



TRADING UPDATE

for the period 01.01.2019 - 30.06.2019

This announcement is a translation of the original Danish version.
In case of discrepancies, the Danish version prevails.

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- Growth of 11% in turnover
- The announced Tech investments progressing well
- Result over budgeted level for 1. half of 2019, unchanged annual expectations

Turnover

During the 1. half of 2019, the Esoft group realized a total of 11% higher turnover compared to the same period in 2018.

The increased turnover is due to a generally increased activity level in many of the group's markets.

In the Danish market, turnover for the 1. half of 2019 is slightly below same period last year, which is in line with the general market developments in the Danish market. Behind these figures is a significant intake of new customers, which eliminates individual departures compared to last year.

In the Swedish market, the market situation continues to provide short-term challenges and the realized turnover is slightly below the turnover during the same period last year.

In the Vietnamese company, which serves large parts of the global market, there is still substantial growth in turnover, partly due to a high activity level in the North American housing market.

During the first half of the year, the Spanish subsidiary continued to be challenged on profitability and, as a consequence, at the end of Q2 we partly reorganized, so that essential parts of the production are now carried out elsewhere in the group. Moving onwards, the Spanish company's unique know how, will be focused on video concept development.

Esoft's investment into the Shine product for digital marketing of properties (formerly Connect) shows good progress and the team is currently implementing several foreign customers, which is expected to take the solution fully into use during Q3.

Tech – Investments well underway

The result for the period is characterized by the decided investment strategy, where significant parts of earnings are reinvested in creating even more Tech-based services based on machine learning and AI, to the group's existing markets. In the short term, these investments are not eligible for capitalization and therefore affect the financial result.

Overall, investment has the expected momentum and there are some initial customer dialogues on pilot projects, which confirms us in the strategic direction.

Not all parts of the investments have been executed per 30.6 at the same timing as budgeted, which affects the result short-term positively.

Earnings/EBIT

The EBIT level result is above budgeted level per 30/6, mainly due to timing in the execution of selected planned investments in Tech.

Expectations for the whole 2019

The company's expectations for the full year remain unchanged. It is still expected that the 2019 will result in overall growth and positive earnings, despite the ambitious investments in new Tech solutions.

Key figures**TDKK****Figures for the period**

	1.1.19- 30.6.19	1.1.18- 30.6.18
Turnover	87.614	79.174*
EBIT	5.409	4.069
Financial income / expenses	-426	-200
Net result for the period, EBT	4.983	3.835
Total assets	33.495	49.474
Equity	15.584	33.615

Cash Flow

Cash flow from operating activities	-2.417	-2.027
Cash flow from investing activities	-2.436	-2.359
Dividend and share buy-back	-21.680	-
Total cash flow	-26.533	-4.386
Cash and cash equivalents beginning	21.194	21.871
Cash and cash equivalents end	-5.339	17.485

Equity

	1.1.19 - 30.6.19	1.1.18- 30.6.18
Equity beginning	32.904	31.126
Net result for the period, EBT	4.476	3.835
Dividend	-17.989	-
Own shares	-3.691	-
Adjustments	-116	-1.346
Equity end	15.584	33.615

Other key figures

Share capital (1.000 DKK)	3.507	3.507
Number of shares	3.506.688	3.506.688
Result before tax per share	1,42	1,09
Book value of equity per share	4,44	9,59
Market price per share, June 30 th	19,8	26,0
Market value (1.000 DKK)	69.432	91.174

*) Comparative figures for turnover 2018 are adjusted to ensure comparability of the classification principle. Before adjusting, the figure was 80,857 TDKK. There is no result effect of the adjustment.

The board of directors

The Esoft Systems A/S board of directors is composed of:

- Torben Frigaard Rasmussen, chairman of the board
- Michael Vinther
- René Dines Hermand

Board decisions

Except for the messages already communicated through First North, no fundamental decisions have been made during the period in question.

The company's shareholdings

Esoft Systems A/S holds 205.055 shares in the company.

The board and management – direct and indirect shareholdings

Group CEO René Dines Hermand, 2.500.000 shares.

The company had an average of approximately 200 shareholders during the period in question.

Certified Adviser and the adviser's employees – direct and indirect shareholdings

Certified Adviser holds no shares in the company.

Next trading update

Next trading update will be published on October 28th 2019.

Further information:

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Om Esoft:

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Esoft specializes in innovative solutions in picture editing, 3D-visualisations and online marketing.

Customers choose Esoft for the fast service, the innovative and inventive solutions, as well as the consistently high quality of the services provided by Esoft.

Since Esoft was founded in the year 2000, the company has had continuous growth, and today consists of more than 650 colleagues in offices in Denmark, Sweden, Spain and Vietnam.

Read more at www.esoft.com