Announcement no. 8 2019

Agillic Q3 2019 results: Growth in revenue by 42% and in Annual Recurring Revenue (ARR) by 23% despite latency in international sales and atypically high churn rate

Copenhagen – 30 October 2019 – Agillic A/S (Nasdaq First North Copenhagen: AGILC) announces financial results for Q3 2019 showing growth although impacted by latency in the sales in new territories as well as an atypical high churn. Revenue in Q3 2019 increased by 42% and Annual Recurring Revenue (ARR) increased by 23% compared to Q3 2018, while EBITDA amounted to DKK -2.8 million compared to DKK -3.4 million in Q3 2018. Due to the latency in international sales and the atypical high churn rate, the guidance for Annual Recurring Revenue (ARR) at year-end 2019 is revised from DKK 70-78 million to DKK 60-65 million.

Jesper Valentin, CEO of Agillic comments:

“Annual Recurring Revenue in Q3 2019 increased by 23% and revenue increased by 42% compared to the same period of 2018. Despite the growth, the result is unsatisfactory. Our growth ambitions and targets are high, and we have to appreciate that establishing the Agillic brand internationally is taking longer than anticipated. Seasonal fluctuations in transactions account for a decrease of DKK 5 million in ARR and in conjunction with an atypical high churn rate, the ARR decreased in total by DKK 6.5 million compared to Q2 2019. Leaving Q3 2019 behind, we are now focussing on Q4 2019, a traditionally high-performance quarter, with a historically significant increase in transactions. The strong pipeline of Q4 indicates the Q3 performance was an isolated event. We reaffirm our expectation to be EBITDA positive and cash-generating in 2020. However, on the above background, we adjust our guidance for Annual Recurring Revenue from DKK 70-78 million to DKK 60-65 million.”

Performance highlights

DKK million	**2019 Q3**	**2018 Q3**	***Change***	**2019 Q3 YTD**	**2018 Q3 YTD**	***Change***
Income statement						
Total revenue	13.0	9.1	*42%*	40.0	26.9	*49%*
Gross profit	10.1	7.1	*41%*	30.9	19.7	*57%*
Gross profit margin	78%	78%	-	77%	73%	-
EBITDA	-2.8	-3.4	*-18%*	-11.1	-12.8	*-14%*

Net profit	-4.1	-5.8	*-29%*	-18.6	-19.1	*-3%*
Financial position						
Cash	-1.0	15.6	-	-1.0	15.6	-
Cash (adjusted)[1]	7.1	23.9	*-70%*	7.1	23.9	*-70%*
Software as a Service (SaaS)						
Annual Recurring Revenue (ARR)[2]	51.7	41.9	*23%*	51.7	41.9	*23%*
Net increase/decrease in ARR	-6.5	3.2	-	1.6	8.6	*-81%*

[1] Cash inclusive trade receivables (DKK 9.7 million), trade payables (DKK 4.6 million) and credit facilities (DKK 3.0 million)
[2] Annual Recurring Revenue (ARR), i.e. the annualised value of subscription agreements and transactions at the end of the actual reporting period

Financial results for Q3 2019

- Revenue in Q3 2019 amounted to DKK 13.0 million, an increase of 42% compared to Q3 2018. Revenue Q1- Q3 2019 amounted to DKK 40.0 million, an increase of 49% compared to Q1-Q3 2018
- Gross profit in Q3 2019 amounted to DKK 10.1 million compared to DKK 7.1 million in Q3 2018, an increase of 41% compared to the same period in 2018. Gross profit in Q1-Q3 2019 amounted DKK 30.9 million, an increase of 57% compared to Q1- Q3 2018
- Gross profit margin in Q3 2019 remained at 78% as in Q3 2018. Gross profit margin in Q1-Q3 2019 amounted to 77%, an increase from 73% in Q1- Q3 2018
- EBITDA amounted to DKK -2.8 million in Q3 2019 compared to DKK -3.4 million in Q3 2018. EBITDA Q1- Q3 2019 amounted to DKK -11.1 million compared to DKK -12.8 million in Q1-Q3 2018
- Cash position as of 30 September 2019 was DKK -1.0 million, exclusive of overdraft facilities of DKK 3.0 million. Cash position, including lines of credit, trade receivables and trade payables, amounted to DKK 7.1 million as of 30 September 2019.

Key performance indicators

- Annual Recurring Revenue (ARR) as of 30 September 2019 was DKK 51.7 million, an increase of 23% compared to 30 September 2018
- In Q3 2019 Annual Recurring Revenue (ARR) decreased DKK 6.5 million compared to Q2 2019 and increased DKK 1.6 million compared to 31 December 2018. Out of the DKK 6.5 million, DKK 5 million are ascribed to a seasonal decrease in transactions that historically will be regained in Q4.

A comment on seasonal fluctuations

Q3 2019 was characterised by a significant decrease in the value of transactions, i.e. the value of communication being executed via the Agillic Customer Marketing Platform. The reason for the negative contribution from transactions was mainly the summer holiday season where Agillic's clients traditionally have a reduced communication with their customers – a pattern seen every year. A high-performing Q4 historically compensates the decrease in ARR value of transactions in Q3 and the Company expects the value of transactions to increase due to especially Black Friday and Christmas in Q4 2019.

Updated 2019 guidance

The Company updates its 2019 expectations as follows:
Revenue: DKK 52-60 million as stated in the original guidance as of 28 February 2019
EBITDA: DKK -13 to -17 million, with an inclination towards the middle of the range
Annual Recurring Revenue: Guidance as of 28 February 2019 of DKK 70-78 million is adjusted to DKK 60-65 million.

The Company maintains its expectation to be EBITDA positive and cash-generating in 2020, which will be further detailed in the Company's 2020 guidance that is expected to be released in December 2019.

Operational highlights in Q3 2019

- Effective as of 1 August 2019, Peter Floer joined Agillic as Managing Director in DACH to grow the German, Austrian and Swiss markets further. Peter Floer comes from a position as Senior Account Executive, Marketing Cloud at Salesforce, and has also been with Sitecore
- Effective as of 1 August 2019, Ben Byrd joined Agillic as Business Director in Agillic's London office to further strengthen the international sales organisation
- In August 2019, as mentioned in the H1 2019 report, a loan of DKK 5 million was provided (by Vækstfonden)

Operational highlights after the end of Q3 2019

- New clients, such as DanChurchAid (Folkekirkens Nødhjælp), signed with Agillic
- First release in a series of extensive changes to the Agillic Customer Marketing Platform. By refactoring the source code of the platform, Agillic can easily leverage cloud services from, for example, Amazon, Google, and Microsoft. This enables the Company to be at the forefront of the development in the technology market and continuously deploy new features and improvements. The marketers working in Agillic will experience a platform supporting efficient daily operation as well as a user interface featuring a new design and a visual representation of the activities in Agillic. Throughout the changes, Agillic is striking the perfect balance between ease of use and sophistication to create a state-of-the-art customer marketing platform, where marketers can tap into advanced features, such as AI and connectors to paid media, to achieve competitive business results

- First product release of the integration to the Google, Facebook and Adform ecosystems, enabling clients to optimise their media spending and to streamline the process
- On 1 October 2019, Agillic Summit attracted around 600 CMOs and marketers in Copenhagen exchanging experiences and discussing the potentials of Omnichannel Marketing. Agillic presented the most recent development within integrations to paid media, AI and introduced the first phase of a modernisation of the Agillic platform's user interface.

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About Agillic A/S
Agillic is a Nordic software company enabling marketers to maximise the use of data and translate it into relevant and personalised communication establishing strong relations between people and brands. Our customer marketing platform uses AI to enhance the business value of customer communication. By combining data-driven customer insights with the ability to execute personalised communication, we provide our clients with a head start in the battle of winning markets and customers.

Besides the company headquarter in Copenhagen, Agillic has sales offices in London (UK) and Stockholm (Sweden), Zurich (CH), as well as a development unit in Kiev (Ukraine). For further information, please visit www.agillic.com

Agillic A/S (publ) (Nasdaq First North Copenhagen: AGILC) is obligated to publish the above information in compliance with the EU Market Abuse Regulation. The information was published via agent by Agillic A/S on 30 October 2019.

Appendix 1

One of the key metrics for a SaaS company such as Agillic is the annual recurring revenue as it expresses the recurring value of the company's subscriptions.

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

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

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

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

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

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

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

For a comprehensive exposition of Agillic's Annual Recurring Revenue, please refer to Agillic Annual report 2018, which can be found at agillic.com/investor.

Appendix 2

Financial development per quarter

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

DKK million	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3
SOFTWARE AS A SERVICE (SaaS)											
Total Annual Recurring Revenue (ARR)[1]	21.4	21.7	23.7	33.2	35.1	38.8	41.9	50.1	53.3	58.2	51.7
Net increase/decrease in Annual Recurring Revenue (ARR)	0.6	0.2	2.1	9.5	1.9	3.7	3.2	8.2	3.2	5.0	-6.5
Average Annual Recurring Revenue (ARR)[2]	0.5	0.5	0.4	0.6	0.6	0.7	0.6	0.7	0.7	0.7	0.7
Gross profit margin (adjusted)[3]	77%	73%	80%	76%	65%	76%	78%	79%	76%	78%	78%
Customer Acquisition Costs (CAC)[4]	0.3	0.3	0.2	0.2	0.4	0.6	0.8	0.9	0.9	0.9	1.2
Years to recover CAC (years)[5]	0.9	0.8	0.6	0.4	0.9	1.3	1.5	1.6	1.6	1.6	2.3

[1] Annual Recurring Revenue (ARR), i.e. the annualised value of subscription agreements and transactions at the end of the actual reporting period

[2] Average Annual Recurring Revenue, i.e. the average ARR per customer

[3] Gross profit margin (adjusted), i.e. gross profit margin adjusted for a special release of accruals in 2017. 2017 gross profit margin before adjustment amounts to 84%. No adjustment made in 2018

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

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