

# Ayima Group AB (publ) Interim Report

---

January - September 2020



# Highlights

## Q3: Jul - Sep 2020

- **EBITDA for the quarter amounted to 4.9MSEK (2.3), a 112% increase** from the corresponding period in 2019 and 174% increase from Q2
- **Profit after tax for the period was 2.1 MSEK (-1.0)**, a significant turnaround from the corresponding period in 2019
- Gross Profit amounted to 22.5 MSEK (27.3) a decrease of 17.5% from the corresponding period in 2019 but an **increase of 23% from the previous quarter** (18.3)
- Total Revenue for the quarter amounted to 34.0 MSEK (57.8), a decrease of 41% from the corresponding period in 2019 but an **increase of 23%** from Q2 (27.8)
- The gross revenue decrease is due to a strategic shift from low-margin paid media and a renewed focus on high-margin SEO services
- **Gross margin improved to 66% (47%)** - a significant improvement, reflecting the new strategy
- Operating costs amounted to 17.7 MSEK (25.0) a reduction of 29% compared with the same period last year

## YTD: Jan - Sep 2020

- A positive **EBITDA result of 7.1 MSEK (6.9)**
- Profit after tax for the YTD was -2.3 MSEK (-5.2)
- Total Revenue amounted to 95.6 MSEK (134.6) a decrease of 29% from the corresponding period in 2019
- Gross Profit amounted to 64.5 MSEK (80.6) a decrease of 20% from the corresponding period in 2019
- Gross margin **increased to 67% (60%)** demonstrating the success achieved to date in growing higher margin services
- Operating costs amounted to 57.4 MSEK (73.7), a reduction of 22% from the corresponding period in 2019



## Key Events in the Quarter:

- 13 new client contracts signed during Q3 2020 amounted to a total value of 26.3 MSEK over 12 months. The full impact of these wins will be shown from Q4
- Further new client wins announced so far in Q4 total 3.5 MSEK annually
- Additional cost-saving measures carried out in Q3 will result in a further 12 MSEK annual saving from Q4 onwards
- The US subsidiary Ayima Incorporated applied for forgiveness for the PPP loan it received in Q2 in the amount of 3.6 MSEK, this has been recognised as other income in the financial statements
- An Extraordinary General Meeting (EGM) was held on 03 July, the board's proposal was unanimously approved
- The impact of COVID seemed to reduce with many businesses attempting to restart activities that were paused from earlier in the year, however the UK market is still slow to recover
- All Ayima offices continue to remain closed as per current government direction, with most staff working effectively under the remote working procedures





# A MESSAGE FROM THE CEO

## Dear Shareholders and Investors

As expected, after a tough first half of the year, the 3rd quarter has shown a much more positive turn. Revenue has increased back to pre-covid levels, and combined with the sharp cost reductions that have been imposed, the group has shown a healthy profit for the quarter.

Most positive for the group's outlook however, has been the performance of the new business team in delivering major new contracts. Since July, the team has won more than 30 MSEK in new annual revenues, including some of the biggest and most prestigious client engagements in our history. That, combined with many of our existing clients restarting previously paused activity, augurs well for the future. In particular, the growth in the business is coming from the US operations, which have now overtaken the UK in terms of total contribution to revenues. The UK side of the business is still sluggish as businesses continue to cope with Covid restrictions and Brexit uncertainty.

As for cost savings, the company has been unable to travel to or work from its offices since March and this has allowed us to cut deeply into routine running costs. Although the recent covid vaccine news has been positive, it is still expected that the travel and work restrictions will last for some time and we have correspondingly made cuts to administration staff and consolidated our West Coast operations. As we are unable to use our London office, we are also in the process of renegotiating leases and downsizing to adapt to what may be a permanent change in operating methods. While this will produce long-term savings, there may be some one-off costs associated with the lease changes that will hit our results in the coming quarter.

By far the most successful and durable service during the covid crisis has been organic search (SEO). This makes sense as it is a long term strategy that endures through financial crises, when short term spending cuts are demanded. Also, if done right, SEO provides many multiples of the ROI that can be achieved by paid search and social media advertising. In recent years, it has become crystal clear that Ayima is a world-leading practitioner of organic search, with many multinational clients who sit on the FTSE100 or NYSE. We have proven again and again that we have the ability to consistently punch above our weight to win (and keep) such household name clients as British Airways, Kingfisher, Adecco, Hewlet Packard, Wells Fargo, Goldman Sachs, Verizon and Macys, to name just a few.

As the crisis lifts and our revenue growth bounces back, we will look to restart our search for suitable acquisition targets to accelerate that growth, but with a focus on our core strength, being organic SEO. Our goal is to become the clear leader in both size and quality in the markets we are currently in - and there is a lot of growth still in those markets - but to also look to expand to new European markets such as Germany, Italy and France. With some luck, our investors will support us in this strategy and there will be some very exciting years ahead.

Yours Sincerely

**Mike Jacobson**  
CEO



**//**  
*In recent years, it has become crystal clear that Ayima is a world-leading practitioner of organic search.*

## OPERATIONS

### REVENUE BY QUARTER AND YTD MSEK

	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
REVENUE	34.0	57.8	95.6	134.6	169.3
GROSS PROFIT	22.5	27.3	64.5	80.6	114.9
Gross Margin	66%	47%	67%	60%	68%

Although revenue for the quarter was reduced by 41% compared with the same period in 2019, management considers a comparison to the previous quarter as a better indicator of performance as Q3 2019 contained an extraordinarily high amount of one-off and low margin paid media revenue. A renewed strategic focus on growing high-margin SEO services has resulted in a large improvement in gross margin percentage. When compared with Q2, revenue increased by 23% (27.8 MSEK). Several significant new client contracts have been announced during the quarter with an annual value of 26.3 MSEK.

The operating costs for the quarter 17.7 MSEK (25.0) were 29% lower than the same period last year and 6.6% higher than the previous quarter (16.6). At the beginning of Q3, full salaries were reinstated for all staff with the exception of the executive team. Ayima continued to make use of the UK government Coronavirus Job Retention Scheme (CJRS) during the quarter. The CJRS scheme was due to finish in October 2020 but has recently been extended until March 2021 in light of new lockdowns imposed in the UK in November 2020. At the date of publication of this report Ayima currently has no furloughed staff.

Extraordinary costs in Q3 included provisions for staff costs associated with the staff options 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 24.2 MSEK (35.4). Cash and cash equivalents amounted to 8.2 MSEK (1.9) and accounts receivable 16.1 MSEK (33.5). 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 additional cash amount of 3.4 MSEK available but not in use at 2020-09-30.

Total equity amounted to 48.3 MSEK, including issued share capital 7.1 MSEK. Equity ratio was 39 (37) percent. 16.8 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 11.0 MSEK. The change in working capital was 2.2 MSEK. Investments in tangible and intangible fixed assets amounted to -1.9 MSEK during the year to date. Cash flow from financing activities amounted to -8.7 MSEK. Net cash increased by 2.6 MSEK in the period.

During Q3, the UK subsidiaries Ayima Limited and LeapThree Limited received a total of 0.6 MSEK in grants from the UK government CJRS scheme. The scheme, which was designed to help UK companies to retain employees who would otherwise be made redundant as a result of the pandemic, was due to end in October 2020 but has recently been extended until March 2021 in response to further lockdown measures introduced by the UK government in November.

The US subsidiary Ayima Incorporated has applied for forgiveness of 3.6 MSEK of the loan that it received in the amount equivalent to 3.9 MSEK through the US government Payroll Protection Program (PPP) Scheme during Q2. Although the outcome of the forgiveness application is not currently confirmed, under IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance, the amount of the grant should be recognised in the same period as the costs which it was used to offset.

Ayima continues to work closely with its banking partners to ensure adequate cashflow is available in the medium to long term.



## 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). 333,687 shares were owned by the EBT at 2020-09-30.

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). During the year to September 2020 a further 23 678 share options were forfeit. 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. During the year to June 2020 a total of 6 130 of these share options were forfeit. The remaining warrants will vest over the periods to May 2023. No additional share options were awarded in 2020.

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 Q3 2020 has been recognised in the financial statements.

## SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

An Extraordinary General Meeting (EGM) took place in Stockholm on 03 July 2020, the board's proposal was unanimously approved. The outcome of the meeting is available on the company website [www.ayimagroup.com](http://www.ayimagroup.com).

In July Ayima's Redirect Path tool was ranked as one of the best Free SEO tools in a Search Engine Journal article. The renowned SEO publication produced a list of 109 essential SEO tools with Ayima's Redirect Path coming in at number 5, rubbing shoulders with the likes of Google Analytics and Data Studio. Search Engine Journal is a highly influential publication in the SEO community attracting 1.5million visitors per month. The publication is a trusted industry leader that is at the forefront of SEO technology reporting. Redirect Path is a free Chrome Extension that flags 301, 302, 404 and 500 HTTP Status Codes as well as client side redirects like Meta and Javascript redirects,

bringing potential issues that may not otherwise be seen to the user's attention immediately. It is considered an essential tool for all Search Engine professionals worldwide.

In September Ayima announced a directed share issue of 3 MSEK and an extension of an existing loan facility of 2 MSEK at 1% interest per month with an option to convert to shares on or before the termination date of 28 Feb. 2021. The investors in the directed share and loan facility are Gerhard Dal, Modelio Equity and Råsunda Förvaltning AB and the issue is offset by existing debt. A total of 333.333 shares were issued at a share price of 9 SEK, which was the current share price as at 8am on 21 September. The board's decision to override the shareholders' preferential rights was taken to improve the company's overall balance sheet position in a cost-effective manner, benefitting both the company and the shareholders going forward. The new share capital of Ayima is 226 800 "A" Shares and 7 166 872 "B" Shares.

During Q3 Ayima announced a further 13 new client wins with a total annual value of 26.3 MSEK. As with the financial crisis of 2008, we are seeing an increase in demand for digital marketing services as clients focus their marketing efforts online. Although the good news with regard to new client wins is certainly welcome, as mentioned in the half year report the impact of the pandemic on operations resulted in management reviewing financial performance on a more granular level than previously. In response to the pandemic and the expected impact on future results, further cost cutting measures were taken in Q3, which included a restructuring of lower margin parts of the business and consolidation of teams across geographical areas to drive efficiencies and maximise profitability. A small number of high salaried staff as well as some more junior team members were made redundant, achieving significant cost savings without affecting overall operational effectiveness. The total savings achieved in staff costs through this action amounted to approximately 12 MSEK annually. Any future expansion of teams will be in line with increased client requirements through new business wins.

A further 4 new client contracts have been signed so far in Q4 with a total annual value of 3.5 MSEK.

All of Ayima's staff continue to work remotely with great success, as of the end of October there are no employees on furlough.





## MARKET TRENDS

In perhaps the biggest news story in recent months, the US Justice Department filed an antitrust lawsuit against Google with the accusation that the company illegally holds a monopoly over search in the States. The lawsuit explains that the US attorney general must prove Google's dominance as well as the impact said dominance has had on innovation and consumers.

Google Analytics was officially upgraded in September, and the search giant hopes it "will give you the essential insights you need to be ready for what's next." It's all happening through a combination of advanced machine learning and integration with other Google products, which will lead to new predictive metrics, automatic alerts related to trend changes, and much more.

The Twitter hack that occurred earlier this year had repercussions beyond the high-profile victims and the direct impact on the social media platform. It also led to Google temporarily dropping the Twitter carousel from the SERPs so the search giant could "carry out a careful review" before adding it back, according to SearchEngineLand. The review was swift and the carousel returned four days later — and Twitter apparently didn't lose much search traffic amidst the hubbub.



## RISKS AND UNCERTAINTIES

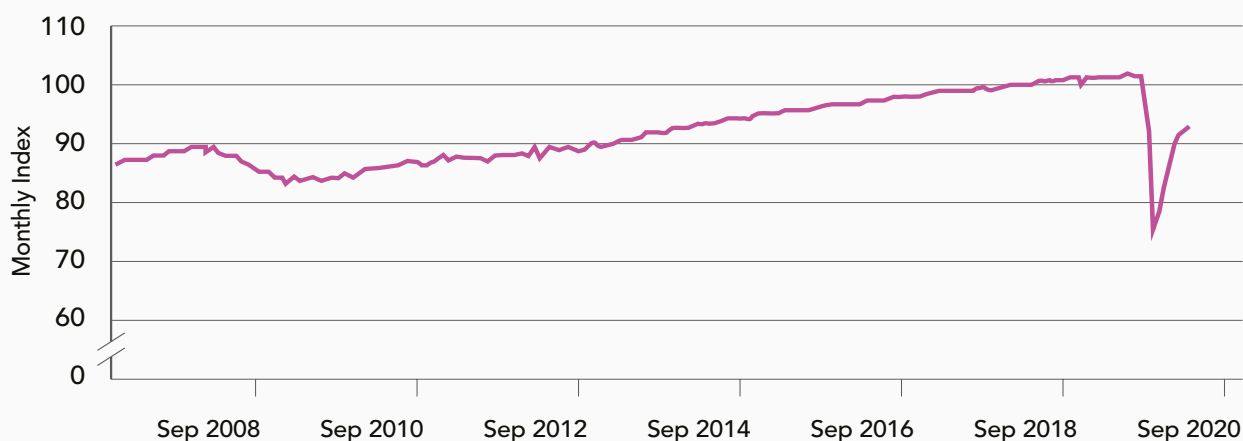
### RISK MANAGEMENT OBJECTIVES AND POLICIES

The chart below shows the UK monthly GDP index from January 2007 until September 2020. As the chart demonstrates, the UK economy has made some progress in its recovery in recent months as restrictions were eased in Q3, however there is still a long way to go before the economy can recover fully. Indeed the UK government announced on 12th August that the country was entering a recession, furthermore as the number of coronavirus cases increased throughout September and October, it has imposed new lockdown and travel restrictions for a period of 4 weeks from 5th November. These actions, to contain the spread of the virus and ensure that the functionality of the healthcare system is not compromised, will have a continued negative impact on the economy.

Governments in Europe imposed new restrictions on movement and national lockdowns towards the end of Q3 and the beginning of Q4 in an attempt to curtail the second wave of infections. These increased restrictions appear to be having a positive effect on infection rates, with some countries now relaxing restrictions. There appears to be a pattern unfolding of imposing and relaxing restrictions in line with the rising and falling of infection rates. We can expect this to continue until an effective vaccine becomes widely available. The recent positive news regarding effective vaccines will no doubt bolster market confidence and should an immunisation program follow in the coming months, economies will be able to recover more quickly and return to pre pandemic levels.



## UK, monthly index, January 2007 until September 2020



Source: Office for National Statistics - GDP monthly estimate

In terms of the impact on Ayima, we should also look at the recent economic performance of the service sector in particular. According to the UK Office for National Statistics (ONS), the services sector grew by 1.0% in September 2020, following growth of 2.4% in August. The professional, scientific and technical activities sub-sector, which Ayima is part of, was the largest contributor to the increase in services in September, growing by 3.9%. Within this, legal activities, accounting and advertising saw strong growth after a muted August. The chart below shows how the information and communication services as well as professional, scientific and technical activities services have shown limited impact from the virus when compared to the accommodation and food services which have been more severely impacted. Despite an increase of 1.0% in services, the level of services output is 8.8% lower than the level in February 2020 before the main impacts of the coronavirus were seen. Of the 14 services sub-sectors, 12 remain below their February 2020 level.

Ayima has adjusted well to the new economic environment and with the restructuring of departments and cost savings carried out in Q2 and Q3, is well placed to take advantage of new opportunities as they arise over the coming periods of general market and sector recovery.

## Services sector output from February 2020

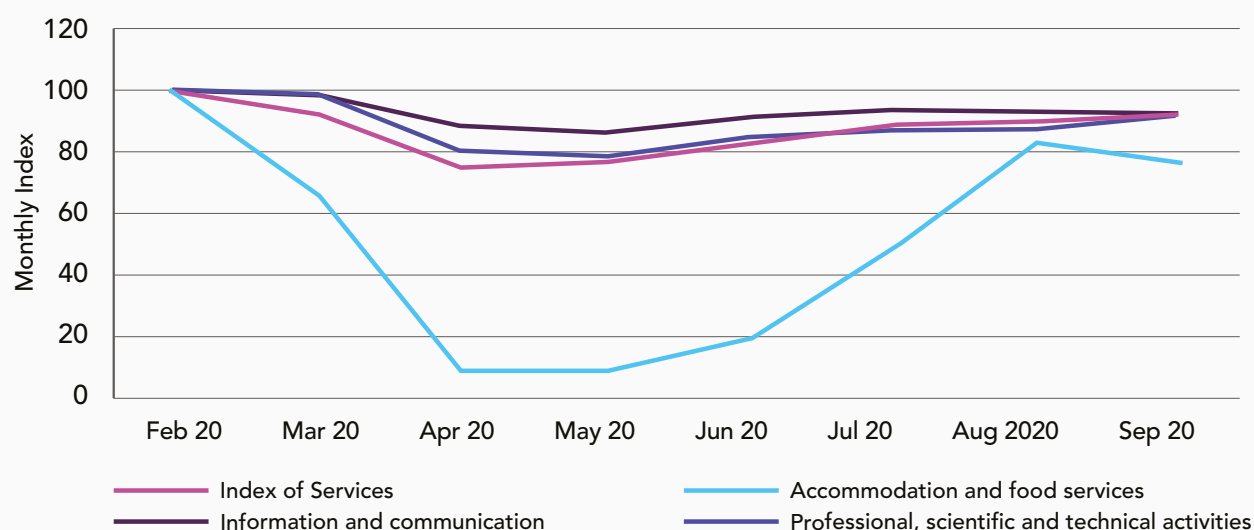
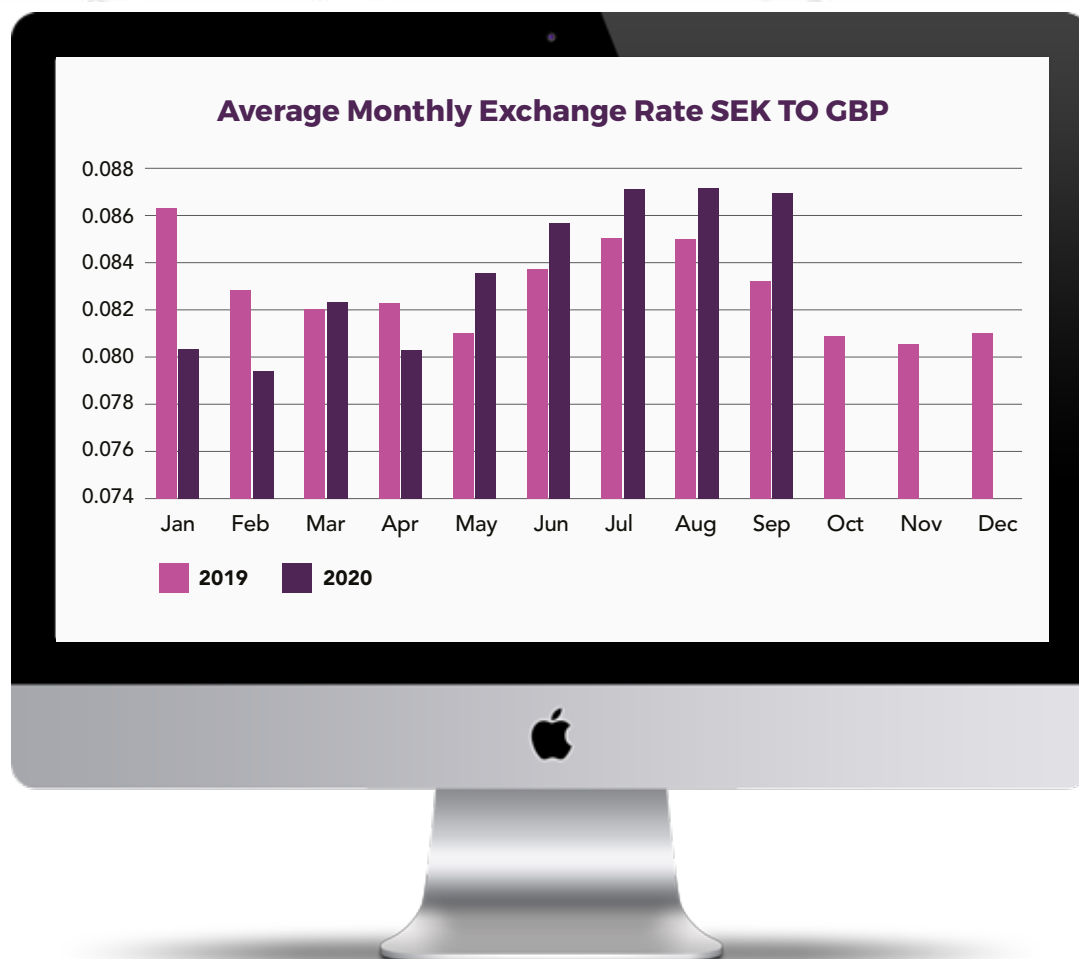


Chart shows the March, April, May, June, July, August and September output as a proportion of February 2020 where February output equals 100

Ayima's approach to the increased liquidity risks with regard to its clients has been to work closely with them to ensure that payments are not unduly delayed, and to agree extended credit terms in exceptional circumstances. Cash collection remains within expectations with no bad debts written off in the period. During Q3 Ayima has agreed a debt restructuring with existing lenders, resulting in significant savings in interest costs and debt servicing cash flows in the future, this will further strengthen Ayima's cashflow position.

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 September 2020, demonstrating the instability in exchange rates since the Covid-19 pandemic. The fluctuation in the exchange rate has a material impact on Total Comprehensive Income when converting consolidated equity from GBP to SEK.



Source: oanda.com average monthly rate Jan 2019 - Sep 2020

## BREXIT

The transition period for the UK's departure from the EU ends on 31 December 2020. From 1 January 2021 a trade border will exist between the UK and the EU. Negotiations for a trade deal between the two territories are ongoing and there is currently no prevailing view as to how these negotiations will turn out.

However, Ayima Group currently has established local operations in various territories including the US, Canada and Sweden. In the main, each Ayima entity engages with clients on a local level only and does not export goods or services. Ayima's UK company has four relatively small clients who are based in the EU. As such, even the worst "no deal" Brexit outcome will have little to no effect on Ayima's operations. There may also be some taxation treaty changes as new trade deals are signed between the UK and the US, Canada and the EU, however we also expect that this will have little to no effect on Ayima.

Ayima is constantly keeping abreast of all updates regarding Brexit and will be prepared should there be any need to change organisational structure in the future in order to adapt to the changing regulatory environment.

## RELATED PARTY TRANSACTIONS

There are no related party transactions to report.

# ACCOUNTING PRINCIPLES

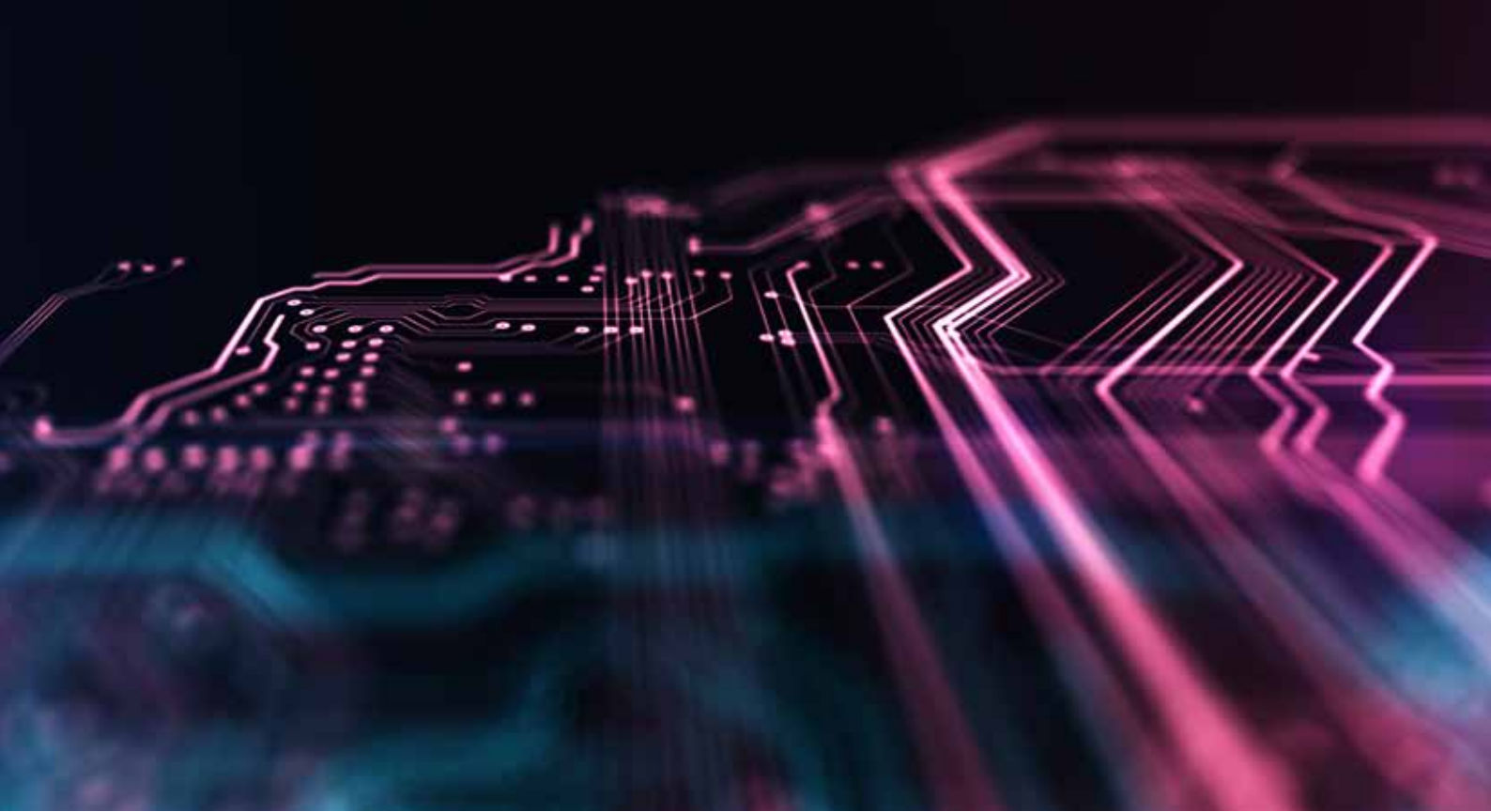
Ayima Group AB (publ) prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. This interim report has not been reviewed by the company's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

Management has applied the accounting standard IAS 20 Accounting for Government Grants and Disclosure of Government Assistance in its reporting of government grants received in the period. IAS 20 outlines how to account for government grants and other assistance. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate.



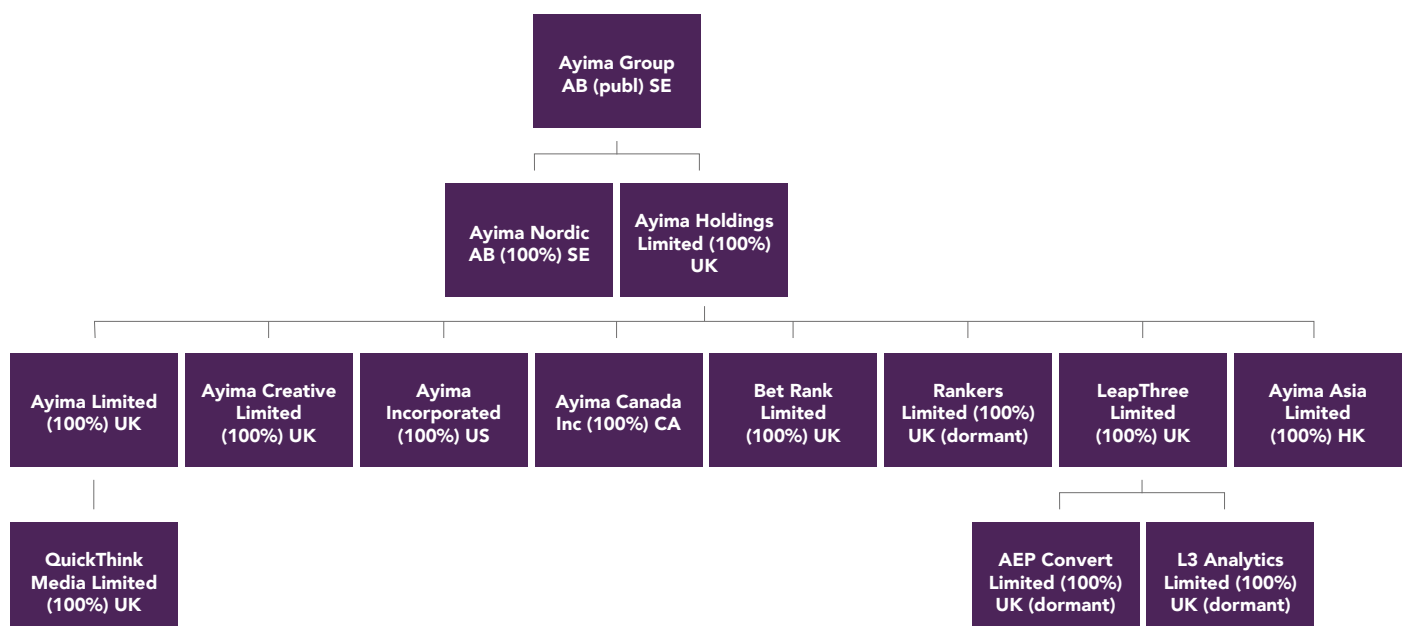




## ABOUT AYIMA

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.



## FINANCIAL OBJECTIVES

Ayima's management carried out extensive ongoing analysis of financial results and projections earlier in the year which resulted in the cost cutting measures undertaken in Q2. As the impact of the pandemic on the economy has stabilised somewhat Ayima was able to carry out more robust analysis and thereby achieve further savings through team restructuring and some redundancies which were completed in Q3. These additional measures will result in annual savings of approximately 12 MSEK. Ayima's founders continued with their voluntary salary reduction until the beginning of Q4 when their regular salary was reinstated.

Debt restructuring through a directed share issue of 3 MSEK and an extension of an existing loan facility of 2 MSEK at 1% interest per month was completed early in Q4, this solution significantly strengthens Ayima's Balance Sheet.

## 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 0.33 SEK (-0.32). Price per share at closing at the end of the period (2020-09-30) was 8.74 SEK. The number of outstanding options granted to staff was 198 208. Earnings per share after dilution amounted to -0.33 SEK (-0.32). Following the directed share issue which was completed in October, the new share capital of Ayima will be 226 800 "A" Shares and 7 166 872 "B" Shares.

Shareholding at 2020-09-30	No A Shares	No B Shares	Control %	Capital %
New Equity Ventures		915,541	10.1%	13.0%
Timothy Webb	66,667	870,837	16.9%	13.3%
Michael Jacobson	66,666	863,253	16.8%	13.2%
Michael Nott	66,667	784,975	15.9%	12.1%
Michael Feiner	15,000	390,731	5.9%	5.7%
Ayima EBT		333,687	3.7%	4.7%
Peter O'Neill	11,800	326,424	4.9%	4.8%
Gaming Realms PLC		347,487	3.8%	4.9%
Digital Spine AB		16,500	0.2%	0.2%
Employees Shares		10,855	0.1%	0.2%
Other		1,973,249	21.7%	27.9%
<b>Total</b>	<b>226,800</b>	<b>6,833,539</b>	<b>100%</b>	<b>100%</b>

## FURTHER REPORTS

**Year end Report**  
- 2021-02-25

**Q2 2021 Interim Report**  
- 2021-08-19

**Q1 2021 Interim Report**  
- 2021-05-20



# CONSOLIDATED FINANCIAL STATEMENTS

## SUMMARY CONSOLIDATED INCOME STATEMENT

JUL - SEP 2020	JUL - SEP 2019	JAN - SEP 2020	JAN - SEP 2019	JAN - DEC 2019
----------------------	----------------------	----------------------	----------------------	----------------------

### MSEK

#### Operating income

Sales	30.4	57.8	92.1	134.6	168.5
Other income	3.6	0.0	3.6	0.0	14.8

<b>TOTAL INCOME</b>	<b>34.0</b>	<b>57.8</b>	<b>95.6</b>	<b>134.6</b>	<b>183.4</b>
---------------------	-------------	-------------	-------------	--------------	--------------

#### Direct expenses

Direct expenses	-11.5	-30.4	-31.1	-54.0	-68.5
-----------------	-------	-------	-------	-------	-------

<b>GROSS PROFIT</b>	<b>22.5</b>	<b>27.3</b>	<b>64.5</b>	<b>80.6</b>	<b>114.9</b>
---------------------	-------------	-------------	-------------	-------------	--------------

#### Operating expenses

Personnel costs	-14.9	-19.8	-47.6	-58.5	-78.7
Other operating expenses	-2.8	-5.3	-9.9	-15.2	-24.0

<b>OPERATING EXPENSES</b>	<b>-17.7</b>	<b>-25.0</b>	<b>-57.4</b>	<b>-73.7</b>	<b>-102.6</b>
---------------------------	--------------	--------------	--------------	--------------	---------------

<b>EBITDA</b>	<b>4.9</b>	<b>2.3</b>	<b>7.1</b>	<b>6.9</b>	<b>12.2</b>
---------------	------------	------------	------------	------------	-------------

Depreciation & Amortisation	-2.0	-2.4	-6.3	-7.3	-9.6
-----------------------------	------	------	------	------	------

Exceptional Items	-0.2	-0.5	-0.6	-3.0	-2.6
-------------------	------	------	------	------	------

<b>OPERATING PROFIT</b>	<b>2.7</b>	<b>-0.7</b>	<b>0.2</b>	<b>-3.5</b>	<b>0.0</b>
-------------------------	------------	-------------	------------	-------------	------------

FX gains/losses	0.1	0.0	0.1	0.0	-2.5
-----------------	-----	-----	-----	-----	------

Interest paid/received	-0.6	-0.6	-2.2	-2.2	-4.3
------------------------	------	------	------	------	------

Financing Costs	-0.1	-0.2	-0.4	-0.9	-1.1
-----------------	------	------	------	------	------

R&D Tax Credit	0.0	0.6	0.0	1.3	2.3
----------------	-----	-----	-----	-----	-----

Deferred tax	0.0	0.0	0.0	0.0	0.7
--------------	-----	-----	-----	-----	-----

Minority share of profit for the period	0.0	0.0	0.0	0.0	0.0
---	-----	-----	-----	-----	-----

<b>PROFIT AFTER TAX</b>	<b>2.1</b>	<b>-1.0</b>	<b>-2.3</b>	<b>-5.2</b>	<b>-4.9</b>
-------------------------	------------	-------------	-------------	-------------	-------------

## OTHER COMPREHENSIVE INCOME

#### Items that could be reclassified to earnings

Exchange rate differences*	0.3	-1.3	-3.6	-1.1	4.7
----------------------------	-----	------	------	------	-----

<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2.4</b>	<b>-2.3</b>	<b>-5.9</b>	<b>-6.3</b>	<b>-0.3</b>
-----------------------------------	------------	-------------	-------------	-------------	-------------

Total profit for the period attributable to the parent company's shareholders:	2.4	-2.3	-5.9	-6.3	-0.3
--	-----	------	------	------	------

<b>EARNINGS PER SHARE - BEFORE DILUTION (SEK)</b>	<b>0.33</b>	<b>-0.32</b>	<b>-0.83</b>	<b>-0.89</b>	<b>-0.04</b>
---	-------------	--------------	--------------	--------------	--------------

<b>EARNINGS PER SHARE - AFTER DILUTION (SEK)</b>	<b>0.33</b>	<b>-0.32</b>	<b>-0.83</b>	<b>-0.89</b>	<b>-0.04</b>
--	-------------	--------------	--------------	--------------	--------------



## SUMMARY CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2020

	30 SEP 2020	30 SEP 2019	31 DEC 2019
<b>MSEK</b>			
<b>ASSETS</b>			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Goodwill	39.6	37.3	42.2
Other Intangible fixed assets	33.1	34.4	35.2
<b>Total intangible fixed assets</b>	<b>72.7</b>	<b>71.7</b>	<b>77.4</b>
<i>Tangible fixed assets</i>			
Property, plant and equipment	1.7	2.6	1.1
<b>Total tangible fixed assets</b>	<b>1.7</b>	<b>2.6</b>	<b>1.1</b>
<i>Financial assets</i>			
Shares in associated companies	0.0	3.0	0.0
Right of Use Assets	12.1	10.1	8.6
Deferred Tax	5.5	4.3	5.8
<b>Total financial assets</b>	<b>17.6</b>	<b>17.4</b>	<b>14.5</b>
<b>Total fixed assets</b>	<b>92.1</b>	<b>91.7</b>	<b>93.0</b>
<i>Current assets</i>			
Accounts receivable	16.1	33.5	23.1
Other receivables	3.8	9.6	7.4
Prepayments and accrued income	3.6	2.2	2.3
<b>Total other current assets</b>	<b>23.5</b>	<b>45.3</b>	<b>32.8</b>
<i>Cash and bank balances</i>	8.2	1.9	5.5
<b>Total current assets</b>	<b>31.7</b>	<b>47.2</b>	<b>38.4</b>
<b>TOTAL ASSETS</b>	<b>123.7</b>	<b>138.8</b>	<b>131.3</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital	-7.1	-7.1	-7.1
Other contributed equity	-42.8	-45.8	-47.2
Other equity incl. profit for the year	1.5	1.5	0.7
<b>Total equity</b>	<b>-48.3</b>	<b>-51.3</b>	<b>-53.6</b>
<i>Minority interest</i>	0.0	0.0	0.0
<i>Long-term liabilities</i>			
Other Provisions	-1.9	-2.3	-1.8
Lease Liabilities	-11.5	-10.4	-2.9
Other liabilities	-20.8	-26.9	-16.9
<b>Total long-term liabilities</b>	<b>-34.2</b>	<b>-39.6</b>	<b>-21.6</b>
<i>Current liabilities</i>			
Accounts payable	-14.3	-21.0	-24.1
Invoice Discounting Loan	-1.9	-4.2	-7.0
Current tax liabilities	0.0	0.0	0.0
Current Lease Liabilities	-1.3	0.0	-4.8
Other current liabilities	-19.4	-7.2	-12.2
Accrued expenses and prepaid income	-4.3	-15.6	-8.1
<b>Total current liabilities</b>	<b>-41.2</b>	<b>-47.9</b>	<b>-56.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-123.7</b>	<b>-138.8</b>	<b>-131.3</b>

## CONSOLIDATED CASH FLOW STATEMENT (SUMMARY)

	JAN - SEP 2020	JAN - SEP 2019	JAN- DEC 2019
<b>The ongoing business</b>			
Operating profit	0.2	-3.5	0.0
Adjusted revenue			
<i>Adjustments for items not included in cash flow</i>			
Depreciation and write-downs	6.3	7.3	9.6
Exchange losses	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0
Other non-cash items	2.1	-2.6	-8.6
	<b>8.6</b>	<b>1.3</b>	<b>1.0</b>
Financial items	-0.5	-3.1	-2.8
Paid income tax	3.0	2.9	2.2
<b>Cash flow from operating activities before changes in working capital</b>	<b>11.0</b>	<b>1.1</b>	<b>0.4</b>
<i>Changes in working capital</i>			
Change in receivables	6.7	-8.8	4.2
Change in current liabilities	-4.5	9.2	6.1
<b>Cash flow from current operations</b>	<b>13.3</b>	<b>1.5</b>	<b>10.7</b>
<i>Investing activities</i>			
Acquisition of intangible fixed assets	-1.9	-5.7	-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>-1.9</b>	<b>-5.4</b>	<b>-5.2</b>
<i>Financing activities</i>			
Rights issue	0.0	11.9	11.5
Issuing Costs	0.0	0.0	-2.0
Borrowings	0.0	-10.0	6.0
Repayments	-8.7	0.0	-19.7
Transaction with minority shareholders	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-8.7</b>	<b>2.0</b>	<b>-4.2</b>
<b>Cash flow for the period</b>	<b>2.6</b>	<b>-1.9</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>8.2</b>	<b>1.9</b>	<b>5.5</b>

## SUMMARY STATEMENT OF CHANGES IN EQUITY

	30 SEP 2020	30 JUN 2020	31 DEC 2019
<b>MSEK</b>			
<b>Opening Balance</b>	<b>45.8</b>	<b>53.6</b>	<b>40.5</b>
Issue of shares	0.2	0.5	12.0
Reverse acquisition	0.0	0.0	0.0
Other	0.0	0.0	1.3
Total Comprehensive Income	2.4	-8.2	-0.3
<b>Closing Balance</b>	<b>48.3</b>	<b>45.8</b>	<b>53.6</b>

## PARENT COMPANY FINANCIAL STATEMENTS

### PARENT COMPANY INCOME STATEMENT

	JUL - SEP 2020	JUL - SEP 2019	JAN - SEP 2020	JAN - SEP 2019	JAN - DEC 2019
<b>MSEK</b>					
<i>Operating income</i>					
Revenue	0.0	0.0	0.0	0.0	0.0
Other operating income	0.0	0.5	0.5	0.5	1.1
<b>TOTAL INCOME</b>	<b>0.0</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>1.1</b>
<i>Operating expenses</i>					
Other operating expenses	-0.2	-0.3	-0.7	-0.7	-1.7
<b>TOTAL OPERATING EXPENSES</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-1.7</b>
<b>EBITDA*</b>	<b>-0.2</b>	<b>0.2</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.6</b>
Financial items	-0.3	-0.4	-1.4	-1.2	-3.8
Result from participation in group companies	0.0	0.0	0.0	0.0	12.8
<b>PROFIT BEFORE TAX</b>	<b>-0.5</b>	<b>-0.2</b>	<b>-1.6</b>	<b>-1.4</b>	<b>8.4</b>
Current tax	0.0	0.0	0.0	0.0	0.0
<b>PROFIT AFTER TAX</b>	<b>-0.5</b>	<b>-0.2</b>	<b>-1.6</b>	<b>-1.4</b>	<b>8.4</b>

### OTHER COMPREHENSIVE INCOME

<i>Items that could be reclassified to earnings</i>					
Exchange rate differences	0.0	0.0	0.0	0.0	0.0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-0.5</b>	<b>-0.2</b>	<b>-1.6</b>	<b>-1.4</b>	<b>8.4</b>
<i>Total profit for the period attributable to the parent company's shareholders:</i>					
Parent Company shareholders	-0.5	-0.2	-1.6	-1.4	8.4
<b>EARNINGS PER SHARE - BEFORE DILUTION (SEK)</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.2</b>	<b>1.2</b>
<b>EARNINGS PER SHARE - AFTER DILUTION (SEK)</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.2</b>	<b>1.2</b>



## PARENT COMPANY BALANCE SHEET (SUMMARY) AT 30 SEPTEMBER 2020

	30 SEP 2020	30 SEP 2019	31 DEC 2019
<b>MSEK</b>			
<b>ASSETS</b>			
<i>Fixed assets</i>			
<i>Financial assets</i>			
Shares in subsidiaries	8.0	7.6	7.1
<b>Total financial assets</b>	<b>8.0</b>	<b>7.6</b>	<b>7.1</b>
<b>Total fixed assets</b>	<b>8.0</b>	<b>7.6</b>	<b>7.1</b>
<i>Current assets</i>			
Receivables	66.9	70.8	70.4
<b>Total other current assets</b>	<b>66.9</b>	<b>70.8</b>	<b>70.4</b>
<i>Cash and bank balances</i>	0.2	0.2	0.2
<b>Total current assets</b>	<b>67.1</b>	<b>70.9</b>	<b>70.6</b>
<b>TOTAL ASSETS</b>	<b>75.1</b>	<b>78.5</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	-6.8	-6.8
Share premium	-45.2	-45.0	-41.7
Share issue costs	0.0	0.0	0.0
Other equity incl. profit for the year	-1.0	7.3	-5.4
<b>Total equity</b>	<b>-53.2</b>	<b>-44.8</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	-6.4	-7.8	-8.0
<b>Total current liabilities</b>	<b>-6.4</b>	<b>-7.8</b>	<b>-8.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-75.1</b>	<b>-78.5</b>	<b>-77.7</b>

## PARENT COMPANY CASH FLOW ANALYSIS (SUMMARY)

### The ongoing business

	JAN - SEP 2020	JAN - SEP 2019	JAN - DEC 2019
Operating profit	-0.2	-0.3	-0.6
Adjusted revenue			
Financial items	-0.1	-1.1	-1.3

### Cash flow from operating activities before changes in working capital

	<b>-0.3</b>	<b>-1.4</b>	<b>-1.9</b>
Changes in working capital			
Change in receivables	3.3	-7.5	-6.5
Change in current liabilities	0.1	-0.4	0.1

### Cash flow from current operations

	<b>3.1</b>	<b>-9.4</b>	<b>-8.2</b>
--	------------	-------------	-------------

### Investing activities

Acquisition of financial fixed assets	0.0	0.0	0.0
Sales of financial fixed assets	0.0	0.0	0.0

### Cash flow from investing activities

	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
--	------------	------------	------------

### Financing activities

Rights issue	0.0	12.0	11.6
Issuing Costs	0.0	0.0	-2.0
Borrowings	-3.0	-2.9	-1.5

### Cash flow from financing activities

	<b>-3.0</b>	<b>9.2</b>	<b>8.0</b>
--	-------------	------------	------------

### Cash flow for the period

	<b>0.1</b>	<b>-0.2</b>	<b>-0.2</b>
--	------------	-------------	-------------

### Cash and cash equivalents at the beginning of the year

	0.2	0.4	0.4
--	-----	-----	-----

### LIQUID FUNDS AT THE END OF THE PERIOD

	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
--	------------	------------	------------

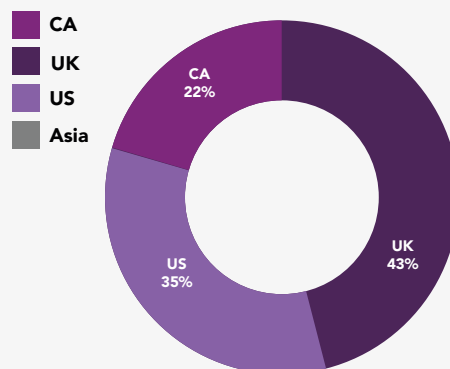


## INCOME BY MARKET AND SERVICE

The North American market continues to grow its share of operating revenue in Ayima with 57% of the revenue for the year to date originating from the US and Canada. Several high value clients have signed new contracts in the year after some delays to onboarding at the beginning of the year.

In the UK, total income for the year to date amounted to 41.1 MSEK (90.1) a decrease of 54% year on year. A large part of this reduction is due to a strategic shift from Paid Media to higher margin SEO services and is in line with expectations. However the UK market has also been slower to recover from Covid and Brexit related setbacks. As marketing budgets are increasing again towards the end of the year, a number of new clients have engaged Ayima for project based work in 2020 with a view to longer term retainers to begin next year.

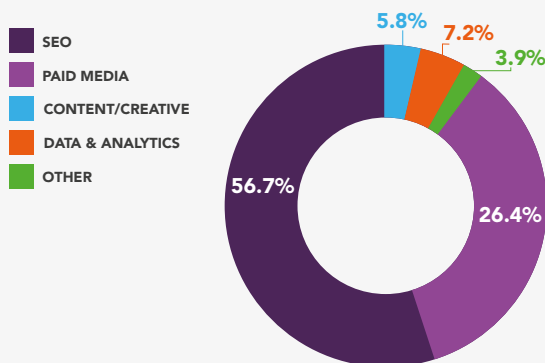
### REVENUE BY OPERATION YTD



### INCOME BY MARKET, MSEK

	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
<b>INCOME</b>					
GB	13.1	43.1	41.1	90.1	111.3
US & CA	20.9	14.6	54.3	44.5	57.7
ASIA	0.0	0.0	0.2	0.0	0.3
SE	0.0	0.0	0.0	0.0	0.0
<b>TOTAL INCOME</b>	<b>34.0</b>	<b>57.8</b>	<b>95.6</b>	<b>134.6</b>	<b>169.3</b>

### REVENUE BY SERVICE YTD



SEO continues to be the highest proportion of operating income at Ayima with 56.7% of operating revenue for the year to date being generated by SEO.

Paid Media services accounted for 25.3 MSK (52.1). This reduction in proportion of income is in line with expectations.

Content/Creative 5.5 MSEK and Data & Analytics 6.9 MSEK remain relatively stable in terms of their respective proportion of income in 2020.

Other income includes 3.6 MSEK relating to government grants received in the period.

### INCOME BY MARKET, MSEK

	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
<b>INCOME</b>					
SEO	16.2	22.4	54.2	68.2	87.3
PAID MEDIA	9.5	31.0	25.3	52.1	63.7
CONTENT/CREATIVE	2.6	1.7	5.5	5.1	6.8
DATA & ANALYTICS	2.0	2.4	6.9	8.4	10.7
OTHER	3.6	0.3	3.7	0.8	0.8
<b>TOTAL INCOME</b>	<b>34.0</b>	<b>57.8</b>	<b>95.6</b>	<b>134.6</b>	<b>169.3</b>



# 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.

## GROSS DOMESTIC PRODUCT

Gross Domestic Product (GDP) is the monetary value of all finished goods and services made within a country during a specific period. GDP provides an economic snapshot of a country, used to estimate the size of an economy and growth rate.

## 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 2020-09-30 there are 198 208 outstanding option programs.

## FURLOUGH

A period of time when an employee is placed on a temporary leave of absence from work. A furlough reduces hours, days, or weeks employees may work and usually has a finite length. In general, furloughed staff are still technically employees: they retain their employment rights and their benefits.



# 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

For further information, contact the Company at:

**Chairman Mike Nott or**

**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 November 19 2020 (2020-11-19).

## 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

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

1 Lindsey Street  
London EC1A 9HP  
Tel: +44 20 71 48 59 74  
press@ayima.com  
% RSM  
Birger Jarlsgatan 57B  
113 56 Stockholm

## AUDITOR

### **BDO Sweden AB**

Niklas Nordström  
Karlavägen 100  
115 26 Stockholm

## MARKETPLACE

### **Nasdaq Stockholm AB**

105 78 Stockholm  
Tullvaktsvägen 15  
Tel: +46 8 405 60 00

### **Euroclear Sweden AB**

Klarabergsviadukten 63  
111 64 Stockholm  
Tel: +46(0)8-402 90 00