
CEO,
joined Avidly in 2018

Key work experience
Avidly, COO
Kuusamon Juusto, Managing Director
Mandatum Life, Customer Marketing Director, Finland&Baltics
Danone, McDonalds, Fazer – different positions in marketing

Shareholding in company
–

Mikko Marttinen
Born in 1976, BBA
CFO,
joined Avidly in 2014

Key work experience
Manpower Group Oy, Finance Manager
Elan It Resource Oy, Finance Manager
TBWA, Controller

Shareholding in company
10,000 shares

Teea Björklund
Born in 1976, KTM
COO,
joined Avidly in 2017

Key work experience
Avidly Plc, VP Strategy & Creative
Avidly Plc, Head of B2C, Client Service Director
Valio Oy, Category Business Manager, Marketing Manager

Shareholding in company
2,438 shares

Ismo Nikkola
Born in 1970, M.Sc. (Econ.)
Deputy CEO,
joined Avidly in 2015

Key work experience
The Family Inc. Advertising Network Oy, Managing Director
Zeeland Oyj, Vice President, advertising business
Strategismo Oy, Managing Director
Fazer Bakeries Finland, Marketing Director
SEK&Grey, Team Leader

Shareholding in company
58,918 shares

Ingunn Bjøru
Born in 1989, BA Hons
COO, International operations,
joined Avidly in 2018

Key work experience
Avidly Plc, COO of international operations
Avidly Plc, Country Manager, Norway and COO of Inbound Business
tobecontinuedcontent, consultant
Inbound Group AS, CEO
Inbound Group AS, IMC Manager
Idium AS, Digital Marketing consultant
Findexa Forlag AS, Project Manager

Shareholding in company
5,950 shares through 100% owned Amrap Holding AS (nominee registered)

Management Team since 1.1.2019.

Modern marketing agency in growth mode

Avidly is a tomorrowbound marketing service agency with an mission to take its customers forward. We are determined to help our customers navigate growth in the changing marketing landscape, go beyond and innovate. Through combining brand and performance, we create value by bringing the critical extra to our customers. Every day.

Avidly aims at strong growth: by 2024, we want to reach revenues of EUR 100 million. Our growth strategy rests on two strong pillars: we want to substantially grow our services based on HubSpot technology both organically and by means of acquisitions as well continue our organic growth as a marketing agency offering a comprehensive range of services in Finland.

Avidly Plc's share is operated by Nasdaq listed on the Nasdaq First North marketplace Helsinki under the code AVIDLY. Avidly covered by Inderes.

For more information about the Company, visit our investor website: investors.avidlyagency.com or please contact CEO Jyrki Vaittinen, tel. +358 40 703 1662. Oaklins Merasco Oy acts as Avidly Plc's Certified Advisor, tel. +358 9 6129 670

The Board of Directors of Avidly Plc has decided to publish one interim report in 2019, a Half-Year Report 1–6/2019.

AVIDLY PLC'S 30 LARGEST SHAREHOLDERS ON 31 DEC 2018

SHAREHOLDER	Number of shares	% of total shares
1. CAPMAN GROWTH EQUITY FUND 2017 KY	**410,000**	**18.2%**
2. EUROCLEAR BANK SA/NV (Nominee registered)	**206,082**	**9.1%**
3. GOBELET OY *	**178,910**	**7.9%**
4. SKOGBERG VILLE	**121,594**	**5.4%**
5. SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONTTORI (Nominee registered)	**85,664**	**3.8%**
6. COCO INVEST OY	**76,120**	**3.4%**
7. IMPOLA JUHA	**66,300**	**2.9%**
8. NORDNET BANK AB (Nominee registered)	**63,042**	**2.8%**
9. NORDEA BANK ABP (Nominee registered)	**62,882**	**2.8%**
10. NIKKOLA ISMO	**58,918**	**2.6%**
11. VIENTO OY	**36,599**	**1.6%**
12. BJÖRKLUND AKI	**35,122**	**1.6%**
13. AIRISTO TUOMAS	**30,813**	**1.4%**
14. FOCULUS OY	**23,000**	**1.0%**
15. SCHENGEN ADVISORS OY	**22,397**	**1.0%**
16. MINODEL OY **	**22,065**	**1.0%**
17. MEDIADRIVE OY	**18,715**	**0.8%**
18. ETELÄ-POHJANMAAN TURVE OY	**18,000**	**0.8%**
19. JÄRVINEN LASSE	**17,298**	**0.8%**
20. RAUTIO SANNA	**16,405**	**0.7%**
21. UTRIAINEN ARI	**15,744**	**0.7%**
22. KARKKOLAINEN VILLE	**14,630**	**0.6%**
23. HUTTUNEN MARIA	**14,140**	**0.6%**
24. STENIUS NETTA	**13,630**	**0.6%**
25. ARJATSALO RAULI	**12,079**	**0.5%**
26. UTRIAINEN MINNA	**11,163**	**0.5%**
27. RÄSÄNEN HEIMO	**11,000**	**0.5%**
28. SAMMUTIN JA AKKU OY	**11,000**	**0.5%**
29. MARTTINEN MIKKO	**10,000**	**0.4%**
30. SCHENGEN INVESTMENT OY	**9,788**	**0.4%**

* Gobelet Oy is 100% owned by Jari Tuovinen. ** Minodel Oy is 100% owned by Marko Häkkinen.
Treasury shares held by the Company totalled 19,212 equalling 0.9% of total shares at the end of the month.

AVIDLY PLC'S SHAREHOLDERS BY SECTORS ON 31.12.2018

Sector	Number of shares	% of total shares	Number of shareholders	% of total shareholders
Households	927,974	41.10%	875	93.70%
Finnish companies	904,642	40.10%	48	5.10%
Financial and insurance institutions	152,695	6.80%	7	0.70%
Foreign shareholders	273,461	12.10%	4	0.40%
Total	**2,258,772**	**100.00%**	**934**	**100.00%**

INVESTOR CALENDAR

Event	Time	Place
Silent time and closed period begins	5 February 2019	
Full-Year Result 2018	7 March 2019	
Annual General Meeting (estimate)	1 April 2019	Helsinki, Konepajankuja 1
Silent time and closed period begins	23 July 2019	
Half-Year Report 1–6/2019	22 August 2019	

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