



# **Ayima Group AB (publ) Interim Report**

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**January - March 2020**

# Highlights

## YTD: Jan - Mar 2020

- Total Revenue amounted to 33.9 MSEK (36.4) a decrease of 7% from the corresponding period in 2019, and a decrease of 2% from the previous quarter.
- Gross Profit amounted to 23.6 MSEK (26.2) a decrease of 10% from the corresponding period in 2019, but an increase of 14.9% from the previous quarter.
- A POSITIVE EBITDA result of 0.4 MSEK (0.6) a small change from the corresponding period in 2019
- Total Comprehensive Income (after tax and exceptional items) amounted to -1.3 MSEK (-1.8)
- Operating costs amounted to 23.2MSEK (25.6), a reduction of 9.6% due to restructuring and cost cutting.
- The impact of the Covid-19 pandemic had a significant effect on Q1 revenue numbers, and will continue to be felt in Q2
- Further cost cutting measures in response to the pandemic have been taken since March 2020 and will be reflected in Q2 results

## Key Events in the Quarter:

- 20 Client contracts were signed in Q1 2020 with a total value of 16.4 MSEK over 12 months.
- All Ayima's offices are closed and the entire staff is operating on a "work from home" basis. The transition has been smooth, with no negative impact on service delivery.
- The Covid-19 pandemic has had a significant but moderate impact on operations and trading in Q1 and a slowing of new business acquisition. The effects will be more pronounced in Q2 but are being managed with cost cutting and government assistance programs.
- The company has taken advantage of the UK government Coronavirus Job Retention Scheme (CJRS) and is receiving payments for approximately 15 UK employees on furlough.
- The company is also pursuing other government loan schemes in the various markets it operates (UK, US, Canada).
- The date for the AGM was announced. To be held on 12 June 2020 in Stockholm.



# A MESSAGE FROM THE CEO

## Dear Shareholders and Investors

It was expected that the first quarter of 2020 would deliver a fantastic positive result for Ayima, and that was exactly what was happening up until the end of February. New business wins were extremely strong and revenue was significantly up. Then the Pandemic hit.

The effects on Ayima's business have been mixed. Some of our clients have been completely shut down by the pandemic (such as travel companies and some retailers) and with that has gone any marketing budgets that would have flowed to us. But on the other hand, we have won some significant new business from huge global companies that view the financial crisis as only a temporary impediment or even an opportunity. Most importantly, even the clients that have completely shut down operations have not terminated Ayima's services and expect to restart activity later in the year. The most significant impact on Ayima's revenues has been the delay to commencing new projects that were due to start in the first quarter. We estimate that this resulted in over 8MSEK in lost/delayed revenue during the quarter.

In order to mitigate the immediate effects of the pandemic, we have taken some big decisions regarding cost controls. As the offices were closed and the entire staff is working from home, almost all peripheral spending has been halted. An across-the-board, temporary reduction in salaries has been adopted, resulting in a saving of more than 20% of staff costs. Additionally, 15 London-based staff have been placed on furlough (temporary leave of absence) in order to take advantage of the UK Government Job Retention Scheme and avoid the need for redundancies. We are also actively pursuing all other potential avenues for Government assistance in the various markets in which we operate. Many of the schemes have been chaotic in their design and implementation and we have so far not been successful at securing additional funding but we are confident that our efforts will eventually deliver a good result and we will notify the market accordingly.

In terms of the overall health of the company, aside from the aforementioned financial impacts, overall staff morale is good. Service delivery has been unaffected by the office closures and in fact we have received many positive comments from clients about our continued high standard of service during the crisis.

Additionally, the crisis has forced us to look closely at our overall strategic direction and internal organisational issues. Following this review, we hope to make some bold changes in market positioning and company structure in order to focus our efforts where they will drive the best results.

So to sum up the current situation, the financial crisis has had some impact, but it has been moderate and we have successfully mitigated the potential fall-out. We expect Q2 to also show some decreases, but we are very confident that we will emerge from the crisis with all our clients intact and a drive to take advantage of all the opportunities that will arise from reopening economies around the world.

Yours Sincerely

**Mike Jacobson**  
CEO



*We have received many positive comments from clients about our continued high standard of service during the crisis.*

## OPERATIONS

### REVENUE BY QUARTER AND YTD MSEK

	Jan - Mar 2020	Jan - Mar 2019	Jan - Dec 2019
REVENUE	33.9	36.4	169.3
GROSS PROFIT	23.6	26.2	100.8
Gross Margin	70%	72%	68%

Q1 2020 shows a slight drop in revenue from the same period in 2019, some expected new client wins were delayed due to the coronavirus pandemic, however the sales performance for the quarter has been positive with 20 client contracts signed in the first quarter. The revenue from these contracts will begin to flow through in Q2 and beyond.

Gross profit and margin has reduced slightly in the period, this is expected to continue in Q2 as the coronavirus pandemic's impact on the economy takes effect..

The board has put in place a number of robust cost saving initiatives since the end of Q1 to mitigate the impact of coronavirus on Ayima's operations and profitability. These include a reduction in global personnel costs through a voluntary salary reduction for all employees, saving approximately 20% in Q2. The UK government's Coronavirus Job Retention Scheme allows employers to claim up to 80% of the salary costs for staff members who would otherwise be made redundant due to the impact of the pandemic, this scheme is in operation until October 2020, it is designed to help employers to maintain their staff and avoid redundancies and currently Ayima is receiving payments for 15 employees on furlough.

Extraordinary costs in Q1 included provisions for staff costs associated with the EMI scheme. This is an exceptional item and not part of normal operations.

## FINANCIAL POSITION AND LIQUIDITY

Liquid assets at the end of the period amounted to 25.7 MSEK (24.0). Cash and cash equivalents amounted to MSEK 2.4 (3.0) and accounts receivable 23.3 MSEK (21.0). 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. The Invoice Discounting facility had an amount of 1.7M SEK available but not in use at 2020-03-31.

Total equity amounted to 52.5 MSEK, including issued share capital 7.1 MSEK. Equity ratio was 42 (29) percent. 15.5 MSEK of the liabilities relate 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 1.5 MSEK. The change in working capital was 0.1 MSEK. Investments in tangible and intangible fixed assets amounted to -1.0 MSEK during the period. Cash flow from financing activities amounted to -2.2 MSEK. Net cash decreased by 3.1 MSEK in the period.

There are a number of government schemes in place to help businesses mitigate the impact of coronavirus on their operations through providing access to additional working capital. Various government guaranteed loans, grants and payment plans for tax liabilities are available to businesses. Ayima is working closely with its advisors and banking partners to ensure that the company has access to these schemes.





## SHARE-BASED INCENTIVE PROGRAM

Ayima has an Enterprise Management Incentives (EMI) scheme. Any warrants or shares are held for the employees by the Ayima Employee Benefit Trust 2011 (EBT). 357,825 shares were owned by the EBT at 2020-03-31.

Of the 300,000 warrants issued as part of the staff incentive program in 2018, 272 547 were granted in 2018 and 23 085 were forfeit in the same year, a further 83 384 were forfeit during 2019 (106 469 total). The remaining warrants vest over the next period to May 2022. An additional 82 180 warrants were granted to newly qualifying staff in May 2019, 9 387 of these were forfeit at the end of 2019. The remaining warrants will vest over the periods to May 2023.

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 Q1 2020 has been recognised in the financial statements.

## SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

The Covid-19 pandemic has had a significant impact on the global economy in a very short period of time. The effect is expected to lead to a global recession or economic downturn in the coming months and years. Ayima's management have carried out a comprehensive risk assessment and review of the group's trading forecast as well as establishing any actions or strategies that may mitigate the risks as much as possible. These are outlined below.

Ayima's robust remote working policy has meant minimal operational impact and no interruption in services to clients while transitioning to remote working. The business continuity plan that has been in place for many years has been fully implemented successfully. Each team has been on hand to support our clients and assist as much as possible while they have made the transition to remote working, many for the first time, and client feedback is that this has been extremely helpful and very much appreciated.

Ayima's business is based in the digital world, the services offered are mainly focused on attracting customers to client's websites. With restrictions on movement now in place in the UK and around the world, now more than ever it is important for clients to ensure that their online presence is strong and that they are able to continue to attract customers and do business, albeit perhaps with a slightly altered focus.

Certain clients operate in industries that have been directly affected by the pandemic. Travel, events, hospitality, and education, have all been significantly impacted by the necessary restrictions that have been put in place by governments around the world in an attempt to curtail the spread of Covid-19. Ayima is working to ensure that it complies with all government advice as soon as it is announced and continues to



work with those clients that are most affected. The retail industry has also been significantly impacted by the restrictions on movement and trading, many clients are switching focus to online, but are asking to reduce budgets slightly for a limited period of time to preserve cash. The main impact on Ayima is from new clients that have had to push back contract commencement dates, or cancelled their marketing spend entirely as they reassess their budgets in light of current events. Conversely some clients are working in industries that are well placed to feel a positive impact from the change in the economic environment. More and more people are looking to online based solutions that are not affected by the restrictions, such as delivery services and online education resources, as well as healthcare and charity volunteering initiatives. Ayima counts these among its clients and is working with them to support their growth as they increase their budgets during this period. Potential clients continue to approach Ayima to work with them and the new business pipeline remains healthy.

#### **A number of new contracts were signed during the first quarter of 2020:**

On 2020-01-27 Ayima announced 10 new contracts totalling 4.9 MSEK over 12 months, very soon afterward on 2020-01-30 an additional 5 new contracts were confirmed adding 5.1 MSEK to the 12 month revenues. Just one week later on 2020-02-07 a further new client contract worth 2 MSEK was announced. To top off this good news a further 4 new contracts were signed on 2020-02-18, bringing the total new contracts signed to 20 with an aggregated total of 16.4 MSEK over 12 months.

A long awaited contract that had been in the pipeline for some time was finally confirmed in a press release on 2020-04-27. This major contract is worth 4.5 MSEK over the first year with a lot of potential to grow and expand over that period.

The good news continued in May with a number of new client agreements worth over 2.8 MSEK annually announced on 2020-05-04. This was swiftly followed by the news that Ayima's Paid Media team have been awarded "Best Search Campaign - Not for Profit" in the Drum's Search Awards 2020 for their work with The British Red Cross.

On 2020-02-05 Ayima's board took the decision to write-down the value of an historical investment in the 2019 financial statements. The balance-sheet value of the investment before the write-down was SEK 5,930,801. Ayima's board decided that the value of the investment and loan account should be reduced to zero as of 31 December 2019. The resulting balance sheet adjustment contributed an extraordinary item to the Profit and Loss statement for Q4/FY 2019 and resulted in a worsening of the after-tax loss.

The investment in Tootsa MacGinty Limited was historical and in no way affects current trading or performance. Ayima Group AB currently holds no other investments in third party companies.

Ayima's AGM is scheduled to take place in Stockholm on 12 June 2020, at 11am at the premises of New Equity Venture International AB at Birger Jarlsgatan 18A, 5tr, Stockholm. Further information including the proposed agenda is available on Ayima's investor website:

[Notice of AGM - Ayima Group AB](#)





## MARKET TRENDS

Online, the world is changing just as fast as offline. In early March 2020 The Drum reported on research that shows that, while annual advertising growth rates in China are predicted to fall from 7% growth in 2020 to 3.9%, ecommerce advertising spend is predicted to grow by 17.7% and social media spending to rise by 22.2%.

This seems to reflect the changes in consumer behaviour as they switch from buying offline to buying online. They also show that as people are spending more time at home, brands have responded by shifting spend from offline media to online, with 14% reporting this course of action.

In the same piece of research, they go on to state that “e-commerce as a platform has already seen exponential growth, especially in FMCG which saw spending through e-commerce channels in China grow almost seven times as fast as the sector overall in 2019; a trend that the coronavirus outbreak is likely to accelerate.”

The same picture is painted in research published by Business Insider Intelligence and eMarketer analysts in March 2020, which suggests that ecommerce is likely to grow as consumers avoid physical stores. Their data suggests that 74.6% of US internet users said they'd be likely to avoid shopping centres and malls if the coronavirus outbreak in the country worsens, and over half would avoid shops in general.

As consumer behaviour changes and results in more and more customers shopping online, so too will the marketplace change to become ever-more competitive as companies seek to capitalise on this trend. If your site is not found in search engines for relevant searches, or your site's responsiveness lags behind your competitors, your ability to compete will be severely diminished. In today's tough economic climate, this is the digital equivalent of rubbing salt in a wound.

This implies that, rather than stopping marketing activities such as Analytics, Search Engine Optimisation (SEO), Content Marketing, Conversion Rate Optimisation (CRO), Pay Per Click (PPC) and Paid Social etc., companies could be best served by investing into (if not doing so already), or investing more heavily into these types of activities. While each business is different and will face its own challenges, investing into these areas may actually help companies thrive in a competitive space, and help offset the financial impact of the loss of offline sales. Investment here will certainly prevent the loss of online market share, and will help position brands in preparation for the increase in demand that will surely come once this crisis abates.



## 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. The impact of Covid-19 on the global economy and on Ayima's clients is also a material risk affecting operations and markets.

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. Operational risks are handled in a structured manner through well-established processes in line with ISO27001. Ayima's staff training initiatives and employee share scheme promote high staff retention, thereby mitigating operational risks.

Ayima has reduced the percentage of income from gaming clients in response to the volatility in the UK gaming industry experienced in 2018 and 2019 which was caused by the increased regulation and taxes in the gaming industry. Gaming clients currently account for approximately 8% of total revenue compared with 25% at this time last year. Ayima continues to diversify its client portfolio to mitigate concentration risks.

In response to the Covid-19 pandemic, management have carried out a full risk assessment of all clients across the global offices and the impact that Covid-19 will have on their industry in general and their business in particular. The risk categories are High, Moderate and Low/No impact. High impact means that it is expected that the client will reduce budgets for an extended period, or terminate their contract, or not renew their contract in the coming months. Moderate impact means that it is expected that the client will request to reduce their budget in the short term, and return to current levels in a few months time. They will not terminate their contracts and they will renew their contract on the anniversary of the start date. Low/No impact means that the client will not change their budgets, or may increase their budgets in the short to medium term. They will not terminate their contract and will renew on the anniversary of the start date.

Of the 93 clients 14 have a high risk assessment (15%), 22 moderate (24%) and 57 low/no impact (61%). Many clients that have been impacted by Covid-19 have indicated clearly that they will not be reducing the level of service from Ayima and may rely on the support of our teams more than ever while they navigate their way through the economic impact of Covid-19 on their operations. Some clients are expanding their use of Ayima's services as they have an opportunity to expand their business through focusing on online sales, or are directly involved in healthcare or community support.

The impact on income will be mitigated by some concurrent reductions in cost of sales. The group has put in place further measures to reduce costs including a reduction in staff costs through voluntary salary sacrifice. Travel costs and other operational costs have reduced for the short term due to the working from home arrangements that have already been implemented.

The UK government has recently announced several measures to support businesses to continue trading despite the economic downturn, such as £250,000 unsecured lending and the Coronavirus Business Interruption Loan Scheme (CBILS) where term loans up to £5M repayable over up to 6 years will have 80% guaranteed by the government's British Business Bank.

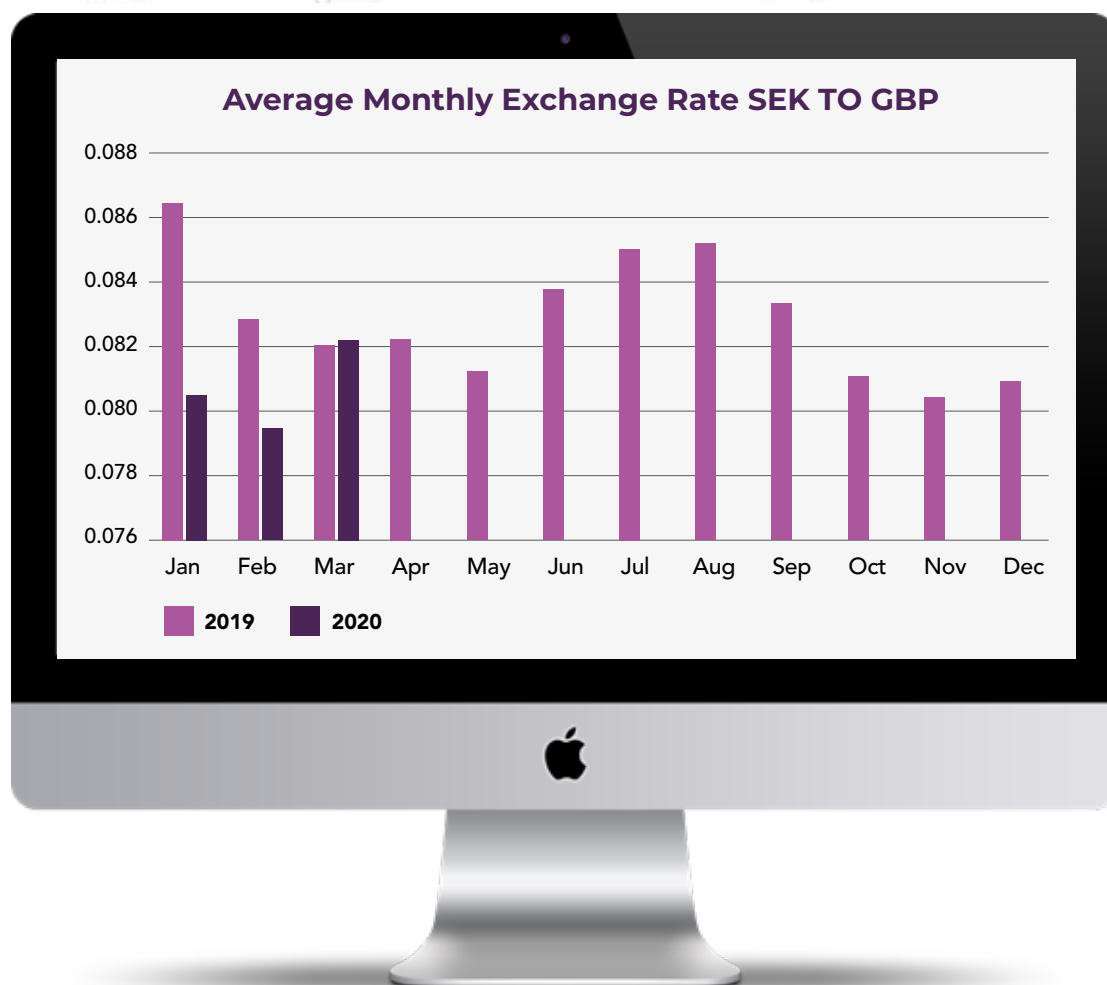
In the US the CARES Act that was signed into law on 2020-03-27 includes a number of initiatives to help businesses to keep their staff employed despite the negative impact of the coronavirus on the economy through the Payroll Protection Program (PPP) Scheme. This scheme allows businesses to apply for a loan. If the funds are used for the approved purposes: at least 75% for payroll purposes, with the remaining 25% used for rent and utilities; the loan will be forgiven in its entirety and no repayment will be due. The initial fund was exhausted within a few days of being announced, a further \$310 billion in funds have been made available to lenders since 2020-04-27, allowing more businesses to access this support.

Ayima's management is paying close attention to these measures and working with its banking partners and government agencies to assess what financing options may be available.

Although Ayima will be affected by the economic impact of Covid-19, the board is confident that the group is well positioned to continue to grow in the coming years despite the economic downturn, albeit at a slower rate.



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 2019 to March 2020, demonstrating the instability in exchange rates since the Covid-19 pandemic. Credit risk is limited since Ayima only accepts creditworthy counterparties.



\*source: oanda.com average monthly rate Jan 2019 - Mar 2020

## RELATED PARTY TRANSACTIONS

Ayima no longer provides services to Gaming Realms or Tootsa MacGinty, there are no related party transactions to report.

## 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.

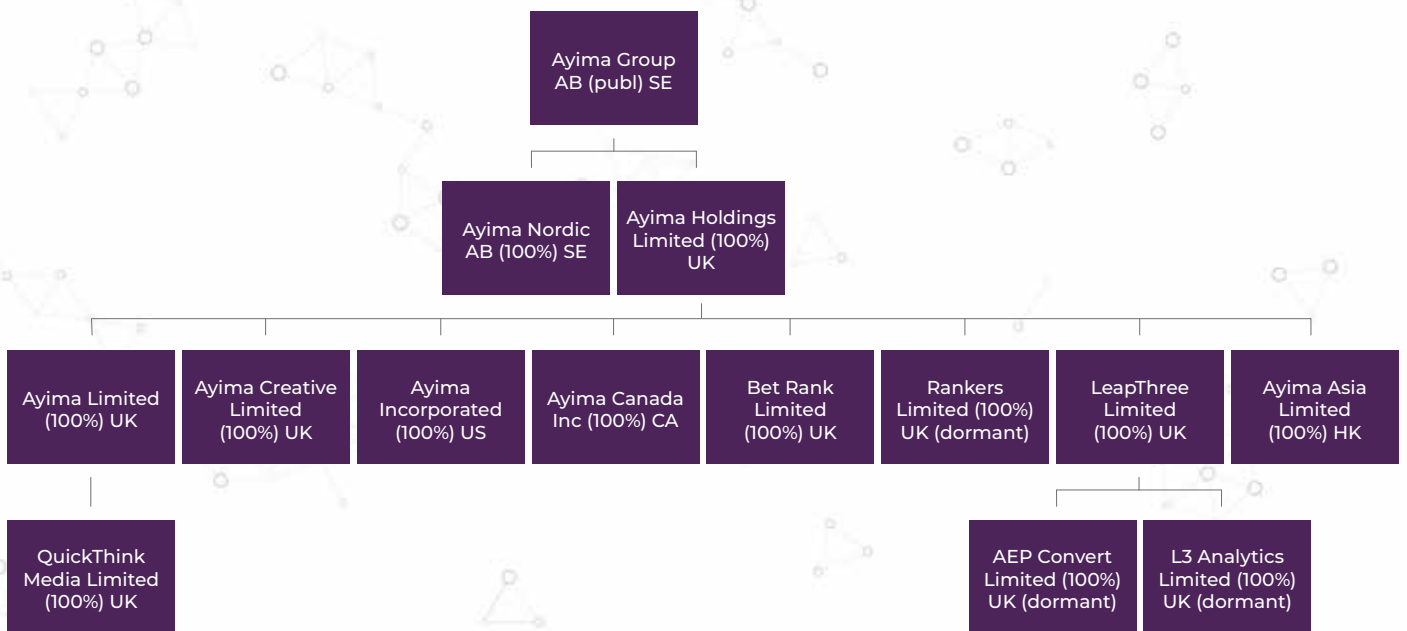


## ABOUT AYIMA

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. 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). LeapThree Limited owns two dormant subsidiaries included in the chart below. During Q2 2019 Ayima Holdings Limited registered a new subsidiary company in Hong Kong, Ayima Asia.

### THE GROUP CHART IS AS FOLLOWS:



## FINANCIAL OBJECTIVES

The cost saving plan that was implemented successfully in Q1 2020 yielded a saving of approximately 1.3 MSEK in operating costs in Q1 2020 when compared with the same period last year. With the additional cost saving initiatives introduced in response to the Coronavirus pandemic, further reductions in operating costs are expected in the coming periods as staff continue to work remotely.

Ayima is working closely with its banking partners to access additional working capital through local government schemes in the US and UK.

## NUMBER OF SHARES, SHARE CAPITAL AND EARNINGS PER SHARE

At the end of the period, the company had 7 060 339 shares (A 226 800 B 6 833 539). The share capital was 7 060 339 SEK. Earnings per share for the quarter amounted to -0.19 SEK (-0.3). Price per share at closing at the end of the period (2020-03-31) was 8.2 SEK. The number of outstanding options granted to staff was 228 016. Earnings per share after dilution amounted to -0.19 SEK (-0.3).

Shareholding at 2020-03-31	No A Shares	No B Shares	Control %	Capital %
New Equity Ventures		929,741	10.2%	13.2%
Timothy Webb	66,667	870,837	16.9%	13.3%
Michael Jacobson	66,666	842,551	16.6%	12.9%
Michael Nott	66,667	760,837	15.7%	11.7%
Michael Feiner	15,000	390,731	5.9%	5.7%
Ayima EBT		357,825	3.9%	5.1%
Peter O'Neill	11,800	338,241	5.0%	5.0%
Gaming Realms PLC		347,487	3.8%	4.9%
Digital Spine AB		16,500	0.2%	0.2%
Employee Shares		10,855	0.1%	0.2%
Other		1,967,934	21.6%	27.9%
<b>Total</b>	<b>226,800</b>	<b>6,833,539</b>	<b>100%</b>	<b>100%</b>

## FURTHER REPORTS

### Ayima AGM

- 2020-06-12

### Q2 2020 Interim Report

- 2020-08-20

### Q3 2020 Interim Report

- 2020-11-19





## CONSOLIDATED FINANCIAL STATEMENTS

<b>SUMMARY CONSOLIDATED INCOME STATEMENT</b>	JAN - MAR 2020	JAN - MAR 2019	JAN- DEC 2019
<b>MSEK</b>			
<i>Operating income</i>			
Sales	33.9	36.4	168.5
Other income	0.0	0.0	14.8
<b>TOTAL INCOME</b>	<b>33.9</b>	<b>36.4</b>	<b>183.4</b>
<i>Direct expenses</i>			
Direct expenses	-10.2	-10.2	-68.5
<b>GROSS PROFIT</b>	<b>23.6</b>	<b>26.2</b>	<b>114.9</b>
<i>Operating expenses</i>			
Personnel costs	-18.9	-20.2	-78.7
Other operating expenses	-4.3	-5.4	-24.0
<b>OPERATING EXPENSES</b>	<b>-23.2</b>	<b>-25.6</b>	<b>-102.6</b>
<b>EBITDA*</b>	<b>0.4</b>	<b>0.6</b>	<b>12.2</b>
Depreciation & Amortisation	-2.3	-2.6	-9.6
Exceptional Items	-0.2	-2.1	-2.6
<b>OPERATING PROFIT</b>	<b>-2.1</b>	<b>-4.1</b>	<b>0.0</b>
FX gains/losses	0.0	0.0	-2.5
Interest paid/received	-0.7	-0.6	-4.3
Financing Costs	-0.2	-0.3	-1.1
R&D Tax Credit	0.0	-0.4	2.3
Deferred tax	0.0	0.0	0.7
Minority share of profit for the period	0.0	0.0	0.0
<b>PROFIT AFTER TAX</b>	<b>-3.0</b>	<b>-5.4</b>	<b>-4.9</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that could be reclassified to earnings</i>			
Exchange rate differences	1.7	3.6	4.7
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-1.3</b>	<b>-1.8</b>	<b>-0.3</b>
<i>Total profit for the period attributable to the parent company's shareholders:</i>	-1.3	-1.8	-0.3
<b>EARNINGS PER SHARE - BEFORE DILUTION (SEK)</b>	<b>-0.19</b>	<b>-0.30</b>	<b>-0.04</b>
<b>EARNINGS PER SHARE - AFTER DILUTION (SEK)</b>	<b>-0.19</b>	<b>-0.30</b>	<b>-0.04</b>

## SUMMARY CONSOLIDATED BALANCE SHEET AT 31 MARCH 2020

	31 MAR 2020	31 MAR 2019	31 DEC 2019
<b>MSEK</b>			
<b>ASSETS</b>			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Goodwill	42.2	37.2	42.2
Other Intangible fixed assets	35.4	33.1	35.2
<b>Total intangible fixed assets</b>	<b>77.6</b>	<b>70.3</b>	<b>77.4</b>
<i>Tangible fixed assets</i>			
Property, plant and equipment	2.1	3.1	1.1
<b>Total tangible fixed assets</b>	<b>2.1</b>	<b>3.1</b>	<b>1.1</b>
<i>Financial assets</i>			
Shares in associated companies	0.0	3.0	0.0
Right of Use Assets	6.1	12.8	8.6
Deferred Tax	5.9	4.3	5.8
<b>Total financial assets</b>	<b>12.0</b>	<b>20.2</b>	<b>14.5</b>
<b>Total fixed assets</b>	<b>91.7</b>	<b>93.5</b>	<b>93.0</b>
<i>Current assets</i>			
Accounts receivable	23.3	21.0	23.1
Other receivables	6.5	9.7	7.4
Prepayments and accrued income	2.1	3.5	2.3
<b>Total other current assets</b>	<b>31.9</b>	<b>34.2</b>	<b>32.8</b>
<i>Cash and bank balances</i>	2.4	3.0	5.5
<b>Total current assets</b>	<b>34.4</b>	<b>37.2</b>	<b>38.4</b>
<b>TOTAL ASSETS</b>	<b>126.1</b>	<b>130.7</b>	<b>131.3</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital	-7.1	-6.0	-7.1
Other contributed equity	-42.1	-34.0	-47.2
Other equity incl. profit for the year	-3.3	1.8	0.7
<b>Total equity</b>	<b>-52.5</b>	<b>-38.3</b>	<b>-53.6</b>
<i>Minority interest</i>			
	0.0	0.0	0.0
<i>Long-term liabilities</i>			
Other Provisions	-2.0	-2.4	-1.8
Lease Liabilities	-2.9	-12.9	-2.9
Other liabilities	-16.9	-26.7	-16.9
<b>Total long-term liabilities</b>	<b>-21.8</b>	<b>-41.9</b>	<b>-21.6</b>
<i>Current liabilities</i>			
Accounts payable	-26.9	-16.2	-24.1
Invoice Discounting Loan	-5.7	-8.6	-7.0
Current tax liabilities	0.0	0.0	0.0
Current Lease Liabilities	-3.5	0.0	-4.8
Other current liabilities	-11.0	-18.6	-12.2
Accrued expenses and prepaid income	-4.7	-7.1	-8.1
<b>Total current liabilities</b>	<b>-51.8</b>	<b>-50.5</b>	<b>-56.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-126.1</b>	<b>-130.7</b>	<b>-131.3</b>

## CONSOLIDATED CASH FLOW STATEMENT (SUMMARY)

	JAN - MAR 2020	JAN - MAR 2019	JAN- DEC 2019
<b>The ongoing business</b>			
Operating profit	-2.1	-4.1	0.0
Adjusted revenue			
<i>Adjustments for items not included in cash flow</i>			
Depreciation and write-downs	2.3	2.6	9.6
Exchange losses	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0
Other non-cash items	1.9	0.8	-8.6
	<b>2.1</b>	<b>-0.7</b>	<b>1.0</b>
Financial items	-0.7	-0.9	-2.8
Paid income tax	0.1	0.5	2.2
<b>Cash flow from operating activities before changes in working capital</b>	<b>1.5</b>	<b>-1.2</b>	<b>0.4</b>
<i>Changes in working capital</i>			
Change in receivables	0.9	2.9	4.2
Change in current liabilities	-2.3	-0.5	6.1
<b>Cash flow from current operations</b>	<b>0.1</b>	<b>1.2</b>	<b>10.7</b>
<i>Investing activities</i>			
Acquisition of intangible fixed assets	-1.0	-2.6	-4.9
Acquisition of tangible fixed assets	0.0	-0.3	-0.3
Acquisition of financial fixed assets	0.0	0.0	0.0
Sales of financial fixed assets	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-1.0</b>	<b>-2.9</b>	<b>-5.2</b>
<i>Financing activities</i>			
Rights issue	0.0	0.0	11.5
Issuing Costs	0.0	0.0	-2.0
Borrowings	0.0	2.4	6.0
Repayments	-2.2	-1.5	-19.7
Transaction with minority shareholders	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-2.2</b>	<b>0.8</b>	<b>-4.2</b>
<b>Cash flow for the period</b>	<b>-3.1</b>	<b>-0.9</b>	<b>1.3</b>
<i>Cash and cash equivalents at the beginning of the period</i>	5.5	3.9	3.9
<i>Exchange rate differences at the end of the period</i>			0.4
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>2.4</b>	<b>3.0</b>	<b>5.5</b>

## SUMMARY STATEMENT OF CHANGES IN EQUITY

	31 MAR 2020	31 DEC 2019
<b>MSEK</b>		
<b>Opening Balance</b>	<b>53.6</b>	<b>40.5</b>
Issue of shares	0.2	12.0
Reverse acquisition	0.0	0.0
Other	0.0	1.3
Total Comprehensive Income	-1.3	-0.3
<b>Closing Balance</b>	<b>52.5</b>	<b>53.6</b>



# PARENT COMPANY FINANCIAL STATEMENTS

## PARENT COMPANY INCOME STATEMENT

	JAN - MAR 2020	JAN - MAR 2019	JAN- DEC 2019
<b>MSEK</b>			
<i>Operating income</i>			
Revenue	0.0	0.0	0
Other operating income	0.0	0.0	1.1
<b>TOTAL INCOME</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>
<i>Operating expenses</i>			
Other operating expenses	-0.3	-0.2	-1.7
<b>TOTAL OPERATING EXPENSES</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-1.7</b>
<b>EBITDA*</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.6</b>
Financial items	-0.5	-0.3	-3.8
Result from participation in group companies	0.0	0.0	12.8
<b>PROFIT BEFORE TAX</b>	<b>-0.8</b>	<b>-0.5</b>	<b>8.4</b>
Current tax	0.0	0.0	0.0
<b>PROFIT AFTER TAX</b>	<b>-0.8</b>	<b>-0.5</b>	<b>8.4</b>

## OTHER COMPREHENSIVE INCOME

<i>Items that could be reclassified to earnings</i>			
Exchange rate differences	0	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-0.8</b>	<b>-0.5</b>	<b>8.4</b>
<i>Total profit for the period attributable to the parent company's shareholders:</i>			
Parent Company shareholders	-0.8	-0.5	8.4
<b>EARNINGS PER SHARE - BEFORE DILUTION (SEK)</b>	<b>-0.1</b>	<b>-0.1</b>	<b>1.2</b>
<b>EARNINGS PER SHARE - AFTER DILUTION (SEK)</b>	<b>-0.1</b>	<b>-0.1</b>	<b>1.2</b>



**PARENT COMPANY BALANCE SHEET (SUMMARY) AT 31 MARCH 2020**

	31 MAR 2020	31 MAR 2019	31 DEC 2019
<b>MSEK</b>			
<b>ASSETS</b>			
<i>Fixed assets</i>			
<i>Financial assets</i>			
Shares in subsidiaries	7.4	6.6	7.1
<b>Total financial assets</b>	<b>7.4</b>	<b>6.6</b>	<b>7.1</b>
<b>Total fixed assets</b>	<b>7.4</b>	<b>6.6</b>	<b>7.1</b>
<i>Current assets</i>			
Receivables	69.8	68.4	70.4
<b>Total other current assets</b>	<b>69.8</b>	<b>68.4</b>	<b>70.4</b>
<i>Cash and bank balances</i>	0.6	0.3	0.2
<b>Total current assets</b>	<b>70.4</b>	<b>68.7</b>	<b>70.6</b>
<b>TOTAL ASSETS</b>	<b>77.8</b>	<b>75.3</b>	<b>77.7</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital A shares	-0.2	-0.2	-0.2
Share capital B shares	-6.8	-5.8	-6.8
Share premium	-44.8	-33.0	-41.7
Share issue costs	0.0	0.0	0.0
Other equity incl. profit for the year	-1.7	6.3	-5.4
<b>Total equity</b>	<b>-53.6</b>	<b>-32.7</b>	<b>-54.2</b>
<i>Long-term liabilities</i>			
Other liabilities	-15.5	-26.0	-15.5
<b>Total long-term liabilities</b>	<b>-15.5</b>	<b>-26.0</b>	<b>-15.5</b>
<i>Current liabilities</i>			
Other liabilities	-8.7	-16.5	-8.0
<b>Total current liabilities</b>	<b>-8.7</b>	<b>-16.5</b>	<b>-8.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-77.8</b>	<b>-75.3</b>	<b>-77.7</b>



## PARENT COMPANY CASH FLOW ANALYSIS (SUMMARY)

	JAN - MAR 2020	JAN - MAR 2019	JAN - DEC 2019
<b>The ongoing business</b>			
Operating profit	-0.3	-0.2	-0.6
Adjusted revenue			
Financial items	0.0	-0.3	-1.3
<b>Cash flow from operating activities before changes in working capital</b>	<b>-0.3</b>	<b>-0.5</b>	<b>-1.9</b>
Changes in working capital			
Change in receivables	0.6	-4.4	-6.5
Change in current liabilities	0.2	-0.3	0.1
<b>Cash flow from current operations</b>	<b>0.4</b>	<b>-5.2</b>	<b>-8.2</b>
<i>Investing activities</i>			
Acquisition of financial fixed assets	0.0	0.0	0.0
Sales of financial fixed assets	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<i>Financing activities</i>			
Rights issue	0.0	0.0	11.6
Issuing Costs	0.0	0.0	-2.0
Borrowings	0.0	5.1	-1.5
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>5.1</b>	<b>8.0</b>
<b>Cash flow for the period</b>	<b>0.4</b>	<b>-0.1</b>	<b>-0.2</b>
<i>Cash and cash equivalents at the beginning of the year</i>	0.2	0.4	0.4
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>0.6</b>	<b>0.3</b>	<b>0.2</b>



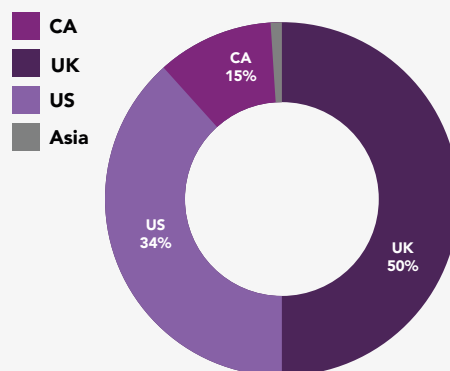


## INCOME BY MARKET AND SERVICE

The US offices are continuing their positive growth trend, accounting for 49% of operating income in Q1 2020, compared with 31% in the same period last year. Income from the Canadian operation has grown significantly since the new paid media clients were added in Q4 2019. We expect this positive trend in the US to continue throughout the coming period as the new clients come on board.

Income in the UK appears to have declined from the same period last year mainly due to the reduction in Paid Media income. Last year in Q1 Paid Media accounted for 51% of UK income, this has reduced to 35% in Q1 2020. Conversely higher margin services such as SEO have increased their proportion of income year on year.

### REVENUE BY OPERATION YTD



### INCOME BY MARKET, MSEK

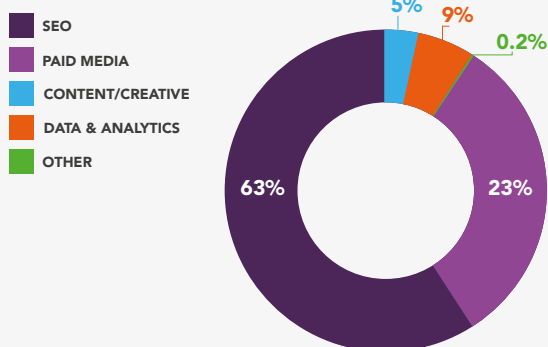
#### INCOME

	Jan - Mar 2020	Jan - Mar 2019	Jan - Dec 2019
GB	16.8	20.4	111.3
US & CA	16.8	16.0	57.7
ASIA	0.2	0.0	0.3
SE	0.0	0.0	0.0

#### TOTAL INCOME

**33.9      36.4      169.3**

### REVENUE BY SERVICE YTD



SEO maintains its higher percentage of income at 63% for Q1 2020. Focus on growing this service in the last 12 months has seen an increase in percentage of income of 31% from the corresponding period last year.

As well as SEO services taking a larger proportion of income, Paid Media has also seen a drop in revenue in the last quarter and as a result total income for the quarter has dropped slightly compared with Q1 2019.

Data and Analytics formed 9% of total income in Q1 2020, a 3% increase in proportion of income from Q1 2019.

### INCOME BY SERVICE, MSEK

#### INCOME

	Jan - Mar 2020	Jan - Mar 2019	Jan - Dec 2019
SEO	21.5	23.4	87.3
PAID MEDIA	7.8	8.6	63.7
CONTENT/CREATIVE	1.5	1.8	6.8
DATA & ANALYTICS	2.9	2.7	10.7
OTHER INCOME	0.1	0.0	0.8

#### TOTAL INCOME

**33.9      36.4      169.3**

# 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.

## FMCG

Fast Moving Consumer Goods. Examples include non-durable household goods such as packaged foods, beverages, toiletries, over-the-counter drugs and other consumables.

## 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.

## 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.

## CONTACT

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CEO Mike Jacobson**

+44 (0) 20 7148 5974

[press\(at\)ayima.com](mailto:press(at)ayima.com)

## 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 May 21 2020 (2020-05-21).

## 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







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