

# **Ayima Group AB (publ)**

## **Year End Report**

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January - December 2019



# Highlights

## Year: Jan - Dec 2019

- Total Comprehensive Income was **positive 1.1 MSEK** (-6.8) after all financial adjustments.
- Total Revenue amounted to 169.3 MSEK (183.0) a slight decrease of 8% from 2018
- Gross Profit amounted to 100.8 MSEK (97.6), an **increase of 3%** from 2018
- Gross Margin **increased to 60%** (53%) due to a change in the service offering during the year
- **A positive EBITDA of 4.0 MSEK** (-2.5), a vast improvement on 2018's results.
- Net Profit After Tax improved to -4.9 MSEK (-7.1)
- Balance Sheet assets amounted to 132.2 MSEK (120.2)
- Earnings per share before and after dilution was 0.15 SEK

## Q4: Oct - Dec 2019

- Total Comprehensive Income was positive 1.1 MSEK (-3.4) after all financial adjustments
- Total Revenue for the quarter amounted to 34.6 MSEK (44.5) a decrease of 22% from the same period in 2018
- Gross Profit amounted to 20.2 MSEK (29.2) a decrease of 31% from the corresponding period in 2018
- Operating expenses reduced by 27.2% from the corresponding period in 2018
- EBITDA for the period was -2.8 MSEK (-2.4)
- Net Profit after Tax for the quarter was positive 0.3 MSEK (-4.2), an improvement of 4.5 MSEK from the same period last year.
- Financial items include the write down of debts and investments held at fair value, and a fair value adjustment to contingent liabilities related to the acquisition of LeapThree in 2018.



## Key Events in the Quarter:

- 22 new client contracts were signed during Q4, 2019, totalling approximately 15.7 MSEK over the initial 12 month period.
- The write down of an historical investment and loan to fair value of zero was recorded in the quarter, this was due to revised expectations on the recoverability of the debt and the value of the investment, this had a 5.9 MSEK debit impact on the Consolidated Income Statement.
- LeapThree contingent liability - the provision for additional compensation has been reduced. The investment hasn't performed as expected since acquisition, Ayima have therefore reduced the provision to in line with revised expectations, impact on the Consolidated Income Statement is a credit of 14.1 MSEK. The company does expect to pay additional compensation for the second and third earn-out periods.
- There is no impairment to the value in use of the investment in Leapthree, however performance will be closely monitored for any changes which may affect the value in use or contingent liability.





# A MESSAGE FROM THE CEO

## Dear Shareholders and Investors

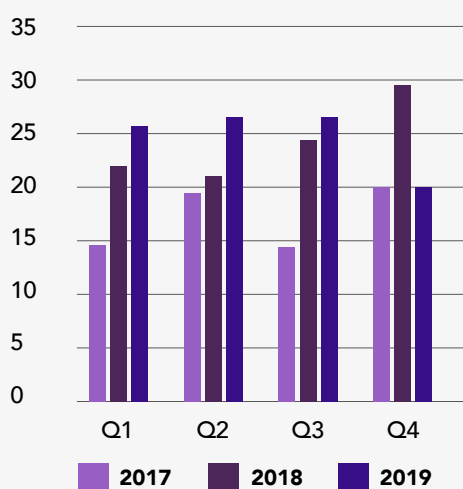
Dear Shareholders and Investors

As expected and announced previously, the 4th quarter of 2019 was a disappointing end to the year. Several of Ayima's largest and longer-standing clients were suffering financially due to various external economic factors (Brexit, Online gambling regulation) and significantly reduced their marketing investment, in a quarter that is traditionally the quietest of the year anyway.

As a result, our own financial performance suffered, with Revenue and Gross profit down significantly. In response we sought to mitigate the loss of revenue by cutting operating expenditures wherever we could and succeeded in achieving a 27% reduction, quarter on quarter.

For the full year, results were much better overall, although lower than expectations due to the issue in the final quarters of the year. EBITDA was positive for the year, a massive improvement from 2018, and profit after all financial adjustments was positive at 1.1 MSEK for the year, also a massive improvement. Top line revenue was down slightly for the year, but this reflects a change in the service offering, with less low-margin paid media spending and a greater focus on higher margin SEO and Analytics services. The result of this change is indicated by the increase in Gross Margin for the year to 60%, from 53% in 2018.

**Gross Profit by Quarter (MSEK)**



On a very positive note, our business development and sales efforts have yielded fantastic results, with probably our strongest sales performances ever. In the past 6 weeks alone, we have added 20 new clients and additional annual revenues of 16.4 MSEK, more than compensating for the losses in Q4. Ayima's reputation in its sector is extremely strong and most of the new business has come through word-of-mouth. To further bolster our sales efforts we soon expect to announce the appointment of a senior executive to take responsibility for accelerating the growth of the business, taking full advantage of our existing infrastructure and capacity in both the UK and US markets.

So despite a disappointing result in the final quarter of 2019, the new year is off to a roaring start and we expect many good things to be announced in the coming weeks and months. We hope that 2020 will be a stellar year for the company and its shareholders.

Yours Sincerely

**Mike Jacobson**  
CEO



**//**  
*Our business development and sales efforts have yielded fantastic results, with probably our strongest sales performances ever.*

## OPERATIONS

### REVENUE BY QUARTER AND YTD MSEK

	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018
REVENUE	34.6	44.5	169.3	183.0
GROSS PROFIT	20.2	29.2	100.8	97.6

Despite a drop in topline revenue, increases in Gross Profit 100.8 MSEK (97.6) and Gross Margin (60%, up from 53%), better reflect the continued positive growth of the company in 2019.

Extraordinary costs in Q4 included provisions for staff costs associated with the EMI options scheme. Financial Items included a reduction of the provision for additional compensation of 14.1 MSEK this had a positive impact on the Income Statement. The impairment and write down of the investment and loan to Tootsa MacGinty had a negative impact on the Income Statement of 5.9 MSEK. Exchange rate differences related to the provision for additional compensation had a negative impact on the Income Statement of 2.5 MSEK.

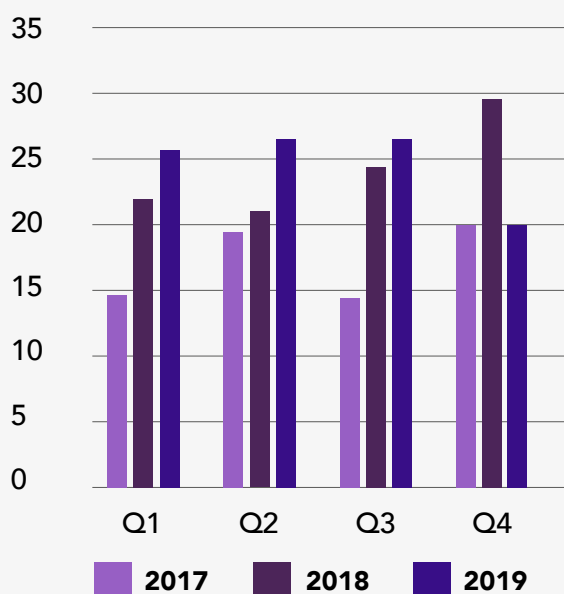
These items are not related to operations and are therefore excluded from the company's EBITDA calculation.

## FINANCIAL POSITION AND LIQUIDITY

Liquid assets at the end of the period amounted to 28.7 MSEK (29.0). Cash and cash equivalents amounted to MSEK 5.5 (3.9) and accounts receivable 23.1 MSEK (25.2). Ayima has 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. Costs associated with the Invoice Discounting facility are reported under Financing Costs in the Consolidated Income Statement.

Total equity amounted to 54.9 MSEK, including issued share capital 7.1 MSEK. Equity ratio was 42 (34) percent. 16.9 MSEK of the liabilities relates to a provision has been included for the potential total earn-out payments due to the sellers of

### Gross Profit by Quarter (MSEK)



LeapThree Limited in accordance with the Share Purchase Agreement. The provision has been restated to fair value at 31 December by 14.1 MSEK due to the performance of LeapThree since acquisition being below expectations. The company anticipates that an earn out payment will be payable in 2020 and 2021, at a reduced amount. The liability will continue to 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 2.2 MSEK. The change in working capital was 11.2 MSEK. Investments in tangible and intangible fixed assets amounted to -16.4 MSEK during the period. Cash flow from financing activities amounted to 4.7 MSEK. Net cash increased by 1.7 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). 357 825 shares were owned by the EBT at 2019-12-31.

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. Warrants over 10 855 shares were exercised by employees in 2018, these shares were registered at Bolagsverket during July 2019. A further 82 180 warrants were issued to staff in May 2019, these shares will vest over 4 years to May 2023. A provision for these shares has been made in Equity and the accrued costs of these share based payments from 2019-05-01 to the end of Q4 2019 has been recognised in the Consolidated Income Statement.

## SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

22 new client contracts were signed during Q4, 2019. The new clients include companies from a wide range of industries, including Finance, Technology, Telecoms and Health & Beauty and include several global household names.

Combined, the 22 new engagements total approximately 15.7 MSEK over the initial 12 month period.

Further to the trading update issued on 23 October 2019, operating results for Q4 are in line with the updated expectations.

During the course of the annual review of investments and outstanding loans, Ayima has recognised a loss on an investment and a potential write down of the value of an existing loan to a related party Tootsa MacGinty Limited to the value of 5.9 MSEK. An announcement was made on 05 February 2019 regarding the impact of this write down on the results for 2019.

Long term liabilities includes a contingent liability of 16.9 MSEK for the potential total earn-out payments due to the sellers of LeapThree Limited. The provision has been restated to fair value at 31 December 2019, the restatement has adjusted the total liability by 14.1 MSEK. Interest in the amount of 1.6 MSEK has been recognised along with an exchange rate variance of 2.4 MSEK due to the difference in exchange rate at the beginning and end of the financial year. The restatement is based on recalculation of the purchase price in line with current performance and updated forecast information for the remainder of the earn out period which are lower than previously expected. Usually a write down of this nature would indicate that an asset should also be impaired, however an impairment test has been carried out and an adjustment to the value in use of the investment is not required. The impairment test has been tested for sensitivity which has shown that a small variance in the discount rate or profit margin would mean an impairment of the asset would be necessary. The company will closely monitor the performance of LeapThree in the coming period. The company anticipates that an earn out payment will be payable in 2020 and 2021, at a reduced amount.

New clients announced in Q1 include 20 new contracts with an annual value of 16.4 MSEK which will be included in trading results during the latter half of Q1.





## MARKET TRENDS

Google released its latest natural language algorithm this past month, BERT, that is designed to help the search engine better understand the intent behind search queries. In doing so, the user should receive much more relevant and helpful results when queries include words that may have several meanings. As Google explains, BERT can “consider the full context of a word by looking at the words that come before and after it – particularly useful for understanding the intent behind search queries.” Initially launched in October for US English it is now rolling out to over 70 languages worldwide.

Pinterest launched a new learning resource, Pinterest Academy, last month that aims to help marketers and businesses who want to use the platform for branding and advertising. It kicked off with a batch of courses that touch on creative inspiration and strategy, among other topics, and there are plans to add more in the future.

Microsoft revealed that Bingbot is going evergreen by adopting the Chromium-based browser, Edge, to render web pages and run JavaScript. This is particularly useful because Bing will soon be based on the same platform, Chromium, as Google Chrome and Googlebot. As a result, it should become easier to get web pages crawled by those search engines—and any others based on Chromium—without the extra research into the specifics of each crawler.

YouTube’s audience planning tool, Reach Planner, has now been integrated with Nielsen data so that the Google-owned platform can capitalise on even more ad dollars. Speaking with The Drum, YouTube’s US Director of Video said that “many ad agencies are using Reach Planner to estimate unique reach for big campaigns.” This combination of data allows advertisers to optimise their ads on TV and YouTube “to maximise reach, balance frequency, and reduce waste,” Google explained. While the TV data is currently only available in the States, it’s set to launch in more countries in 2020.

Another big change is that Yandex is using machine learning and human specialists to deliver higher quality search results. Previously, the company used “assessors” to help train their machine learning platforms and, as a result, help find the most relevant search results. With the Vega update, Yandex says, “Specialists in their respective field now evaluate the work of these assessors, and our deep learning neural networks then receive these expert evaluations.” In other words, this allows Yandex to serve more relevant content in search results.

The Q&A platform Quora is in the midst of beta testing a new feature that adds lead generation forms to the interaction between users. As the company noted in their announcement, this could be beneficial for marketers whose products could serve as the solution for particular queries. In one example of the lead gen form working well, Quora provided information from an American university that successfully got in touch with prospective master’s degree students. In another, an agency surpassed its cost-per-lead goal while reaching quality clients.



## 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 15% of total revenue. Ayima continues to diversify its client portfolio to mitigate concentration risks.

Management has begun to renegotiate the existing debt portfolio in order to improve cashflow and long term financing. The outcome of these negotiations is uncertain, however the board is confident that the successful outcome will have a positive effect on the group's financial position.

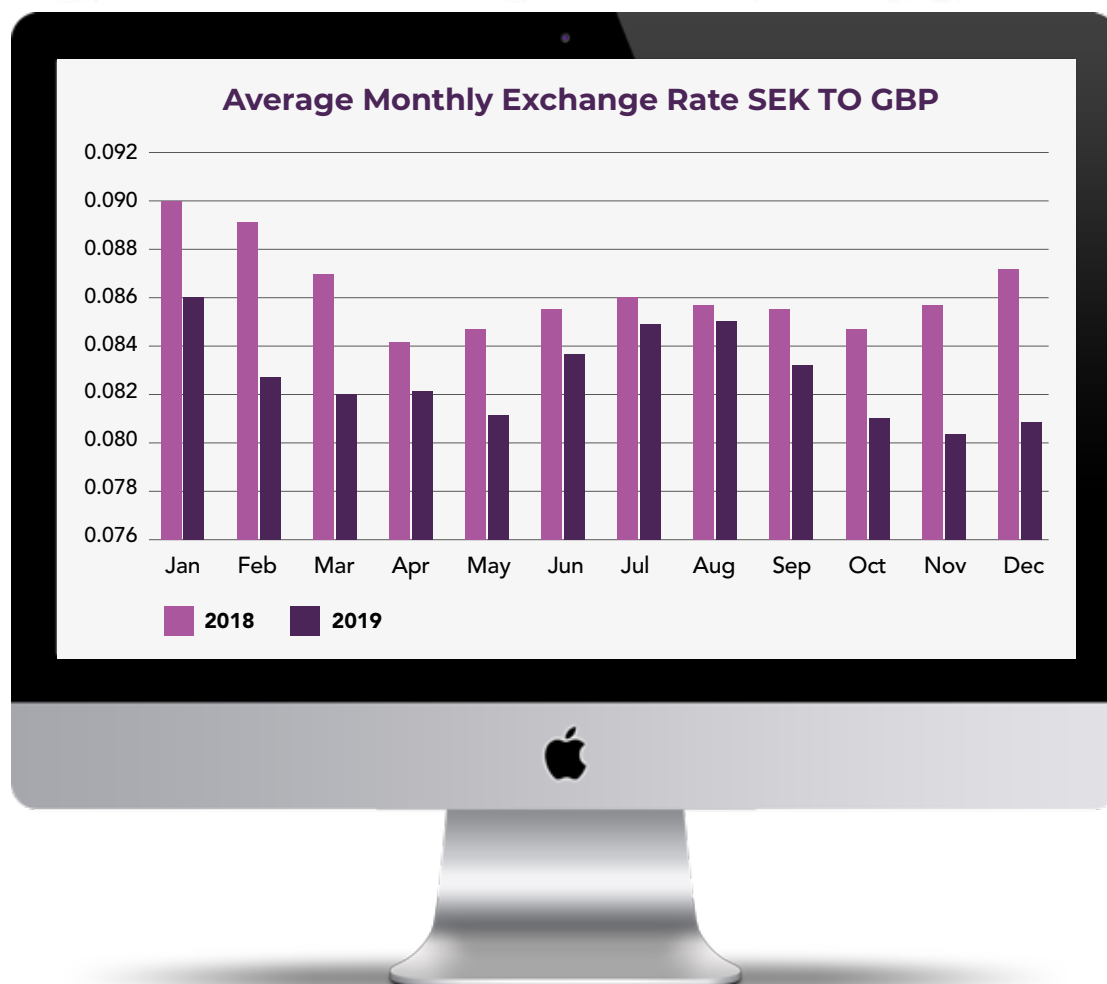
Currency variance risks related to fluctuations in the exchange rate can have an impact on Ayima when reporting in SEK. Day to day operations are not significantly impacted as revenue and costs are mainly in the same currency in each market. The chart



below shows the fluctuation in exchange rates from GBP to SEK from January 2018 to December 2019, demonstrating the continued instability in exchange rates since the Brexit vote, in particular at the end of the year. Credit risk is limited since Ayima only accepts creditworthy counterparties.



*Operational risks are handled in a structured manner through well-established processes in line with ISO27001.*



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

## RELATED PARTY TRANSACTIONS

Apart from remuneration to the Board and senior executives, Ayima has provided 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. The existing loan and investment held by Ayima Limited since 2015 have been impaired in the period and are now held at a value of zero. The impact of this write down on the Consolidated Income Statement is a 5.9 MSEK debit.

## 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.



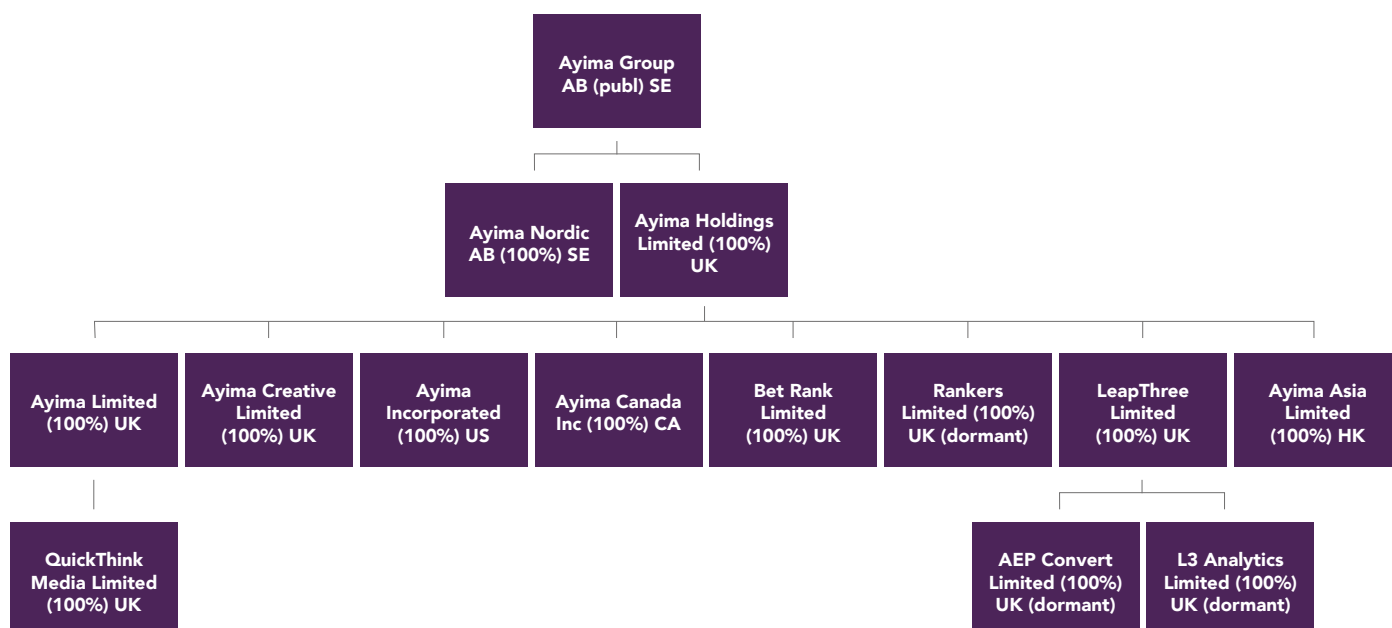


## ABOUT AYIMA

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. Regarding the reverse acquisition Ayima has made corrections to the amounts recorded in the Statement of Changes in Equity for the 2018 comparative period. A prior period adjustment was made which 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. 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:

### THE REVISED GROUP CHART IS AS FOLLOWS:





## FINANCIAL OBJECTIVES

Ayima continues to focus on growth both in revenue and in margins. The board is expected to announce the appointment of a senior executive in the near future who will focus on boosting sales growth in the coming year.

Generating positive cashflows will be a key area in the coming period. The group continues its search for suitable acquisition targets to further accelerate growth. Continuing analysis of KPIs at an operational level are expected to lead to greater efficiencies and demonstrate the potential to grow the business without affecting operational costs.

## 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 before and after dilution for the quarter amounted to 0.15 SEK (-0.57). Price per share at closing at the end of the period (2019-12-30) was 10.35 SEK. Earnings per share for 2019 before and after dilution amounted to 0.15 SEK (-1.12).

The number of warrants granted to staff in 2018 was 272,547 of which 10 855 were exercised and issued as shares in July, a total of 106 469 warrants were forfeit at 2019-12-31, 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, of which 9 387 were forfeit at 2019-12-31, these warrants will vest over the 4 year

Shareholding at 2018-12-28	No A Shares	No B Shares	Control %	Capital %
New Equity Ventures		993,264	10.9%	14.1%
Timothy Webb	66,667	870,837	16.9%	13.3%
Michael Jacobson	66,666	834,051	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		1,902,911	20.9%	27.0%
<b>Total</b>	<b>226,800</b>	<b>6,833,539</b>	<b>100%</b>	<b>100%</b>

## FURTHER REPORTS

**Annual Report 2019**  
- 2020-04-10

**Q1 2020 Interim Report**  
- 2020-05-21

**Q2 2020 Interim Report**  
- 2020-08-20

**Q3 2020 Interim Report**  
- 2020-11-19



# CONSOLIDATED FINANCIAL STATEMENTS

## SUMMARY CONSOLIDATED INCOME STATEMENT

	OCT - DEC 2019	OCT - DEC 2018	JAN - DEC 2019	JAN - DEC 2018
<b>MSEK</b>				
<i>Operating income</i>				
Sales	34.6	44.5	169.3	183.0
<b>TOTAL INCOME</b>	<b>34.6</b>	<b>44.5</b>	<b>169.3</b>	<b>183.0</b>
<i>Direct expenses</i>				
Direct expenses	-14.4	-15.3	-68.5	-85.4
<b>GROSS PROFIT</b>	<b>20.2</b>	<b>29.2</b>	<b>100.8</b>	<b>97.6</b>
<i>Operating expenses</i>				
Personnel costs	-20.2	-22.1	-78.7	-72.4
Other operating expenses	-2.9	-9.5	-18.1	-27.8
<b>OPERATING EXPENSES</b>	<b>-23.0</b>	<b>-31.6</b>	<b>-96.8</b>	<b>-100.2</b>
<b>EBITDA*</b>	<b>-2.8</b>	<b>-2.4</b>	<b>4.0</b>	<b>-2.5</b>
Depreciation & Amortisation	-2.3	-1.0	-9.6	-2.5
Exceptional Items	0.4	-0.8	-2.6	-2.6
<b>OPERATING PROFIT</b>	<b>-4.7</b>	<b>-4.2</b>	<b>-8.2</b>	<b>-7.7</b>
FX gains/losses	-2.5	-0.5	-2.5	-0.5
Interest paid/received	-2.1	-1.4	-4.3	-2.2
Financing Costs	-0.2	0.0	-1.1	0.0
R&D Tax Credit	1.0	1.0	2.3	2.3
Deferred tax	0.7	0.9	0.7	0.9
Impairment of fair value of debts and investments	-5.9	0.0	-5.9	0.0
Fair value adjustment to contingent liabilities	14.1	0.0	14.1	0.0
Minority share of profit for the period	0.0	0.0	0.0	0.0
<b>PROFIT AFTER TAX</b>	<b>0.3</b>	<b>-4.2</b>	<b>-4.9</b>	<b>-7.1</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that could be reclassified to earnings</i>				
Exchange rate differences	0.8	0.8	6.0	0.4
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1.1</b>	<b>-3.4</b>	<b>1.1</b>	<b>-6.8</b>
<i>Total profit for the period attributable to the parent company's shareholders:</i>	1.1	-3.4	1.1	-6.8
<b>EARNINGS PER SHARE - BEFORE DILUTION (SEK)</b>	<b>0.15</b>	<b>-0.57</b>	<b>0.15</b>	<b>-1.12</b>
<b>EARNINGS PER SHARE - AFTER DILUTION (SEK)</b>	<b>0.15</b>	<b>-0.57</b>	<b>0.15</b>	<b>-1.12</b>

\*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.

## SUMMARY CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2019

	31 DEC 2019	31 DEC 2018
<b>MSEK</b>		
<b>ASSETS</b>		
<i>Fixed assets</i>		
<i>Intangible assets</i>		
Goodwill	42.2	38.7
Other Intangible fixed assets	35.2	29.9
Shares in associated companies	0.0	2.8
Right of Use Assets	8.6	0.0
Deferred Tax	5.8	4.9
<b>Total financial assets</b>	<b>14.5</b>	<b>7.7</b>
<b>Total fixed assets</b>	<b>93.0</b>	<b>79.4</b>
<i>Current assets</i>		
Accounts receivable	23.1	25.2
Other receivables	7.4	10.1
Prepayments and accrued income	3.2	1.7
<b>Total other current assets</b>	<b>33.7</b>	<b>36.9</b>
<i>Cash and bank balances</i>	5.5	3.9
<b>Total current assets</b>	<b>39.2</b>	<b>40.8</b>
<b>TOTAL ASSETS</b>	<b>132.2</b>	<b>120.2</b>
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital	-7.1	-6.0
Other contributed equity	-47.2	-42.1
Other equity incl. profit for the year	-0.6	7.6
<b>Total equity</b>	<b>-54.9</b>	<b>-40.5</b>
<i>Minority interest</i>	0.0	0.0
<i>Long-term liabilities</i>		
Other Provisions	-1.8	-1.8
Lease Liabilities	-2.9	0.0
Other liabilities	-16.9	-27.5
<b>Total long-term liabilities</b>	<b>-21.6</b>	<b>-29.3</b>
<i>Current liabilities</i>		
Accounts payable	-23.6	-16.5
Invoice Discounting Loan	-7.0	-10.7
Current tax liabilities	0.0	0.0
Current Lease Liabilities	-4.8	0.0
Other current liabilities	-13.8	-17.5
Accrued expenses and prepaid income	-6.5	-5.8
<b>Total current liabilities</b>	<b>-55.7</b>	<b>-50.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-132.2</b>	<b>-120.2</b>



## CONSOLIDATED CASH FLOW STATEMENT (SUMMARY)

	JAN - DEC 2019	JAN - DEC 2018
<b>The ongoing business</b>		
Operating profit	-8.2	-7.7
Adjusted revenue		
<i>Adjustments for items not included in cash flow</i>		
Depreciation and write-downs	9.6	2.5
Exchange losses	2.5	0.0
Minority interests	0.0	0.0
Other non-cash items	5.4	1.5
	<b>9.2</b>	<b>-3.7</b>
Financial items	-8.7	-0.7
Paid income tax	1.7	1.0
<b>Cash flow from operating activities before changes in working capital</b>	<b>2.2</b>	<b>-3.3</b>
<i>Changes in working capital</i>		
Change in receivables	0.5	-9.4
Change in current liabilities	10.7	5.6
<b>Cash flow from current operations</b>	<b>13.4</b>	<b>-7.1</b>
<i>Investing activities</i>		
Acquisition of intangible fixed assets	-11.0	-5.9
Acquisition of tangible fixed assets	-5.4	-1.3
Acquisition of financial fixed assets	0.0	1.5
Sales of financial fixed assets	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-16.4</b>	<b>-5.8</b>
<i>Financing activities</i>		
Rights issue	12.3	0.0
Issuing Costs	-2.0	0.0
Borrowings	6.0	18.5
Repayments	-11.6	0.0
Transaction with minority shareholders	0.0	-2.6
<b>Cash flow from financing activities</b>	<b>4.7</b>	<b>15.9</b>
<b>Cash flow for the period</b>	<b>1.7</b>	<b>3.0</b>
<i>Cash and cash equivalents at the beginning of the period</i>	3.9	0.9
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>5.5</b>	<b>3.9</b>

## SUMMARY STATEMENT OF CHANGES IN EQUITY

	30 DEC 2019	31 DEC 2018
<b>MSEK</b>		
<b>Opening Balance</b>	<b>40.5</b>	<b>24.9</b>
Issue of shares	12.0	20.5
Reverse acquisition	0.0	0.0
Other	1.3	1.5
Total Comprehensive Income	1.1	-6.4
<b>Closing Balance</b>	<b>54.9</b>	<b>40.5</b>

## PARENT COMPANY FINANCIAL STATEMENTS

### PARENT COMPANY INCOME STATEMENT

	OCT - DEC 2019	OCT - DEC 2018	JAN - DEC 2019	JAN - DEC 2018
<b>MSEK</b>				
<i>Operating income</i>				
Revenue	0.0	0.0	0.0	0
Other operating income	0.6	0.5	1.1	2.6
<b>TOTAL INCOME</b>	<b>0.6</b>	<b>0.5</b>	<b>1.1</b>	<b>2.6</b>
<i>Operating expenses</i>				
Other operating expenses	-1.0	-0.7	-1.7	-1.7
<b>TOTAL OPERATING EXPENSES</b>	<b>-1.0</b>	<b>-0.7</b>	<b>-1.7</b>	<b>-1.7</b>
<b>EBITDA*</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-0.6</b>	<b>0.9</b>
Financial items	-2.7	-1.1	-3.8	-5.9
<b>PROFIT BEFORE TAX</b>	<b>-3.1</b>	<b>-1.4</b>	<b>-4.4</b>	<b>-5.0</b>
Current tax	0.0	0.0	0.0	0.0
<b>PROFIT AFTER TAX</b>	<b>-3.1</b>	<b>-1.4</b>	<b>-4.4</b>	<b>-5.0</b>

### OTHER COMPREHENSIVE INCOME

<i>Items that could be reclassified to earnings</i>				
Exchange rate differences	0	0	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-3.1</b>	<b>-1.4</b>	<b>-4.4</b>	<b>-5.0</b>
<i>Total profit for the period attributable to the parent company's shareholders:</i>				
Parent Company shareholders	-3.1	-1.4	-4.4	-5.0
<b>EARNINGS PER SHARE - BEFORE DILUTION (SEK)</b>	<b>-0.5</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-0.8</b>
<b>EARNINGS PER SHARE - AFTER DILUTION (SEK)</b>	<b>-0.5</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-0.8</b>



## PARENT COMPANY BALANCE SHEET (SUMMARY) AT 31 DECEMBER 2019

	31 DEC 2019	31 DEC 2018
<b>MSEK</b>		
<b>ASSETS</b>		
<i>Fixed assets</i>		
<i>Financial assets</i>		
Shares in subsidiaries	7.1	5.8
<b>Total financial assets</b>	<b>7.1</b>	<b>5.8</b>
<b>Total fixed assets</b>	<b>7.1</b>	<b>5.8</b>
<i>Current assets</i>		
Receivables	70.4	63.9
<b>Total other current assets</b>	<b>70.4</b>	<b>63.9</b>
<i>Cash and bank balances</i>	0.2	0.4
<b>Total current assets</b>	<b>70.6</b>	<b>64.3</b>
<b>TOTAL ASSETS</b>	<b>77.7</b>	<b>70.1</b>
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital A shares	-0.2	-0.2
Share capital B shares	-6.8	-5.8
Share premium	-44.5	-32.2
Share issue costs	0.0	0.0
Other equity incl. profit for the year	10.3	5.8
<b>Total equity</b>	<b>-41.4</b>	<b>-32.4</b>
<i>Long-term liabilities</i>		
Other liabilities	-28.4	-26.0
<b>Total long-term liabilities</b>	<b>-28.4</b>	<b>-26.0</b>
<i>Current liabilities</i>		
Other liabilities	-8.0	-11.7
<b>Total current liabilities</b>	<b>-8.0</b>	<b>-11.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-77.7</b>	<b>-70.1</b>



## PARENT COMPANY CASH FLOW ANALYSIS (SUMMARY)

	JAN - DEC 2019	JAN - DEC 2018
<b>The ongoing business</b>		
Operating profit	-0.6	0.9
Adjusted revenue		
Financial items	-1.5	-0.6
<b>Cash flow from operating activities before changes in working capital</b>	<b>-2.0</b>	<b>0.4</b>
Changes in working capital		
Change in receivables	-6.5	-10.1
Change in current liabilities	0.1	0.3
<b>Cash flow from current operations</b>	<b>-8.4</b>	<b>-9.4</b>
<i>Investing activities</i>		
Acquisition of financial fixed assets	0.0	-0.8
Sales of financial fixed assets	0.0	0.0
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>-0.8</b>
<i>Financing activities</i>		
Rights issue	11.6	0.0
Issuing Costs	-2.0	0.0
Borrowings	-1.4	10.5
<b>Cash flow from financing activities</b>	<b>8.1</b>	<b>10.5</b>
<b>Cash flow for the period</b>	<b>-0.2</b>	<b>0.3</b>
Cash and cash equivalents at the beginning of the year	0.4	0.1
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>0.2</b>	<b>0.4</b>



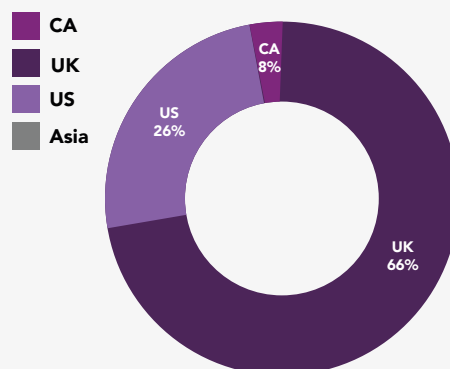
## INCOME BY MARKET AND SERVICE

The UK office has seen a small decline in total revenue year on year, mainly due to continued volatility in paid media, however it is responsible for 66% of total income for the year to date.

The North American offices accounted for 34% of operating income for the year 2019, compared with 30% last year. Total revenue growth in these offices was over 4% year on year.

The Hong Kong office was responsible for 0.3 MSEK or 0.2% of total revenue in 2019.

## REVENUE BY OPERATION YTD



## INCOME BY MARKET, MSEK

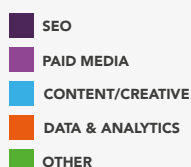
### INCOME

	Oct - Dec 2019	Oct - Dec 2019	Jan - Dec 2019	Jan - Dec 2018
GB	21.1	27.2	111.3	127.5
US & CA	13.2	17.3	57.7	55.3
ASIA	0.3	0.3	0.3	0.0
SE	0.0	0.0	0.0	0.1

### TOTAL INCOME

**34.6      44.5      169.3      183.0**

## REVENUE BY SERVICE YTD



SEO continues to be the best performing service for Ayima with 52% (46%) of total income for the year to date for 2019.

Growth in higher margin services like SEO and Analytics has had an impact on the proportion of income that is generated from Paid Media. Coupled with continued volatility in the sector from reduced client budgets, the proportion of income has dropped from 47% to 38%.

With 6% of total income coming from Data & Analytics this service has significant potential for growth.

## INCOME BY SERVICE, MSEK

### INCOME

	Oct - Dec 2019	Oct - Dec 2018	Jan - Dec 2019	Jan - Dec 2018
SEO	19.1	25.6	87.3	85.3
PAID MEDIA	11.5	13.5	63.7	85.2
CONTENT/CREATIVE	1.7	2.0	6.8	8.4
DATA & ANALYTICS	2.3	3.0	10.7	3.2
OTHER	0.0	0.4	0.8	0.9

### TOTAL INCOME

**34.6      44.5      169.3      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.

## AMP

(Accelerated Mobile Pages) is a web component framework and a website publishing technology developed by Google which has the mission to "provide a user-first format for web content".

## 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.

## CONTACT

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**CEO Mike Jacobson**

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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 February 20 2020 (2020-02-20).

## 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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