

# Ayima Group AB (publ) Year End Report

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January - December 2020



# Highlights

## Q4: Oct - Dec 2020

- **A positive EBITDA for the quarter of 13.2 MSEK** (11.2). An increase of 17% from the corresponding period in 2019 and a 911% increase from Q3, 2020
- **Profit after tax for the quarter was 9.9 MSEK** (0.3), a large increase from the corresponding period in 2019
- Gross Profit amounted to 29.5 MSEK (34.3), a decrease of 14% from the corresponding period in 2019 but an increase of 25% from Q3
- Total Revenue for the quarter amounted to 47.9 MSEK (48.7) a decrease of 2% from the corresponding period in 2019 but an increase of 60% from Q3
- Operating costs amounted to 16.3 MSEK (23.0) a reduction of 29% compared with the same period last year and an 8% reduction from Q3

## YTD: Jan - Dec 2020

- **A positive EBITDA result of 16.7 MSEK** (18.1)
- EBITDA margin increased to 12% (10%)
- **Net Profit after tax for the year was 4.0 MSEK** (-4.9), a huge turnaround from the previous year
- There was significant (one-off) fixed-asset depreciation during the year, due to the London office closure
- Total Revenue amounted to 139.9 MSEK (183.4) a decrease of 24% from 2019
- Gross Profit amounted to 90.4 MSEK (114.9) a decrease of 21% from 2019
- Gross margin increased to 65% (63%)
- Operating costs amounted to 73.7 MSEK (96.8), a reduction of 24% from the previous year



## Key Events in the Quarter:

- 16 new client contracts signed during Q4 2020 amounted to a total value of 14 MSEK over 12 months. Added to the Q3 total of 30 MSEK, this was the company's best period for new business acquisition.
- Further new client wins announced so far in 2021 total 2.4 MSEK annually.
- 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. The new share capital is 226 800 "A" shares and 7 166 872 "B" shares.
- The US subsidiary Ayima Incorporated received confirmation on 2021-02-09 that their application for forgiveness for the 3.9 MSEK PPP loan was approved. The amount of the forgiveness expected (3.6 MSEK) was previously recognised as Other Income in the Q3 report. After discussion with the company's auditors, this has been reversed and adjusted in Q3. The restated group consolidated financial statements for Q3 are presented in this report. There was no impact on the parent company financial statements. The full amount of the loan forgiveness will be reflected in Q1 2021 as a derecognition of the loan as liability extinguished, in line with financial reporting standards.
- The fluctuation in the GBP to SEK exchange rate has a material impact on Total Comprehensive Income when converting Balance Sheet equity from GBP to SEK at each reporting period end. The impact for 2020 is a loss of -5.6 MSEK (4.7 Gain in 2019). This adjustment is not related to operational performance and is merely due to accounting procedures for reporting in a single currency.





# A MESSAGE FROM THE CEO

## Dear Shareholders and Investors

Another year ended, and what a year! As a company we had to deal with the most tumultuous and chaotic year anyone can remember. The chaos of Brexit with its twists and turns and last-minute negotiations, combined with a true global crisis in the form of a pandemic and associated shutdowns of parts of the economy. The company has endured sudden client cancellations, the forced closure of its offices and of course widespread staff illness and remote working, yet we have finished the year on a high note, with growing revenues, several major new client wins and a return to profitability.

The 4th quarter of 2020 continued Ayima's great run of new business wins, with a further 14 MSEK in new client contracts, on top of the 30 MSEK won in Q3. All in all, this has been Ayima's most productive period ever in terms of sales and business development. Despite a slowdown over the Christmas and new year period, the new business is still coming, with further large contracts in the pipeline.

Looking at the annual figures, it is clear where the fallout has occurred. A significant drop in revenue in the UK where Ayima held major clients in the travel sector, but a corresponding increase in North America where e-commerce and gaming clients have been the winners in the Covid-19 economy. Demand for long-term organic SEO has never been higher, while paid media services have suffered from sudden budget cuts and strategy turnarounds prompted by the crisis.

In response, Ayima has re-focussed on its core competence, being organic SEO, and managed to make deep cuts to administrative and other operating costs in order to bring the company back to profitability. This has been carried out without any impact on service levels or quality, as evidenced by plenty of positive client feedback.

Results from the 4th quarter also indicate a stable operation. Although revenue was slightly lower than the corresponding period in 2019, we delivered an EBITDA of 13.2 MSEK in the quarter and a Net Profit after tax of 9.9 MSEK, bringing the full year back to profitability. There were a number of one-off writedowns from the balance sheet that reduced the Net Profit number, but also a big reduction in borrowing costs due to the discharge of most of the company's debt during the year.

With remote working arrangements still running smoothly into the new year, but recent big client wins starting to turn into revenue, Ayima's operation is stable and poised for a profitable return to growth in 2021. (Despite what the world may have left to throw at us).

Yours Sincerely

**Mike Jacobson**  
CEO



*Ayima's operation is stable and poised for a profitable return to growth in 2021*

## OPERATIONS

REVENUE BY QUARTER AND YTD MSEK	Jul - Sep 2020 (Restated)	Jan - Sep 2020 (Restated)	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019
REVENUE	30.4	92.1	47.9	48.7	139.9	183.4
GROSS PROFIT	19.0	60.9	29.5	34.3	90.4	114.9
Gross Margin	62%	66%	62%	70%	65%	63%

Total revenue for the quarter reduced by 2% compared with the same period in 2019, but increased by 60% compared with the previous quarter (30.4). An increase in Paid media (lower margin) revenue in the period led to a reduction in gross margin, this is likely to continue in Q1 2021 as some existing clients have recently expanded these services with Ayima. Management continues to focus on growing higher margin services in the future with an expected gross margin of 64% going forward.

The operating costs for the quarter 16.3 MSEK (23.0) were 29% lower than the same period last year and 7% lower than the previous quarter (17.7). This is due to staff reductions and office expenses saved due to remote working arrangements.

Extraordinary costs in Q4 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 year amounted to 25.2 MSEK (28.7). Cash and cash equivalents amounted to 7.6 MSEK (5.5) and accounts receivable 17.6 MSEK (23.1). Ayima have an Invoice Discounting facility that allows the company advance access to working capital which is otherwise tied up in the accounts receivable, the amount of working capital in use through this facility is shown in the financial statements under current liabilities, this facility is continuously paid and reused as invoices are issued to clients and paid to Ayima.

Total equity amounted to 54.3 MSEK, including issued share capital of 7.4 MSEK. Equity ratio was 48 (41) percent. 2.9 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. There was no earn out payment in respect of Earn Out Year 2, therefore the liability has been reduced by 14.0 MSEK, and this is reflected as 12.9 MSEK other income in the income statement. -0.6 MSEK of interest costs and 1.6 MSEK gains on exchange rate fluctuations. The remaining 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 7.2 MSEK. The change in working capital was 3.4 MSEK. Investments in tangible and intangible fixed assets amounted to 0.2 MSEK during the year. Cash flow from financing activities amounted to -8.1 MSEK. Net cash increased by 2.7 MSEK in the year.

The US subsidiary Ayima Incorporated has successfully applied for forgiveness 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 2020. The forgiveness of the loan was previously recognised in the financial statements, however after consultation with the company's auditors, the amount recognised in the Q3 report has been reversed and the restated financial statements for Q3 are included in this report. The forgiveness will instead be reflected as income in Q1 2021 as a derecognition of the loan as liability extinguished.

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 2020-12-31.

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 and during 2020 a further 30 421 share options were forfeit (total 136 890). 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 13 387 of these share options were forfeit (22 774 total). 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 2020 has been recognised in the financial statements.

## SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

In October the directed share issue was completed, converting part of an existing loan to shares in Ayima. The new share capital of Ayima is 226 800 "A" Shares and 7 166 872 "B" Shares.

During Q4 Ayima announced a further 16 new client wins with a total annual value of 14 MSEK. Demand for digital marketing services is expected to continue to increase in the coming months as economies open up again.

A further 10 client contracts have been signed so far in Q1 with a total annual value of 2.4 MSEK.

Ayima Incorporated received confirmation of its forgiveness application for the 3.9 MSEK PPP loan on 2021-02-09. The anticipated forgiveness amount of 3.6 MSEK had been recognised in the Q3 Interim Report. This has been reversed in Q3 and the restated financial statements are included below. The full amount of the forgiveness will be reflected as a derecognition of the liability in Q1 2021.

All of Ayima's staff continue to work remotely.

## MARKET TRENDS

Google rolled out a core algorithm update in December and initial reports revealed that had a big impact on the industry. Clients saw variances in their search engine rankings from 10% declines to 100% increases in organic search traffic.

Google provided another way to entice potential buyers into clicking product links in search results by implementing a "price drop" note to the rich results. Basically, what this means is that retailers can now use "price drop" Schema markup on products to highlight their latest sale.

In the US forty eight states and the Federal Trade Commission filed antitrust suits against Facebook, initial thoughts are that this may lead to the sale of Instagram and WhatsApp.

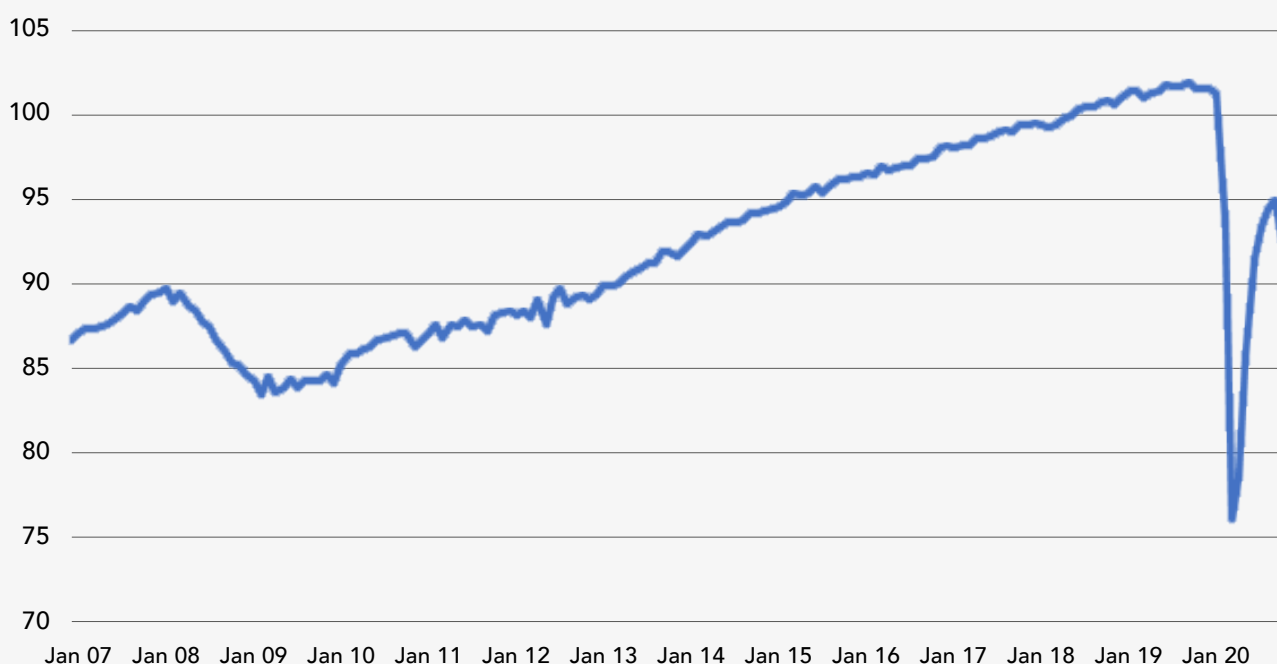


## RISKS AND UNCERTAINTIES

### RISK MANAGEMENT OBJECTIVES AND POLICIES

The chart below shows the UK monthly GDP index from January 2007 until November 2020. As the chart demonstrates, the UK economy had made some progress in its recovery during 2020, however at the end of Q4 several more virulent strains of the virus were identified and tougher restrictions were put in place, severely impacting the economy at the end of the year. The recent positive news regarding effective vaccine rollout programs in the UK, coupled with the lockdown restrictions imposed at the beginning of the year, seem to be having a positive impact on the infection rates in the UK and the government has recently outlined its strategy on reopening schools and businesses over the coming months.

### UK Monthly GDP Index, January 2007 to November 2020



Source: Office for National Statistics - GDP monthly estimate

According to the UK Office for National Statistics (ONS), the services industry is still suffering severely from the ongoing impact from coronavirus, however Information and communication and Professional, scientific and technical activities to which Ayima belongs are shown to have a much less pronounced impact than other sectors in the service industry.

Digital services in particular continue to see an increase in demand which is expected to be long lasting.

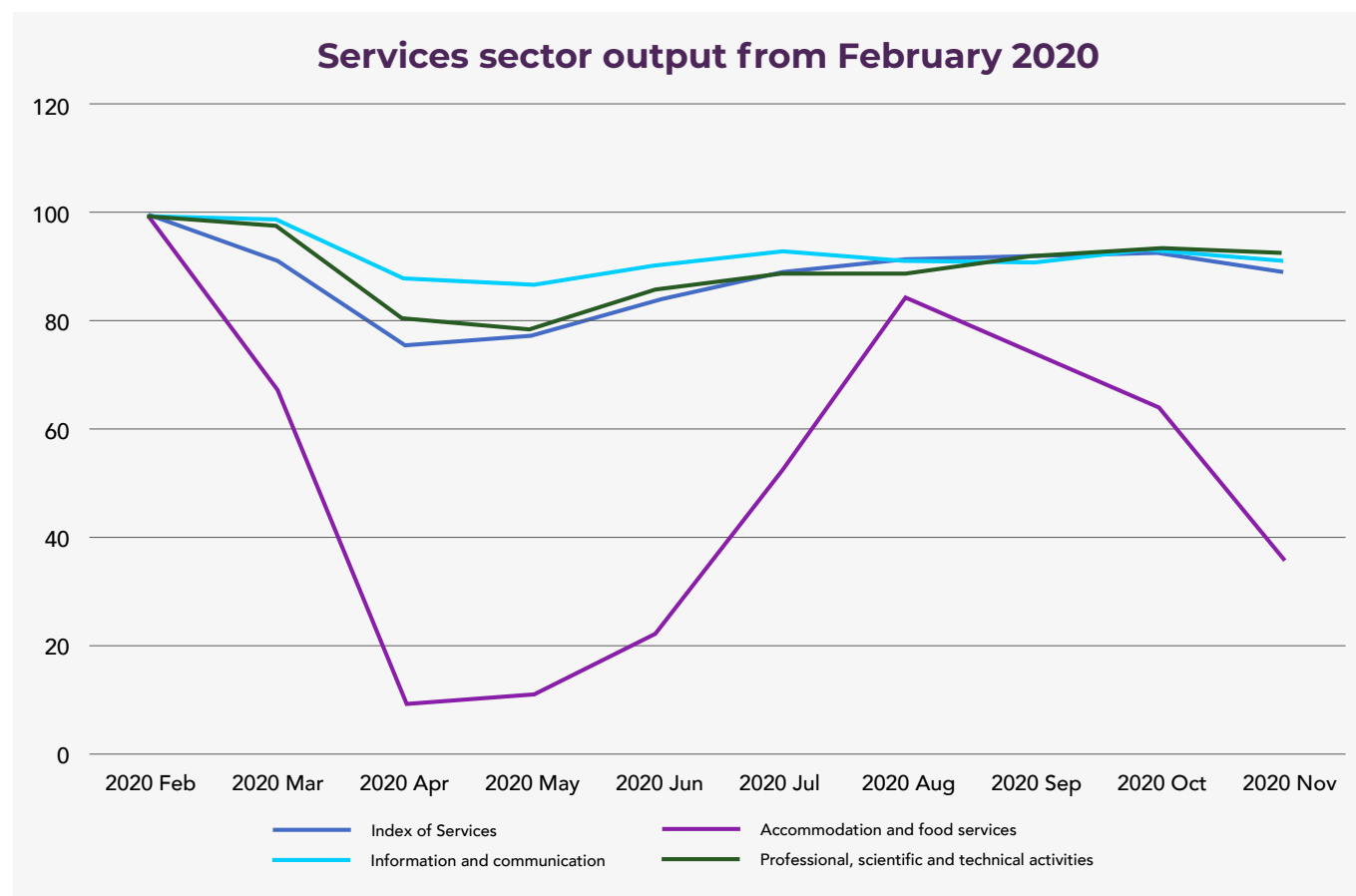


Chart shows the March to November output as a proportion of February 2020 where February output equals 100

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 only 500K SEK of bad debts written off in the year from one client which went into Administration at the beginning of December.

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 December 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 at each reporting date, the impact for 2020 is a loss of -5.6 MSEK (4.7 Gain in 2019) . This is not related to operations.

## BREXIT

The transition period for the UK's departure from the EU ended on 31 December 2020. From 1 January 2021 a trade border exists between the UK and the EU. Negotiations for The EU-UK Trade and Cooperation Agreement were concluded on 24 December 2020.

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, representing just 5% of total revenue. As such, the trade agreement 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.



*Ayima Group currently has established local operations in various territories including the US, Canada and Sweden.*



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

## 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 year end report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. This year end 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.



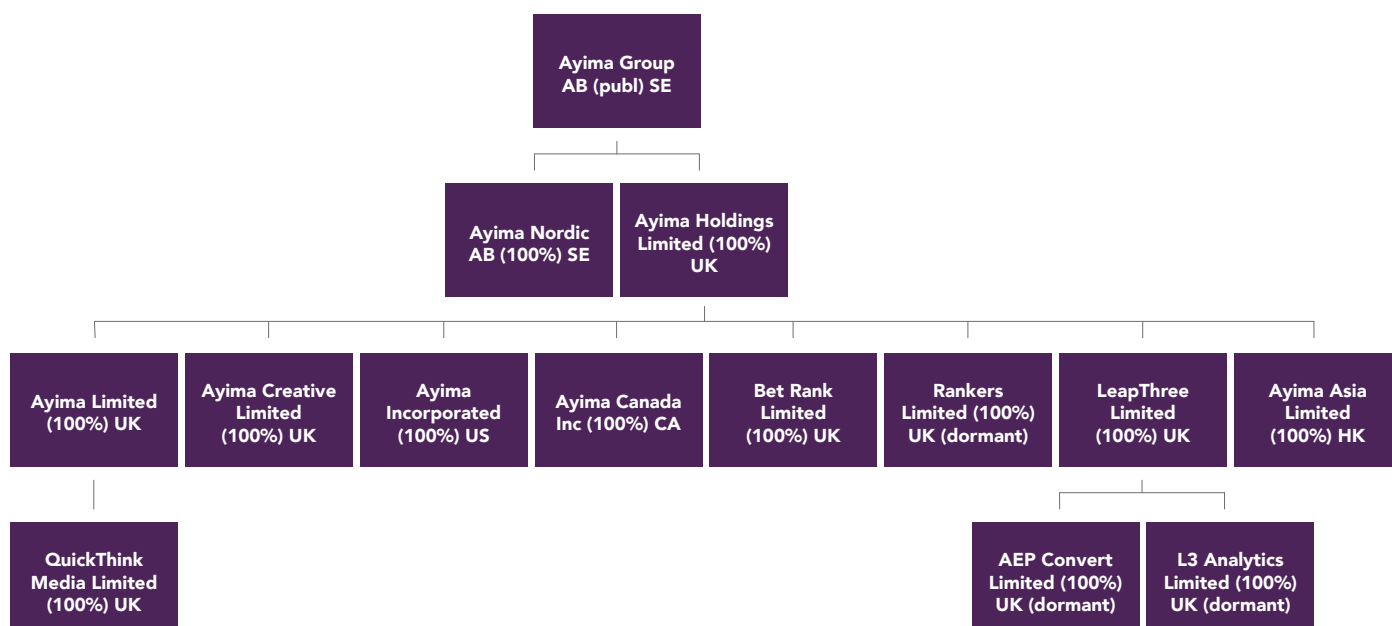


## ABOUT AYIMA

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 REVISED GROUP CHART IS AS FOLLOWS:





## FINANCIAL OBJECTIVES

Ayima's focus going forward is to maintain the efficiencies achieved in 2020 and to build the company's profitability by maintaining the stable cost base. This will allow Ayima to maximise financial performance in the future.

Ayima's existing loan facilities are considered sufficient to ensure access to working capital as required. A number of credit agreements are currently in place and are being paid on a monthly basis.

Ayima's successful return to profitability despite a challenging year clearly demonstrates that demand for services remains high and financial performance has been impacted to a lesser extent than expected at the beginning of the year.

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

At the end of the year, the company had 7 166 872 shares (A 226 800 B 6 833 539). The share capital was 7 166 872 SEK. Earnings per share for the quarter amounted to 1.08 SEK (0.16). Price per share at closing at the end of the year (2020-12-31) was 13 SEK. The number of outstanding options granted to staff was 184 208. Earnings per share after dilution amounted to 1.08 SEK (0.16).

Shareholding at 2020-12-31	No A Shares	No B Shares	Control %	Capital %
New Equity Ventures		754,300	8.0%	10.2%
Timothy Webb	66,667	870,837	16.3%	12.7%
Michael Jacobson	66,666	852,253	16.1%	12.4%
Michael Nott	66,667	784,975	15.4%	11.5%
Michael Feiner	15,000	390,731	5.7%	5.5%
Ayima EBT		333,687	3.5%	4.5%
Peter O'Neill	11,800	292,781	4.4%	4.1%
Gaming Realms PLC		347,487	3.7%	4.7%
Digital Spine AB		16,500	0.2%	0.2%
Employee Shares		10,855	0.1%	0.1%
Other		2,512,466	26.6%	34.0%
<b>Total</b>	<b>226,800</b>	<b>7,166,872</b>	<b>100%</b>	<b>100%</b>

## FURTHER REPORTS

**Annual Report 2019**  
- 2021-03-25

**Annual General Meeting**  
- 2021-05-13

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

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

**Q3 2021 Interim Report**  
- 2021-11-25



## CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY CONSOLIDATED INCOME STATEMENT	JUL - SEP 2020 (restated)	JAN - SEP 2020 (restated)	OCT - DEC 2020	OCT - DEC 2019	JAN - DEC 2020	JAN- DEC 2019
<b>MSEK</b>						
Operating revenue						
Revenue	30.4	92.1	34.9	34.6	127.0	168.5
Other income	0.0	0.0	12.9	14.1	12.9	14.8
<b>TOTAL REVENUE</b>	<b>30.4</b>	<b>92.1</b>	<b>47.9</b>	<b>48.7</b>	<b>139.9</b>	<b>183.4</b>
Direct expenses						
Direct expenses	-11.5	-31.1	-18.4	-14.4	-49.5	-68.5
<b>GROSS PROFIT</b>	<b>19.0</b>	<b>60.9</b>	<b>29.5</b>	<b>34.3</b>	<b>90.4</b>	<b>114.9</b>
Operating expenses						62%
Personnel costs	-14.9	-47.6	-12.4	-20.2	-60.0	-78.7
Other operating expenses	-2.8	-9.9	-3.8	-2.9	-13.7	-18.1
<b>OPERATING EXPENSES</b>	<b>-17.7</b>	<b>-57.4</b>	<b>-16.3</b>	<b>-23.0</b>	<b>-73.7</b>	<b>-96.8</b>
<b>EBITDA</b>	<b>1.3</b>	<b>3.5</b>	<b>13.2</b>	<b>11.2</b>	<b>16.7</b>	<b>18.1</b>
Depreciation & Amortisation and write downs of tangible and intangible fixed assets	-2.0	-6.3	-5.8	-8.2	-12.0	-15.4
Exceptional Items	-0.2	-0.6	0.7	0.4	0.1	-2.6
<b>OPERATING PROFIT</b>	<b>-0.9</b>	<b>-3.4</b>	<b>8.1</b>	<b>3.5</b>	<b>4.7</b>	<b>0.0</b>
FX gains/losses	0.1	0.1	1.2	-2.5	1.3	-2.5
Interest paid/received	-0.6	-2.2	-0.9	-2.1	-3.1	-4.3
Financing Costs	-0.1	-0.4	-0.1	-0.2	-0.4	-1.1
R&D Tax Credit	0.0	0.0	0.6	1.0	0.5	2.3
Deferred tax	0.0	0.0	1.0	0.7	1.0	0.7
<b>PROFIT AFTER TAX</b>	<b>-1.5</b>	<b>-5.9</b>	<b>9.9</b>	<b>0.3</b>	<b>4.0</b>	<b>-4.9</b>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	JUL - SEP 2020 (restated)	JAN - SEP 2020 (restated)	OCT - DEC 2020	OCT - DEC 2019	JAN - DEC 2020	JAN- DEC 2019
<b>PROFIT AFTER TAX</b>	<b>-1.5</b>	<b>-5.9</b>	<b>9.9</b>	<b>0.3</b>	<b>4.0</b>	<b>-4.9</b>
Items that could be reclassified to earnings						
Exchange rate differences*	0.3	-3.6	-2.0	0.8	-5.6	4.7
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-1.2</b>	<b>-9.5</b>	<b>8.0</b>	<b>1.1</b>	<b>-1.5</b>	<b>-0.3</b>
Result for the period attributable to the parent company's shareholders:	-1.2	-9.5	8.0	1.1	-1.5	-0.3
<b>EARNINGS PER SHARE - BEFORE DILUTION (SEK)</b>	<b>-0.17</b>	<b>-1.34</b>	<b>1.08</b>	<b>0.16</b>	<b>-0.20</b>	<b>-0.04</b>
<b>EARNINGS PER SHARE - AFTER DILUTION (SEK)</b>	<b>-0.17</b>	<b>-1.34</b>	<b>1.08</b>	<b>0.16</b>	<b>-0.20</b>	<b>-0.04</b>

\*The fluctuation in the GBP to SEK exchange rate has a material impact on Total Comprehensive Income when converting Balance Sheet equity from GBP to SEK at each reporting period end.

## SUMMARY CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020

	30 SEP 2020	31 DEC 2020	31 DEC 2019
<b>MSEK</b>	<b>(restated)</b>		
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Goodwill	39.6	38.2	42.2
Other Intangible fixed assets	33.1	28.1	35.2
<b>Total intangible fixed assets</b>	<b>72.7</b>	<b>66.3</b>	<b>77.4</b>
<i>Tangible fixed assets</i>			
Property, plant and equipment	1.7	0.5	1.1
<b>Total tangible fixed assets</b>	<b>1.7</b>	<b>0.5</b>	<b>1.1</b>
<i>Financial assets</i>			
Shares in associated companies	0.0	0.0	0.0
Right of Use Assets	12.1	7.9	8.6
Deferred Tax	5.5	6.1	5.8
<b>Total financial assets</b>	<b>17.6</b>	<b>14.0</b>	<b>14.5</b>
<b>Total fixed assets</b>	<b>92.1</b>	<b>80.9</b>	<b>93.0</b>
<b>Current assets</b>			
Accounts receivable	16.1	17.6	23.1
Other receivables	3.8	4.0	7.4
Prepayments and accrued income	3.6	2.0	2.3
<b>Total other current assets</b>	<b>23.5</b>	<b>23.6</b>	<b>32.8</b>
<i>Cash and bank balances</i>	8.2	7.6	5.5
<b>Total current assets</b>	<b>31.7</b>	<b>31.2</b>	<b>38.4</b>
<b>TOTAL ASSETS</b>	<b>123.7</b>	<b>112.1</b>	<b>131.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	-7.1	-7.4	-7.1
Other contributed equity	-42.8	-44.1	-47.2
Other equity incl. profit for the year	5.1	-2.9	0.7
<b>Total equity</b>	<b>-44.7</b>	<b>-54.3</b>	<b>-53.6</b>
<i>Long-term liabilities</i>			
Other Provisions	-1.9	-1.4	-1.8
Lease Liabilities	-11.5	-6.3	-2.9
Other liabilities	-24.4	-9.6	-16.9
<b>Total long-term liabilities</b>	<b>-37.8</b>	<b>-17.4</b>	<b>-21.6</b>
<i>Current liabilities</i>			
Accounts payable	-14.3	-11.5	-24.1
Invoice Discounting Loan	-1.9	-2.9	-7.0
Current tax liabilities	0.0	0.0	0.0
Current Lease Liabilities	-1.3	-2.3	-4.8
Other current liabilities	-19.4	-16.3	-12.2
Accrued expenses and prepaid income	-4.3	-7.4	-8.1
<b>Total current liabilities</b>	<b>-41.2</b>	<b>-40.4</b>	<b>-56.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-123.7</b>	<b>-112.1</b>	<b>-131.3</b>



## CONSOLIDATED CASH FLOW STATEMENT (SUMMARY)

	JAN - SEP 2020	JAN - DEC 2020	JAN- DEC 2019
	(restated)		
<b>The ongoing business</b>			
Operating profit	-3.4	4.7	0.0
Adjusted revenue			
<i>Adjustments for items not included in cash flow</i>			
Depreciation and write-downs	6.3	12.0	9.6
Exchange losses	0.0	0.0	0.0
Other non-cash items	2.1	-11.2	-8.6
	<b>5.0</b>	<b>5.5</b>	<b>1.0</b>
Financial items	-0.5	-0.7	-2.8
Paid income tax	3.0	2.4	2.2
<b>Cash flow from operating activities before changes in working capital</b>	<b>7.5</b>	<b>7.2</b>	<b>0.4</b>
<i>Changes in working capital</i>			
Change in receivables	6.7	4.6	4.2
Change in current liabilities	-4.5	-1.2	6.1
<b>Cash flow from current operations</b>	<b>9.7</b>	<b>10.6</b>	<b>10.7</b>
<i>Investing activities</i>			
Acquisition of intangible fixed assets	-1.9	-2.2	-4.9
Acquisition of tangible fixed assets	0.0	2.3	-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>0.2</b>	<b>-5.2</b>
<i>Financing activities</i>			
Rights issue	0.0	0.0	11.5
Issuing Costs	0.0	-0.1	-2.0
Borrowings	0.0	6.7	6.0
Repayments including Lease payments	-5.1	-14.8	-19.7
<b>Cash flow from financing activities</b>	<b>-5.1</b>	<b>-8.1</b>	<b>-4.2</b>
<b>Cash flow for the period</b>	<b>2.6</b>	<b>2.7</b>	<b>1.3</b>
<i>Cash and cash equivalents at the beginning of the period</i>	5.5	5.5	3.9
<i>Exchange rate differences at the end of the period</i>	0.0	-0.6	0.4
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>8.2</b>	<b>7.6</b>	<b>5.5</b>

## SUMMARY STATEMENT OF CHANGES IN EQUITY

	30 SEP 2019	31 DEC 2020	31 DEC 2019
	(restated)		
<b>MSEK</b>			
<b>Opening Balance</b>	<b>53.6</b>	<b>53.6</b>	<b>40.5</b>
Issue of shares	0.6	2.3	12.0
Reverse acquisition	0.0	0.0	0.0
Other	0.0	0.0	1.3
Total Comprehensive Income	-9.5	-1.5	-0.3
<b>Closing Balance</b>	<b>44.7</b>	<b>54.3</b>	<b>53.6</b>

# PARENT COMPANY FINANCIAL STATEMENTS

## PARENT COMPANY INCOME STATEMENT

	OCT - DEC 2020	OCT - DEC 2019	JAN - DEC 2020	JAN - DEC 2019
<b>MSEK</b>				
<i>Operating income</i>				
Revenue	0.0	0.0	0.0	0.0
Other operating income	1.6	0.7	2.1	1.1
<b>TOTAL INCOME</b>	<b>1.6</b>	<b>0.7</b>	<b>2.1</b>	<b>1.1</b>
<i>Operating expenses</i>				
Other operating expenses	0.1	-1.0	-0.7	-1.7
<b>TOTAL OPERATING EXPENSES</b>	<b>0.1</b>	<b>-1.0</b>	<b>-0.7</b>	<b>-1.7</b>
<b>EBITDA*</b>	<b>1.6</b>	<b>-0.3</b>	<b>1.4</b>	<b>-0.6</b>
Financial items	1.4	-2.7	0.0	-3.8
Result from participation in group companies	9.6	12.8	9.6	12.8
<b>PROFIT BEFORE TAX</b>	<b>12.6</b>	<b>9.8</b>	<b>11.0</b>	<b>8.4</b>
Current tax	0.0	0.0	0.0	0.0
<b>PROFIT AFTER TAX</b>	<b>12.6</b>	<b>9.8</b>	<b>11.0</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
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>12.6</b>	<b>9.8</b>	<b>11.0</b>	<b>8.4</b>
<i>Total profit for the period attributable to the parent company's shareholders:</i>				
Parent Company shareholders	12.6	9.8	11.0	8.4
<b>EARNINGS PER SHARE - BEFORE DILUTION (SEK)</b>	<b>1.7</b>	<b>1.4</b>	<b>1.5</b>	<b>1.2</b>
<b>EARNINGS PER SHARE - AFTER DILUTION (SEK)</b>	<b>1.7</b>	<b>1.4</b>	<b>1.5</b>	<b>1.2</b>





## PARENT COMPANY BALANCE SHEET (SUMMARY) AT 31 DECEMBER 2020

	31 DEC 2020	31 DEC 2019
<b>MSEK</b>		
<b>ASSETS</b>		
<i>Fixed assets</i>		
<i>Financial assets</i>		
Shares in subsidiaries	7.4	7.1
<b>Total financial assets</b>	<b>7.4</b>	<b>7.1</b>
<b>Total fixed assets</b>	<b>7.4</b>	<b>7.1</b>
<i>Current assets</i>		
Receivables	67.5	70.4
<b>Total other current assets</b>	<b>67.5</b>	<b>70.4</b>
<i>Cash and bank balances</i>		
	0.6	0.2
<b>Total current assets</b>	<b>68.0</b>	<b>70.6</b>
<b>TOTAL ASSETS</b>	<b>75.4</b>	<b>77.7</b>
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital A shares	-0.2	-0.2
Share capital B shares	-7.2	-6.8
Share premium	-46.5	-41.7
Share issue costs	0.0	0.0
Other equity incl. profit for the year	-13.6	-5.4
<b>Total equity</b>	<b>-67.5</b>	<b>-54.2</b>
<i>Long-term liabilities</i>		
Other liabilities	-4.5	-15.5
<b>Total long-term liabilities</b>	<b>-4.5</b>	<b>-15.5</b>
<i>Current liabilities</i>		
Other liabilities	-3.4	-8.0
<b>Total current liabilities</b>	<b>-3.4</b>	<b>-8.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-75.4</b>	<b>-77.7</b>



## PARENT COMPANY CASH FLOW ANALYSIS (SUMMARY)

	JAN - DEC 2020	JAN - DEC 2019
<b>The ongoing business</b>		
Operating profit	1.4	-0.6
Adjusted revenue		
Financial items	-0.1	-1.3
<b>Cash flow from operating activities before changes in working capital</b>	<b>1.3</b>	<b>-1.9</b>
Changes in working capital		
Change in receivables	2.7	-6.5
Change in current liabilities	-0.3	0.1
<b>Cash flow from current operations</b>	<b>3.7</b>	<b>-8.2</b>
<i>Investing activities</i>		
Acquisition of financial fixed assets	0.0	0.0
Sales of financial fixed assets	0.0	0.0
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>0.0</b>
<i>Financing activities</i>		
Rights issue	0.0	11.6
Issuing Costs	-0.1	-2.0
Borrowings	-3.3	-1.5
<b>Cash flow from financing activities</b>	<b>-3.3</b>	<b>8.0</b>
<b>Cash flow for the period</b>	<b>0.4</b>	<b>-0.2</b>
<i>Cash and cash equivalents at the beginning of the year</i>	0.2	0.4
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>0.6</b>	<b>0.2</b>

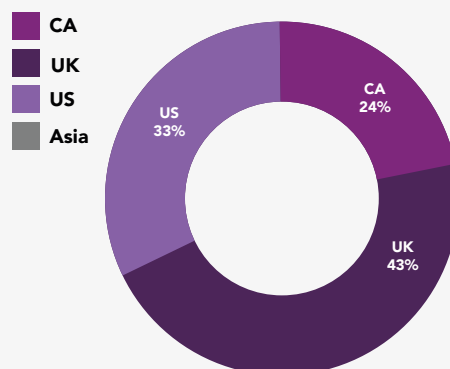


## INCOME BY MARKET AND SERVICE

For the year 2020 a total of 71.8 MSEK (57.7) or 57% (31%) of the revenue for the group originated from the US and Canada.

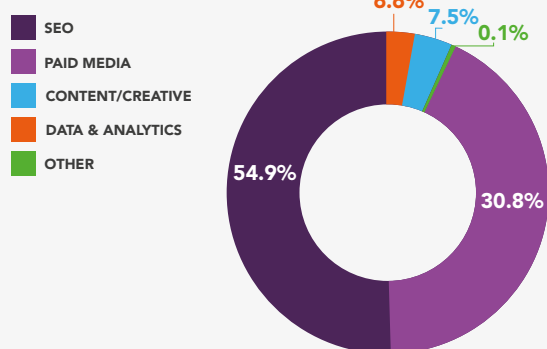
In the UK, total income for the year amounted to 55 MSEK (111.3) a decrease of 51% year on year. A large part of this reduction is due to a strategic shift to higher margin services and is in line with expectations. However the UK market has also been slower to recover from Covid and Brexit related setbacks. As marketing budgets increased towards the end of the year, a number of new clients have engaged Ayima for project based work at the end of the year with a view to longer term retainers to begin during the year.

### REVENUE BY OPERATION YTD



REVENUE BY MARKET, MSEK	Jul - Sep 2020 (Restated)	Jan - Sep 2020 (Restated)	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019
REVENUE						
GB	13.1	41.1	13.9	21.1	55.0	111.3
US & CA	17.3	50.8	21.0	13.2	71.8	57.7
ASIA	0.0	0.2	0.0	0.3	0.2	0.3
SE	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING REVENUE</b>	<b>30.4</b>	<b>92.1</b>	<b>34.9</b>	<b>34.6</b>	<b>127.0</b>	<b>169.3</b>

### REVENUE BY SERVICE YTD



A total of 69.8 MSEK (87.3) or 54.9% (48%) of operating revenue for the year was generated by SEO, demand for this service remains high.

Paid Media services accounted for 39.1 MSK (63.7). This reduction in proportion of income is in line with expectations.

Content/Creative 9.5 MSEK and Data & Analytics 8.4 MSEK remain relatively stable in terms of their respective proportion of income in 2020. .

REVENUE BY SERVICE, MSEK	Jul - Sep 2020 (Restated)	Jan - Sep 2020 (Restated)	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019
REVENUE						
SEO	16.2	54.2	15.5	19.1	69.8	87.3
PAID MEDIA	9.5	25.3	13.9	11.5	39.1	63.7
CONTENT/CREATIVE	2.6	5.5	4.0	1.7	9.5	6.8
DATA & ANALYTICS	2.0	6.9	1.6	2.3	8.4	10.7
OTHER	0.0	0.2	0.0	0.1	0.2	0.8
<b>TOTAL OPERATING REVENUE</b>	<b>30.4</b>	<b>92.1</b>	<b>34.9</b>	<b>34.6</b>	<b>127.0</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 2020-12-31 there are 184 208 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 year end 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:

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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 February 25 2021 (2021-02-25).

## 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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