

The background of the entire page is a dark purple gradient. Overlaid on this are numerous abstract geometric patterns. These patterns consist of small white circles connected by thin white lines, forming various interconnected shapes, some resembling molecular structures or network diagrams. These patterns are scattered across the page, with some being more prominent than others.

Ayima Group AB (publ) Interim Report

January - June 2019

AYIMA

Highlights

Q2: Apr - Jun 2019

- Total Revenue for the quarter amounted to 40.5 MSEK (42.7) a decrease of 5% from the same period in 2018
- Gross Profit amounted to 27.1 MSEK (21.7) an **increase of 25%** from the corresponding period in 2018
- US Operations growing strongly, increasing share of revenue to 35% (30.6%)
- Gross margin **increased to 66.9%** (50.8%), reflecting growth in higher margin services as a result of the restructure
- A positive **EBITDA of 4.0 MSEK** (-2.8) resulting from a 5.4 MSEK increase in Gross Profit combined with a 1.5 MSEK decrease in operating costs from the corresponding period in 2018.
- Operating Costs reduced by 10% (2.5 MSEK) from Q1 2019
- **Net Profit after Tax** for the quarter amounted to **1.2 MSEK** (-3.2) an increase of 4.4 MSEK from the corresponding period in 2018
- **Net Profit after Tax increased by 6.6 MSEK** from Q1 ,2019 (-5.4)

YTD: Jan - Jun 2019

- Total Revenue amounted to 76.9 MSEK (83.7) a decrease of 8.1% from the corresponding period in 2018
- Gross Profit amounted to 53.2 MSEK (43.9) an **increase of 21.2%** from the corresponding period in 2018
- Gross Margin **increased to 69.2%** (52.4%), reflecting growth in higher margin services as a result of the restructure
- A positive **EBITDA of 4.6 MSEK** (-2.2), a vast improvement on 2018.
- Profit After Tax and exceptional items amounts to -4.2 MSEK (-3.0). Exceptional items relate to restructuring costs and other one-off adjustments required under IFRS
- Balance Sheet assets amounted to 132.1 MSEK (61.7) an increase of 114% from the corresponding period in 2018

Key Events in the Quarter:

- Rights Issue completed on 15 April. A total of 824 451 new shares were issued. These new shares were registered at Bolagsverket during July 2019 and will be reflected in the ownership chart in the Q3 report.
- AGM held in Stockholm on 18 June 2019. The AGM resolved unanimously in accordance with the board's proposals.



A Message from the CEO

Dear Shareholders and Investors

The second quarter of 2019 has brought something of a financial turnaround, as expected. Some difficult staff cuts and restructuring in Q1 has brought the expected savings and resulted in a positive EBITDA for the quarter of 4.0MSEK. Net Profit after Tax was also positive at 1.2MSEK, although dragged down somewhat by some exceptional financial items related to the restructure. This was a big turnaround from the Q1 result - a 6.6MSEK improvement.

Topline revenue was down slightly on the corresponding period in 2018, however the strong growth in Gross Profit better reflects the true state of the company - and at a consistently healthy 25% increase year on year. Gross margin has increased significantly due to growth in higher margin services such as Analytics and SEO, and a reduction in Paid Media, which can tend to be more volatile. The restructure we performed last quarter also saw us discontinuing some services that had been largely outsourced to contractors, this also contributed to the increased margin.

Another positive has been the continued growth of the North American operations, which now account for 39% of total revenue. We have invested significantly into the establishment of the US offices and it is great to see that investment start to reap its rewards. We expect a majority of the company's growth to come from the US market in the future and with our infrastructure already established, this should result in increased margins for the company.

A further positive event has been the launch of our Updatable app onto Cloudflare's platform, giving us access to tens of thousands of potential customers. Cloudflare is one of the biggest Content Delivery Networks (CDN), servicing some of the worlds biggest websites. The progress of Updatable as a business has been slow to date, and this new development will require that we completely re-launch the product with an entirely new business model but with vastly increased potential.

In terms of the future, we expect that growth will continue at the current pace, but with Net Margin increasing steadily throughout the year. As stated, we will continue to focus on growing the US operations and consolidating our profitability. Additionally, we will also continue to seek potential acquisition targets as a way of accelerating the growth of the company. We will communicate through the market whenever we have updates on the progress of this strategy. Overall the state of the company is solid and improving.

Yours Sincerely

Mike Jacobson

CEO

CORRECTIONS AND RESTATEMENTS

Due to an error in the calculation of exchange rate differences some figures reported in the consolidated financial statements for Q1 were incorrect. This error has been corrected and the updated values are shown in the table below. The statements affected are Other Comprehensive Income, Consolidated Balance Sheet and Consolidated Cashflow Statement.

The “Other Comprehensive Income” item is related to the continued restating of average exchange rates throughout the year and does not reflect on operations. These figures do not form part of any key performance indicators of the Company.

Additionally, some errors were discovered in the consolidation of the group companies in Q1, resulting in an overstatement of balance sheet items as per the table below. These errors have now been corrected. None of the errors affect the Profit and Loss accounts or reflect in the current performance of the company.

Item	Reported Value	Corrected Value
Other Comprehensive Income		
Exchange rate differences	3.6	2.4
Total Comprehensive Income	-1.8	-3.1
Consolidated Balance Sheet at 31 Mar 2019		
Accounts Receivable	54.0	21.0
Total Current Assets	70.2	37.2
Total Assets	163.7	130.7
Total Equity	-37.8	-38.3
Accounts Payable	-49.7	-16.2
Total Current Liabilities	-84.0	-50.5
Total Equity and Liabilities	-163.7	-130.7
Consolidated Cashflow Statement Jan - Mar 2019		
Change in receivables	-30.1	2.9
Change in current liabilities	32.5	-0.5
Cashflow from current operations	1.2	1.2
Summary Statement of Changes in Equity		
Total Comprehensive Income	-3.5	-3.1
Closing Balance Equity	37.8	38.3

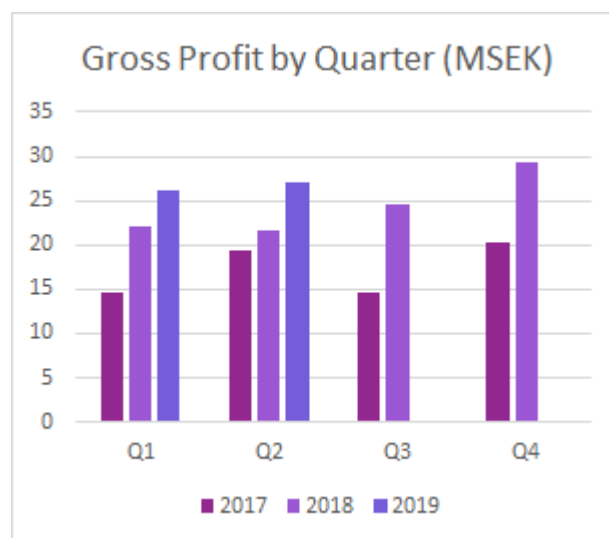
OPERATIONS

REVENUE BY QUARTER AND YTD MSEK

	Apr- Jun 2019	Apr- Jun 2018	Jan- Jun 2019	Jan- Jun 2018	Jan- Dec 2018
REVENUE	40.5	42.7	76.9	83.7	183.0
GROSS PROFIT	27.1	21.7	53.2	43.9	97.6

Although top-line revenue has reduced slightly from the same period in 2018, Gross Profit has increased by 21.2% year on year. This change is mostly due to a reduction in “pass-through” revenue, where exceptional media spending from a client is outside the standard services agreement and therefore carries very low profit margin. The solid increase in Gross Profit and Gross Margin (66.9%, up from 50.8%), better reflect the continued positive growth of the company.

Extraordinary costs in Q2 included provisions for staff costs associated with the EMI options scheme, these are exceptional items and not part of normal operations.



FINANCIAL POSITION AND LIQUIDITY

Liquid assets at the end of the period amounted to 28.8 MSEK (23.9). Cash and cash equivalents amounted to MSEK 2.4 (2.1) and accounts receivable 26.4 MSEK (21.7). Ayima have an Invoice Discounting facility that allows the company advance access to working capital which is otherwise tied up in the accounts receivable, the amount of working capital in use through this facility is shown in the financial statements under current liabilities, this facility is continuously paid and reused as invoices are issued to clients and paid to Ayima.

Total equity amounted to 47.3 MSEK, including issued share capital 6.0 MSEK. Equity ratio was 36 (40) percent. 26.0 MSEK of the liabilities relates to a provision has been included for the potential total earn-out payments due to the sellers of LeapThree Limited in accordance with the Share Purchase Agreement. This liability will be wound down throughout the earn out period up to September 2021.

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to 1.7 MSEK. The change in working capital was -5.9 MSEK. Investments in tangible and intangible fixed assets amounted to -5.3 MSEK during the period. Cash flow from financing activities amounted to 8.1 MSEK. Net cash decreased by 1.5 MSEK in the period.

SHARE-BASED INCENTIVE PROGRAM

Ayima has an Enterprise Management Incentives (EMI) scheme to benefit senior staff. Any warrants or shares are held on behalf of the employees by the Ayima Employee Benefit Trust 2011 (EBT). 213,503 shares were owned by the EBT at 2019-06-30. The 2.5 MSEK loan that was received from the EBT in February 2018 has now been repaid by a share issue of 178 571 shares at 14 SEK each, this share registration was registered at Bolagsverket during July 2019. The new total number of shares owned by the EBT is 392 074, this will be reflected in the ownership chart in the Q3 report.

Additionally, during Q2 2018, 300,000 warrants were issued as part of a new staff incentive program. The 300,000 warrants vest at a rate of 25% per year for 4 years from May 2019, when they can be converted to ordinary shares. A provision for these shares has been made in Equity and the accrued cost of these share based payments from 2018-05-01 to the end of Q2 2019 has been recognised in the Consolidated Income Statement. Warrants over 10 855 shares were exercised by employees in the period, these shares were registered at Bolagsverket during July 2019.

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

A directed issue of new “B” shares was submitted to Bolagsverket during June 2019. The purpose of the new issue was as follows:

178 571 new B shares were issued to the Ayima Employee Benefit Trust 2011 to repay the 2.5 MSEK loan that was taken in February 2018. The shares were issued at a value of 14 SEK per share which was based on the average traded price in the preceding 14 trading days. The Ayima Employee Benefit Trust administers the Employee Share Options Scheme and holds shares on behalf of Ayima’s staff.

7 staff members exercised their vested options under the Ayima Employee Options Scheme totalling 10 855 new B shares.

A total of 824 451 new B Shares were issued as part of the Rights Issue completed in May 2019. All of the new issues were successfully registered at Bolagsverket during July 2019.

The new share capital of Ayima will be 6 833 539 B Shares and 226 800 A Shares

Ayima’s SaaS product Udatable is now available on Cloudflare, giving a new audience the opportunity to experience this game-changing technology. Udatable lets users edit any part of their website in real time, through a simple visual interface, bypassing the back-end CMS and revolutionising the SEO market by overcoming the usual bottleneck of long development queues.

Udatable makes day-to-day site optimisation improvements instant, allowing digital marketing teams to be more self-sufficient and freeing up costly developer resources to focus on bigger functionality or infrastructure projects.

The annual general meeting of shareholders (“AGM”) in Ayima Group AB was held on 18 June 2019, in Stockholm. The AGM resolved unanimously in accordance with the board’s proposals and a summary of the resolutions taken by the AGM follows. For complete details concerning all resolutions, please see the basis for resolutions by the annual general meeting, which is available on the company’s website at <https://www.ayima.com/investors>.

- The AGM resolved to adopt the income statement and balance sheet and the consolidated income statement and consolidated balance sheet.
- The AGM resolved that the result for the year shall be balanced on a new account and that no dividend shall be paid.
- The AGM resolved to discharge all individuals who had served as Board members or CEO during 2018 from liability for the administration of the company in 2018.
- The AGM resolved in favour of re-election of the board members Michael Jacobson, Michael James Nott, Timothy Webb, Mark Kevin Segal and Björn Mannerqvist. Michael James Nott was appointed chairman of the board. No deputies was elected. The remuneration for the board members shall consist of a half price base amount per year to each member who is not employed by the Company.
- BDO Sweden AB was re-elected as auditor. BDO Sweden AB has announced that it will appoint Authorised Public Accountant Niclas Nordström as chief auditor.
- The AGM resolved to authorize the board of directors to decide on one or more occasions during the period ending at the close of the next annual general meeting, to issue new shares in accordance with the board's proposal.

MARKET TRENDS

Q2 was yet another big period for Google-related news. The ever-growing tech company made a slew of announcements that will impact the digital marketing landscape now and well into the future as they continue to develop their capabilities, work out their privacy issues, and much more.

Google revealed new visual features for Search and Lens that aim to make both of these tools more intuitive and altogether-helpful for users. Starting with Search, the tech giant began to implement augmented reality into the SERPs to give users a real perspective of their queries. For example, you can read that a shark is nearly six meters long, but it would prove rather difficult (and dangerous) to see that for yourself. Not with Augmented Reality, which brings it right into your surroundings.

Google adds markup support for how-to and FAQs

If you are publishing FAQ or how-to content on your site, Google has rolled out new ways for you to potentially connect with your target audience. The company added structured data markup support for both types of content that can make your pages to appear as rich results. The markup also applies to those using Google Assistant, the company's virtual assistant product. Of course, none of this guarantees that the pages will appear with rich results, so Google recommends reading through their structured data guidelines to make sure you're doing everything correctly.

Facebook announces that ads are coming to WhatsApp

Yes, you read that correctly: ads are indeed coming to WhatsApp. The Facebook-owned messaging platform had been advertising-free since its inception, but that's about to change in 2020. Facebook revealed their plans for bringing ads to WhatsApp at the company's annual Marketing Summit, which was held in May in the Netherlands.

Chrome improving cookie, ad-tracking controls

New privacy features are coming to Google Chrome that will allow users to view and block the cookies being stored in their browser. Ads will also be much more transparent, as users will soon be able to use an upcoming browser extension to see more details about the ad, including why it was served, who created it, etc. Google are also fighting to restrict fingerprinting. In his blog post on these changes, Google Ads & Commerce SVP Prabhakar Raghavan wrote that “[w]hen a user opts out of third-party tracking, that choice is not an invitation for companies to work around this preference with methods like fingerprinting.” The goal of these changes, Raghavan wrote, is to “empower users to make informed decisions about how to control the use of their data for personalized advertising.” Be on the lookout for the aforementioned browser extension and other updates in the coming months.

Google Trends data can be integrated into Data Studio

While Google Trends is certainly a useful tool for digital marketers, there was always the nagging problem that there was no official API. Well, that's all changing thanks to the team at the agency StrategiQ. They developed and released a new tool that allows users to pull Google Trends data directly onto Data Studio reports. Known as the “gtrends.app,” it works off their own small API that fetches Google Trends data and returns it as JSON. It's then made usable through a connector that brings the data into Data Studio, so marketers can more easily refer to and report on all that juicy info.

Google rolls out new GMB features

Google launched a handful of new Google My Business features that aim to help businesses further establish their identities in the online space. Fittingly, some of those features are in the cosmetic realm, as business owners can now have their logo appear prominently in their profile. They can also upload and choose their profile cover photo while including new photos on a dynamic module on the GMB profile.

Amazon ad revenue expected to rise dramatically

Amazon's advertising revenue is predicted to hit \$40 billion by 2023, a total that represents an incredible 470 percent increase from their 2018 earnings. That's the word according to a study by Juniper Research, who estimate that the e-commerce giant will “leverage its retail data and heavy investment in machine learning to offer efficient targeting.” Amazon is clearly expected to play a big part in what Juniper predicts will be continued growth for digital advertising spend. They estimate that overall spend will reach \$520 billion by 2023, which represents an annual 15 percent growth over the coming years. The study credits “AI-based programmatic advertising” as the major driver for these numbers.

RISKS AND UNCERTAINTIES

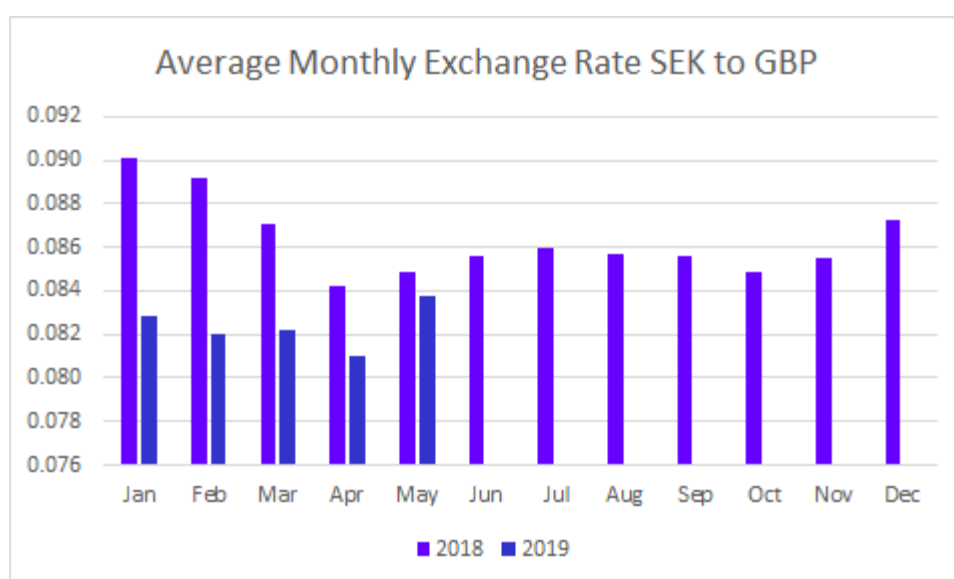
RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's material risks and uncertainties include market and business risk, political risk, operational risks and financial risks, and currency variance risks. Business and market risks may relate to greater customer exposure for specific sectors and companies as well as sensitivity to market conditions. Political risks relate to ongoing uncertainty in relation to Brexit. Operational risks

include dependence on individuals, skills supply and intellectual property and meeting client's high standards. Financial risks mainly relate to foreign exchange and credit risks.

Ayima is considered to have a good spread of risks across companies and sectors. Brexit continues to pose a risk to Ayima, as it does to any company operating in Britain. The company has definitely felt some Brexit-related uncertainty from its clients in terms of general business confidence, and will respond to any Brexit related events as they occur, promptly and efficiently. Operational risks are handled in a structured manner through well-established processes in line with ISO27001. Along with the existing staff training initiatives, Ayima has the employee share scheme. All of these initiatives promote high staff retention, thereby mitigating operational risks. The increased regulation from the UKGC (UK Gambling Commission) and increasing taxes in the gaming industry have resulted in some additional volatility through reduced marketing spend from Gambling Companies in the UK. Gaming clients currently account for approximately 21% of total revenue. Ayima continues to diversify its client portfolio to mitigate concentration risks.

Currency variance risks related to fluctuations in the exchange rate can have an impact on Ayima when reporting in SEK. Day to day operations are not significantly impacted as revenue and costs are mainly in the same currency in each market. The chart below shows the fluctuation in exchange rates from GBP to SEK from January 2018 to June 2019, demonstrating the continued instability in exchange rates since the Brexit vote. Credit risk is limited since Ayima only accepts creditworthy counterparties.



**source: oanda.com average monthly rate Jan 2018 - Jun 2019*

RELATED PARTY TRANSACTIONS

Apart from remuneration to the Board and senior executives, Ayima continues to provide several services to Gaming Realms PLC. Mark Segal is a director of both Gaming Realms plc and Ayima Limited, and is an independent director of Ayima Group AB. Transactions with Gaming Realms are treated at arm's length.

The loan with the Ayima Employee Benefit Trust 2011, to the value of 2.5 MSEK was repaid by a share issue of 178 571 shares at 14 SEK per share in July 2019. This is considered to be a related party transaction because Michael Nott and Timothy Webb act as trustees of the Ayima EBT, as well as board members of Ayima Group AB.

Ayima holds an investment in a children's' clothing company Tootsa MacGinty Limited, Michael Jacobson is a director of Ayima Group AB and Tootsa MacGinty Limited, transactions with Tootsa are treated at arms length.

ACCOUNTING PRINCIPLES

Ayima Group AB (publ) prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. This interim report has not been reviewed by the company's auditors.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings). Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

IFRS 16 Leases

IFRS 16 Leases was issued in January 2016 and was endorsed by the EU in 2017. IFRS 16 introduces a single on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a corresponding lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

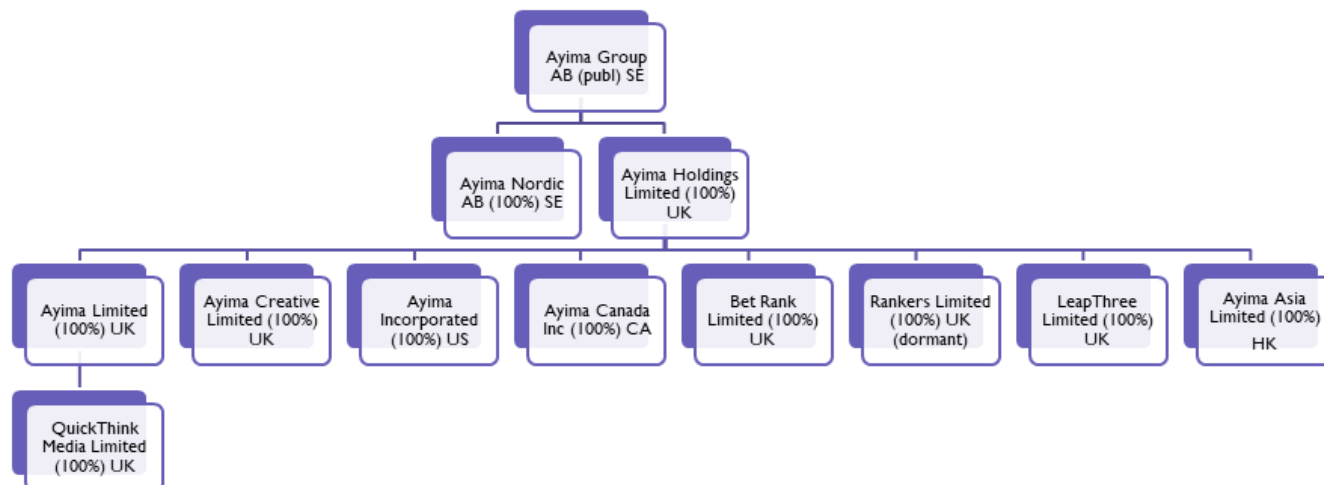
IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Group has completed a detailed assessment to quantify the impact on its reported assets and liabilities of adoption of IFRS 16. The Group has transitioned to IFRS 16 using the modified retrospective application approach with no restatement of prior year comparatives. On 1 January 2019 the Group recognised new right-of-use assets of SEK 14.4m and lease liabilities of SEK 14.4m for its operating leases in respect of office premises. The nature of expenses related to those leases will also change as the straight-line operative lease expense will be replaced with a depreciation charge for right-of-use assets and interest expense on lease liabilities, in the first year of adoption these are expected to be approximately SEK 6m and SEK 0,9m respectively.

The group expects that net profit after tax will decrease by approximately SEK 0,3m as a result of adopting these new rules. EBITDA is expected to increase by approximately SEK 6,5m, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability is excluded from this measure.

The group has applied the standard from its mandatory adoption date of 1 January 2019. The group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of lease liability at the date of initial application based on the present value of the remaining lease payments.

ABOUT AYIMA

The group was formed by acquiring the subsidiary Ayima Holdings Ltd's and Ayima Nordic AB's shares on 2017-01-31. The acquisition is reported as a reverse acquisition, which means that Ayima Holdings Ltd is regarded as the accounting acquirer and Ayima Group AB (publ) that it acquired. Payment was made through newly issued shares in the Parent Company, corresponding to a shareholding of 3,500,000 SEK. We made a prior period adjustment and amended the accounting of Goodwill in relation to the acquisition in 2016 of QTM, this is reflected in the 2018 comparative figures in the financial statements. Regarding the reverse acquisition we have made corrections to the amounts recorded in the Statement of Changes in Equity for the 2018 comparative period. Ayima Holdings registered a new, wholly owned subsidiary, Bet Rank Ltd at Companies House on 2018-06-25. Ayima completed the acquisition of LeapThree Limited on 2018-09-17, this acquisition was completed through the issue of 26 800 A shares and 784 662 B Shares along with payment to the sellers of cash consideration of GBP 400K (SEK 4.9M approx). During Q2 2019 Ayima Holdings Limited registered a new subsidiary company in HongKong, Ayima Asia. The revised Group Chart is as follows:



FINANCIAL OBJECTIVES

Ayima continues to focus on growing its margins in line with its strategy to return to profitability and positive cashflow, closely monitoring costs to continue the positive trend in 2019. Careful management of cashflow and a reduction in debts are also a key element of this strategy, which will result in a reduction of interest and financing costs in the coming periods.

NUMBER OF SHARES, SHARE CAPITAL AND EARNINGS PER SHARE

At the end of the period, the company had 6 046 462 shares (A 226 800 B 5 819 662). The share capital was 6 046 462 SEK. Earnings per share for the quarter amounted to -0.15 SEK (-0.49). Price per share at closing at the end of the period (2019-06-28) was 14.4 SEK. Earnings per share after dilution amounted to -0.15 SEK (-0.49). The registration of the recent Rights Issue was completed early in July 2019 and will be shown in the next quarterly report to be published on 2019-11-21. The new share capital of Ayima will be 6 833 539 B Shares and 226 800 A Shares, a total of 7 060 339 shares.

The number of warrants granted to staff in 2018 was 272,547 of which 80 597 were forfeit at 2019-06-30, the remaining warrants will vest over the next three years to May 2022. A further 82 180 warrants were awarded to newly qualifying staff during Q2 2019, these will vest over the 4 year period in May each year up to 2023.

Shareholding at 2019-06-28	No A Shares	No B Shares	Control %	Capital %
New Equity Ventures	-	1,144,820	14.2%	18.9%
Timothy Webb	66,667	870,837	19.0%	15.5%
Michael Jacobson	66,666	821,157	18.4%	14.7%
Michael Nott	66,667	760,837	17.7%	13.7%
Michael Feiner	15,000	390,731	6.7%	6.7%
Gaming Realms PLC		347,487	4.3%	5.7%
Peter O'Neill	11,800	301,441	5.2%	5.2%
Ayima EBT		213,502	2.6%	3.5%
Digital Spine AB		16,500	0.2%	0.3%
Others		952,350	11.8%	15.8%
Total	226,800	5,819,662	100%	100%

FURTHER REPORTS

Q3 2019 Interim Report - 2019-11-21

Q4 2019 Year end Report - 2020-02-20

CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY STATEMENT	CONSOLIDATED	INCOME	APR- JUN 2019	APR- JUN 2018	JAN - JUN 2019	JAN - JUN 2018	JAN- DEC 2018
MSEK							
Operating Income			40.5	42.7	76.9	83.7	183.0
TOTAL INCOME			40.5	42.7	76.9	83.7	183.0
Direct expenses			-13.4	-20.9	-23.6	-39.8	-85.4
GROSS PROFIT			27.1	21.7	53.2	43.9	97.6
Personnel costs			-18.5	-17.4	-38.7	-33.4	-72.4
Other operating expenses			-4.6	-7.1	-10.0	-12.6	-27.8
OPERATING EXPENSES			-23.1	-24.5	-48.7	-46.1	-100.2
EBITDA			4.0	-2.8	4.6	-2.2	-2.5
Depreciation			-2.3	-0.5	-4.8	-1.0	-2.5
Exceptional Items			-0.4	-0.1	-2.5	-0.2	-2.6
OPERATING PROFIT			1.3	-3.4	-2.8	-3.4	-7.7
FX gains/losses			0.0	0.0	0.0	0.0	-0.5
Interest received/paid			-1.0	-0.3	-1.6	-0.5	-2.2
R&D Tax Credit			1.1	0.5	0.8	0.9	2.3
Deferred tax			0.0	0.0	0.0	0.0	0.9
Minority share of profit for the period			0.0	0.0	0.0	0.0	0.0
PROFIT AFTER TAX			1.2	-3.2	-4.2	-3.0	-7.1
OTHER COMPREHENSIVE INCOME							
Items that could be reclassified to earnings							
Exchange rate differences*			-2.1	0.6	0.2	2.6	0.4
TOTAL COMPREHENSIVE INCOME			-0.9	-2.6	-4.0	-0.4	-6.8
Total profit for the period attributable to the parent company's shareholders:			-0.9	-2.6	-4.0	-0.4	-6.8
EARNINGS PER SHARE - BEFORE DILUTION (SEK)			-0.15	-0.49	-0.67	-0.07	-1.12
EARNINGS PER SHARE - AFTER DILUTION (SEK)			-0.15	-0.49	-0.67	-0.07	-1.12

*Exchange rate differences refers to the variance in the valuation of the group's balance sheet when converted from GBP to SEK using the exchange rate at the end of the preceding year, and the exchange rate at the end of the current reporting period. The current figure is stated after a correction to the previous period, as per the table on page 3.

SUMMARY CONSOLIDATED BALANCE SHEET AT 30 JUNE 2019

	30 JUN 2019	30 JUN 2018	31 DEC 2018
MSEK			
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	36.4	1.2	38.7
Other Intangible fixed assets	33.1	16.4	29.9
Total intangible fixed assets	69.5	17.5	68.6
Tangible fixed assets			
Property, plant and equipment	2.7	3.4	3.1
Total tangible fixed assets	2.7	3.4	3.1
Financial assets			
Shares in associated companies	2.9	3.0	2.8
Right of Use Assets	11.1	0.0	0.0
Deferred Tax	4.2	4.9	4.9
Total financial assets	18.3	7.9	7.7
Total fixed assets	90.6	28.9	79.4
Current assets			
Accounts receivable	26.4	21.7	25.2
Other receivables	10.2	6.8	10.1
Prepayments and accrued income	2.5	2.2	1.7
Total other current assets	39.2	30.7	36.9
Cash and bank balances	2.4	2.1	3.9
Total current assets	41.5	32.9	40.8
TOTAL ASSETS	132.1	61.7	120.2

EQUITY AND LIABILITIES

Equity			
Share capital	-6.0	-5.2	-6.0
Other contributed equity	-43.7	-22.0	-42.1
Other equity incl. profit for the year	2.4	2.7	7.6
Total equity	-47.3	-24.5	-40.5
Long-term liabilities			
Other Provisions	-2.3	0.0	-1.8
Lease Liabilities	-11.4	0.0	0.0
Other liabilities	-27.0	-1.0	-27.5
Total long-term liabilities	-40.7	-1.0	-29.3
Current liabilities			
Accounts payable	-14.4	-11.6	-16.5
Invoice Discounting Loan	-8.4	-2.0	-10.7
Current tax liabilities	0.0	0.0	0.0
Other current liabilities	-14.6	-17.9	-17.5
Accrued expenses and prepaid income	-6.6	-4.8	-5.8
Total current liabilities	-44.1	-36.2	-50.4
TOTAL EQUITY AND LIABILITIES	-132.1	-61.7	-120.2

CONSOLIDATED CASH FLOW STATEMENT (SUMMARY)

	JAN - JUN 2019	JAN - JUN 2018	JAN - DEC 2018
The ongoing business			
Operating profit	-2.8	-3.4	-7.7
Adjusted revenue			
Adjustments for items not included in cash flow			
Depreciation and write-downs	4.8	1.0	2.5
Exchange losses	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0
Other non-cash items	1.2	0.0	1.5
	3.3	-2.4	-3.7
Financial items	-2.2	-0.5	-0.7
Paid income tax	0.6	1.8	1.0
Cash flow from operating activities before changes in working capital	1.7	-1.0	-3.3
Changes in working capital			
Change in receivables	-0.9	-7.0	-9.4
Change in current liabilities	-5.0	13.8	5.6
Cash flow from current operations	-4.3	5.8	-7.1
Investing activities			
Acquisition of intangible fixed assets	-5.3	-2.7	-5.9
Acquisition of tangible fixed assets	-0.2	-1.3	-1.3
Recognition of Lease Assets and Liabilities	0.3	0.0	0.0
Acquisition of financial fixed assets	0.0	-0.2	1.5
Sales of financial fixed assets	0.0	0.0	0.0
Cash flow from investing activities	-5.3	-4.2	-5.8
Financing activities			
Rights issue	7.9	0.0	0.0
Issuing Costs	0.0	0.0	0.0
Borrowings	0.1	-0.3	18.5
Lease Asset Amortisation	0.0	0.0	0.0
Transaction with minority shareholders	0.0	0.0	-2.6
Cash flow from financing activities	8.1	-0.3	15.9
Cash flow for the period	-1.5	1.3	3.0
Cash and cash equivalents at the beginning of the period	3.9	0.9	0.9
LIQUID FUNDS AT THE END OF THE PERIOD	2.4	2.1	3.9

	30 JUN 2019	31 MAR 2019*	31 DEC 2018
SUMMARY STATEMENT OF CHANGES IN EQUITY			
MSEK			
Opening Balance	37.8	40.5	24.9
Issue of shares	9.6	0.0	20.5
Reverse acquisition	0.0	0.0	0.0
Acquisition/Share Options Provision	0.4	0.8	1.5
Total Comprehensive Income	-0.5	-3.1	-6.4
Closing Balance	47.3	38.3	40.5

*corrected figures for Q1

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

	APR- JUN 2019	APR- JUN 2018	JAN - JUN 2019	JAN - JUN 2018	JAN- DEC 2018
MSEK					
Operating income					
Revenue	0	0	0	0	0
Other operating income	0	1.4	0	1.4	2.6
TOTAL INCOME	0	0	0	0	2.6
Operating expenses					
Other operating expenses	-0.2	-0.3	-0.5	-0.7	-1.7
TOTAL OPERATING EXPENSES	-0.2	-0.3	-0.5	-0.7	-1.7
EBITDA*	-0.2	1.1	-0.5	0.7	0.9
Financial items					
TOTAL FINANCIAL ITEMS	-0.5	-0.3	-0.8	-0.4	-5.9
PROFIT BEFORE TAX	-0.7	0.8	-1.2	0.3	-5.0
Current tax	0	0	0	0	0
PROFIT AFTER TAX	-0.7	0.8	-1.2	0.3	-5.0
OTHER COMPREHENSIVE INCOME					
Items that could be reclassified to earnings					
Exchange rate differences	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	-0.7	0.8	-1.2	0.3	-5.0
Total profit for the period attributable to the parent company's shareholders:	-0.7	0.8	-1.2	0.3	-5.0
EARNINGS PER SHARE - BEFORE DILUTION (SEK)	-0.1	0.2	-0.2	0.1	-0.8
EARNINGS PER SHARE - AFTER DILUTION (SEK)	-0.1	0.2	-0.2	0.1	-0.8

PARENT COMPANY BALANCE SHEET (SUMMARY) AT 30 JUNE 2019

	30 JUN 2019	30 JUN 2018	31 DEC 2018
MSEK			
ASSETS			
Fixed assets			
Financial assets			
Shares in subsidiaries	7.1	4.3	5.8
Total financial assets	7.1	4.3	5.8
Total assets	7.1	4.3	5.8
Current assets			
Receivables	74.3	19.9	63.9
Total other current assets	74.3	19.9	63.9
Cash and bank balances	0.9	0.3	0.4
Total current assets	75.2	20.2	64.3
TOTAL ASSETS	82.3	24.5	70.1
EQUITY AND LIABILITIES			
Equity			
Share capital A shares	-0.2	-0.2	-0.2
Share capital B shares	-5.8	-5.0	-5.8
Share premium	-43.1	-11.0	-32.2
Share issue costs	0.0	0.0	0.0
Other equity incl. profit for the year	7.1	0.6	5.8
Total equity	-42.1	-15.7	-32.4
Long Term Liabilities			
Other liabilities	-26.0	0.0	-26.0
Total long term liabilities	-26.0	0.0	-26.0
Current Liabilities			
Other liabilities	-14.2	-8.8	-11.7
Total current liabilities	-14.2	-8.8	-11.7
TOTAL EQUITY AND LIABILITIES	-82.3	-24.5	-70.1

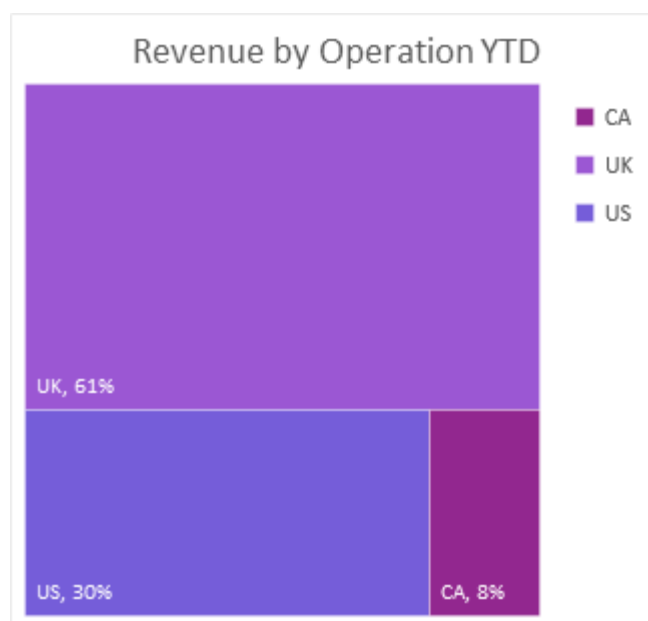
PARENT COMPANY CASH FLOW ANALYSIS (SUMMARY)

	JAN - JUN 2019	JAN - JUN 2018	JAN - DEC 2018
The ongoing business			
Operating profit	-0.5	0.7	0.9
Adjusted revenue			
Financial items	-0.8	-0.4	-0.6
Cash flow from operating activities before changes in working capital	-1.2	0.3	0.4
Changes in working capital			
Change in receivables	-10.3	-7.8	-10.1
Change in current liabilities	-0.4	5.9	0.3
Cash flow from current operations	-12.0	-1.6	-9.4
Investing activities			
Acquisition of financial fixed assets	0.0	-0.8	-0.8
Sales of financial fixed assets	0.0	0.0	0.0
Cash flow from investing activities	0.0	-0.8	-0.8
Financing activities			
Rights issue	9.6	0.0	0.0
Issuing Costs	0.0	0.0	0.0
Borrowings	2.9	2.6	10.5
Cash flow from financing activities	12.5	2.6	10.5
Cash flow for the period	0.5	0.2	0.3
Cash and cash equivalents at the beginning of the year	0.4	0.1	0.1
LIQUID FUNDS AT THE END OF THE PERIOD	0.9	0.3	0.4

INCOME BY MARKET AND SERVICE

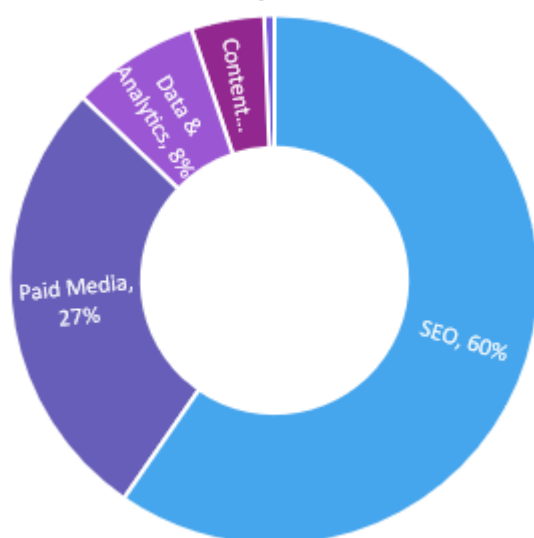
The US and Canada offices combined accounted for 39% of operating income for the year to date in 2019, compared with 29% in the same period last year. Income from these offices continues to show strong growth on both the east and west coasts having grown their revenue by over 22% year on year.

The UK continues to generate the majority of the group's income with the main headquarters located in London along with LeapThree, the Data and Analytics agency acquired in Q3 2018.



INCOME BY MARKET, MSEK

	APR - JUN 2019	APR - JUN 2018	JAN - JUN 2019	JAN - JUN 2018	JAN - DEC 2018
INCOME					
GB	26.6	29.6	47.0	59.2	127.5
US & CA	13.9	13.1	29.9	24.4	55.3
SE	0.0	0.0	0.0	0.1	0.1
TOTAL INCOME	40.5	42.7	76.9	83.7	183.0

Revenue by Service YTD

SEO continues to be the best performing service for Ayima with 60% (46%) of total income for the year to date for 2019.

Continuing volatility in the gaming industry has had an impact on Paid Media revenues over the last three consecutive periods. However there is considerable scope for this service to continue to expand into other sectors, this expansion forms part of the group's strategy for the coming periods.

Data and Analytics formed 8% of total income in Q2 2019, slightly higher than the previous quarter. We expect this service to continue to grow significantly in the coming periods.

INCOME BY SERVICE, MSEK

	APR - JUN 2019	APR - JUN 2018	JAN - JUN 2019	JAN - JUN 2018	JAN - DEC 2018
INCOME					
SEO	22.4	19.8	45.8	38.2	85.3
PAID MEDIA	12.6	20.4	21.1	40.5	85.2
CONTENT/CREATIVE	1.7	2.5	3.4	4.7	8.4
DATA & ANALYTICS	3.3	0.0	6.0	0.0	3.2
OTHER	0.5	0.0	0.5	0.3	0.9
TOTAL INCOME	40.5	42.7	76.9	83.7	183.0

GLOSSARY

INVOICE DISCOUNTING

Invoice discounting is the practice of using a company's unpaid accounts receivable as collateral for a loan, which is issued by a finance company. The amount of debt issued by the finance company is less than the total amount of outstanding receivables (typically 80% of all invoices less than 90 days old).

ISO27001

An ISMS is a systematic approach to managing sensitive company information so that it remains secure. It includes people, processes and IT systems by applying a risk management process. It helps Ayima keep information assets secure.

ISMS

An information security management system (ISMS) is a set of policies and procedures for systematically managing an organisation's sensitive data. The goal of an ISMS is to minimise risk and ensure business continuity by pro-actively limiting the impact of a security breach.

EQUITY RATIO

The shareholder equity ratio shows how much of the company's assets are funded by equity shares.

EBITDA

EBITDA is stated as operating profit before exceptional items, Interest, Tax, Depreciation and Amortisation

SERP

(Search Engine Result Page) are the pages displayed by search engines in response to a query by a searcher. The main component of the SERP is the listing of results that are returned by the search engine in response to a keyword query, although the pages may also contain other results such as advertisements.

AUGMENTED REALITY (AR)

A technology that superimposes a computer-generated image on a user's view of the real world, thus providing a composite view.

EARNINGS PER SHARE - BEFORE DILUTION

Earnings per share, earnings divided by total number of outstanding shares.

EARNINGS PER SHARE - AFTER DILUTION

Earnings per share, profit divided by existing shares plus any outstanding options program. As of 2019-06-30 there are 273 364 outstanding option programs.

DISCLOSURE AND CONDITIONS

ASSURANCE OF THE BOARD OF DIRECTORS

The Board ensures that the interim report gives a true and fair view of the Parent Company and the Group's operations, position and results, and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

BOARD

Michael Jacobson
Member & CEO

Michael Nott
Member & Chairman

Bjorn Mannerqvist
Member

Mark Segal
Member

Timothy Webb
Member

This interim report has not been audited by the company's auditors

CONTACT

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OTHER

This information is the information that Ayima Group AB is required to disclose under the EU Market Abuse Regulation. The information was provided by the above contact person for publication on August 8 2019 (2019-08-08).



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