

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

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January - March 2019



# Highlights

## YTD: Jan - Mar 2019

- Total Revenue amounted to 36.4 MSEK (41.0) a decrease of 11.3% from the corresponding period in 2018.
- Gross Profit amounted to 26.2 MSEK (22.1) an **increase** of 18.1% from the same period in 2018.
- A **positive** EBITDA result of 0.6 MSEK, the same result as in the corresponding period in 2018
- Total Comprehensive Income (after tax and exceptional items) amounted to -1.8 MSEK (2.3). Extraordinary charges relate to restructuring and other one-off adjustments required under IFRS.
- Balance Sheet assets amounted to 163.7 MSEK (61.7) an increase of 165%.
- Earnings per share was -0.3 SEK (0.44) in the period. Earnings per share after dilution amounted to -0.3 SEK (0.44).
- Restructuring carried out, resulting in 10MSEK annual savings from Q2.

## Key Events in the Quarter:

- 25 new client contracts, totalling approximately 16.9 MSEK annually signed in Q1. A further 7 new contracts signed to date in Q2 worth 7.9 MSEK.
- Rights Issue announced for Q2, subsequently completed on 15 April.
- New Asian market subsidiary, opened in Hong Kong.
- AGM announced. To be held on 18 June 2019 in Stockholm.



# A MESSAGE FROM THE CEO

## Dear Shareholders and Investors

The first Quarter of 2019 has brought mixed blessings for the company. Although we suffered a fall in topline revenue when compared to the corresponding period in the previous year, we also achieved a **significant increase** in Gross Profit (18.1%) and a positive EBITDA.

During the period, the company carried out some restructuring in order to increase efficiency and make cost savings. Of particular concern has been increasing personnel costs, which has now been addressed, resulting in savings of approximately 10M\$ annually. The cost savings will kick in from the Q2 and the company expects that this restructuring will enable a positive EBIT and cashflow to be achieved in Q2 and for the foreseeable future. Assuming the cost savings had been applied in Q1, the EBITDA for the period would have been approximately 3.2M\$.

A particular bright spot has been the success of new business efforts, with more than 30 new client contracts (entirely new clients and project expansions), worth approximately 25M\$ in annual recurring revenue, being won so far this year. It is important to note that Ayima's clients typically have a 5-6 year retention period, so the economic benefits of these wins should not be understated.

The major area of concern we are currently confronting is the performance of the Paid Media division, where client spending is more volatile and can be affected by macroeconomic events such as BREXIT and regulatory concerns in the Online Gaming market. New business development has also been difficult for this division and the company will now focus its efforts on growing the client base and improving the performance of the division in order to reduce volatility and risk.

The Organic Search (SEO) division has gone from strength to strength - growing strongly both in terms of overall size as well as efficiency and margin. The new Data and Analytics division is also performing well and is precisely to expectations.

There was another significant event after the end of the period. We completed a Rights Issue, which will result in the addition of approximately 10.2M\$ (after all costs) in additional working capital, which will allow the company to comfortably continue its growth trajectory while cashflows improve.

Overall, despite a mixed result this quarter, the outlook remains extremely positive for Q2 and beyond and we expect to be able to deliver a great result for our shareholders in the coming year.

Yours Sincerely

**Mike Jacobson**  
CEO



**//**  
*The outlook remains extremely positive for Q2 and beyond and we expect to be able to deliver a great result for our shareholders in the coming year.*

# OPERATIONS

## REVENUE BY QUARTER AND YTD MSEK

	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
REVENUE	36.4	41.0	183.0
GROSS PROFIT	26.2	22.1	97.6

Q1 2019 shows a slight drop in revenue from the same period in 2018, this is mainly due to the continuing volatility in paid media and should not be interpreted as a slow down in underlying company growth. Gross Profit increased by 18% year on year.

Extraordinary costs in Q1 included provisions for staff costs associated with the EMI scheme, additional audit and accounting fees associated with the acquisition of LeapThree and restructuring costs incurred as a result of the board's plan to ensure a return to profitability in 2019. These are exceptional items and not part of normal operations.

## FINANCIAL POSITION AND LIQUIDITY

Liquid assets at the end of the period amounted to 57.0 MSEK (23.1). Cash and cash equivalents amounted to MSEK 3.0 (2.3 and accounts receivable 54.0 MSEK (20.8). 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 37.8 MSEK, including issued share capital 6.0 MSEK. Equity ratio was 39 (79) percent. 26.0 MSEK of the liabilities relates to a provision has been included for the potential total earn-out payments due to the sellers of LeapThree Limited in accordance with the Share Purchase Agreement. This liability will be wound down throughout the earn out period up to September 2021.

## CASH FLOW

Cash flow from operating activities before changes in working capital amounted to -1.2 MSEK. The change in working capital was 2.3 MSEK. Investments in tangible and

intangible fixed assets amounted to -2.7 MSEK during the period. Cash flow from financing activities amounted to 0.7 MSEK. Net cash decreased by 0.9 MSEK in the period.

## 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). 213,503 shares were owned by the EBT at 2019-03-31.

Additionally, during Q2 300,000 warrants were issued as part of a new staff incentive program. The 300,000 warrants will vest at a rate of 25% per year for 4 years from May 2019, when they can be converted to ordinary shares. A provision for these shares has been made in Equity and the accrued cost of these share based payments from 2018-05-01 to the end of Q1 has been recognised in the Consolidated Income Statement.

## SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

The restructuring plan which was communicated in the year end report was implemented successfully during the first quarter of 2019, the Company restructured certain parts of the business. This is expected to result in cost savings corresponding to approximately 9–10 MSEK annually. There were some exceptional charges related to the restructure in Q1-19, but Ayima expects that the net positive financial impact for the rest of the year will be approximately 7 MSEK. If the said cost savings had been applied in 2018, the Company would have achieved a positive EBITDA of around SEK 7.8 million or 4.2% margin.

A Rights Issue was announced on 2019-03-29 and confirmed at the Extraordinary General Meeting held on 2019-04-16 by unanimous resolution. The final outcome of the rights issue of Units totaling approximately SEK 13.6 million, where



the subscription period expired on May 15, 2019 shows that 195,161 units was subscribed with support of preferential rights. In addition, 532,105 units were subscribed without support of preferential rights. In total, 727,266 Units, corresponding to 75% of the total rights issue, were subscribed. This means that underwriting guarantees of SEK 1.36 million is required, corresponding to 10% of the total rights issue. Through the rights issue, Ayima will receive approximately SEK 10.2 million before deduction of cost for the Rights Issue. The rights issue means that the share capital increases by SEK 727,266 through the issue of 727,266 new Series B shares. In total, 727,266 warrants will be issued. After registration of the issue with the Swedish Companies Registration Office, the share capital of Ayima will amount to 6,773,728 SEK divided into 6,773,728 shares, each with a quota value of 1,00 SEK. Upon full exercise of all warrants 2019 (TO1) that are issued, the Company's share capital will increase by an additional maximum of SEK 363,633 by issuing a maximum of 363,633 Series B shares. Upon full exercise of the warrants, the Company's share capital will amount to SEK 7,137,361, divided into 7,137,361 shares, each with a quota value of SEK 1,00. New B-shares subscribed for by virtue of subscription rights are expected to be registered with the Swedish Companies Registration Office by the end of week 23, 2019. The new B-shares subscribed for by virtue of subscription rights are expected to be admitted to trading on Nasdaq Stockholm during week 25, 2019.

## MARKET TRENDS

In the last four years since Ayima Canada was born we've been part of the rise of what is now one of Canada's biggest tech hubs, with neighbours like Hootsuite, Facebook, Microsoft, Amazon, Slack, EA and, most recently, Apple. And with the growth of the city, we've also grown into a full-service agency adding Analytics, CRO and PPC to our service offering alongside SEO

Images are showing up more often and higher in the Google SERPs than ever before, according to a study by the team at seoClarity. After analysing data from this past February through

April, they found that images appeared in the top 10 search results with a 34 percent occurrence—an increase of 10 percent overall.

Perhaps even more interesting, these same images are showing up in the top 3 positions almost 50 percent of the time. This is a significant change to the SERPs, and it's one that remains open to interpretation as of this writing because Google hasn't given an official response just yet. If nothing else, take this as a sign that you need to make sure your site's images are optimised.

Instagram announced at the end of April that they're opening the "shoppable" post floodgates to influencers. Previously, only brand accounts were able to publish shoppable posts that allowed users to purchase items directly on the social media platform.

Starting in early May, there is a long list of influencers who will be able to do the same. They include members of the Kardashian-Jenner clan and several notable fashion-leaning publishers, and Instagram sees this move as a "yet another important step in our shopping journey." Of course, the businesses selling the products in the influencers' posts must be part of the platform's checkout beta for the process to work.

As part of the first quarter 2019 earnings call, Facebook revealed that advertising revenue and usage is steadily growing on a year-to-year basis. Compared to Q1 2018 figures, the company saw ad revenues increase by 26 percent to \$14.9 million. A whopping \$13.9 million (or 93 percent) of that total came from mobile ads alone, which also saw a 30 percent increase year-over-year.

These impressive earnings come at a time when Facebook has announced plans to become more privacy-focused after facing issues related to security and privacy. While advertisers will, of course, have to adapt to these changes and how they impact targeting and audience building, CEO Mark Zuckerberg doesn't believe this shift toward privacy will hurt Facebook's ad revenue. "It will strengthen people's privacy without meaningfully affecting our business," he said.



## 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.

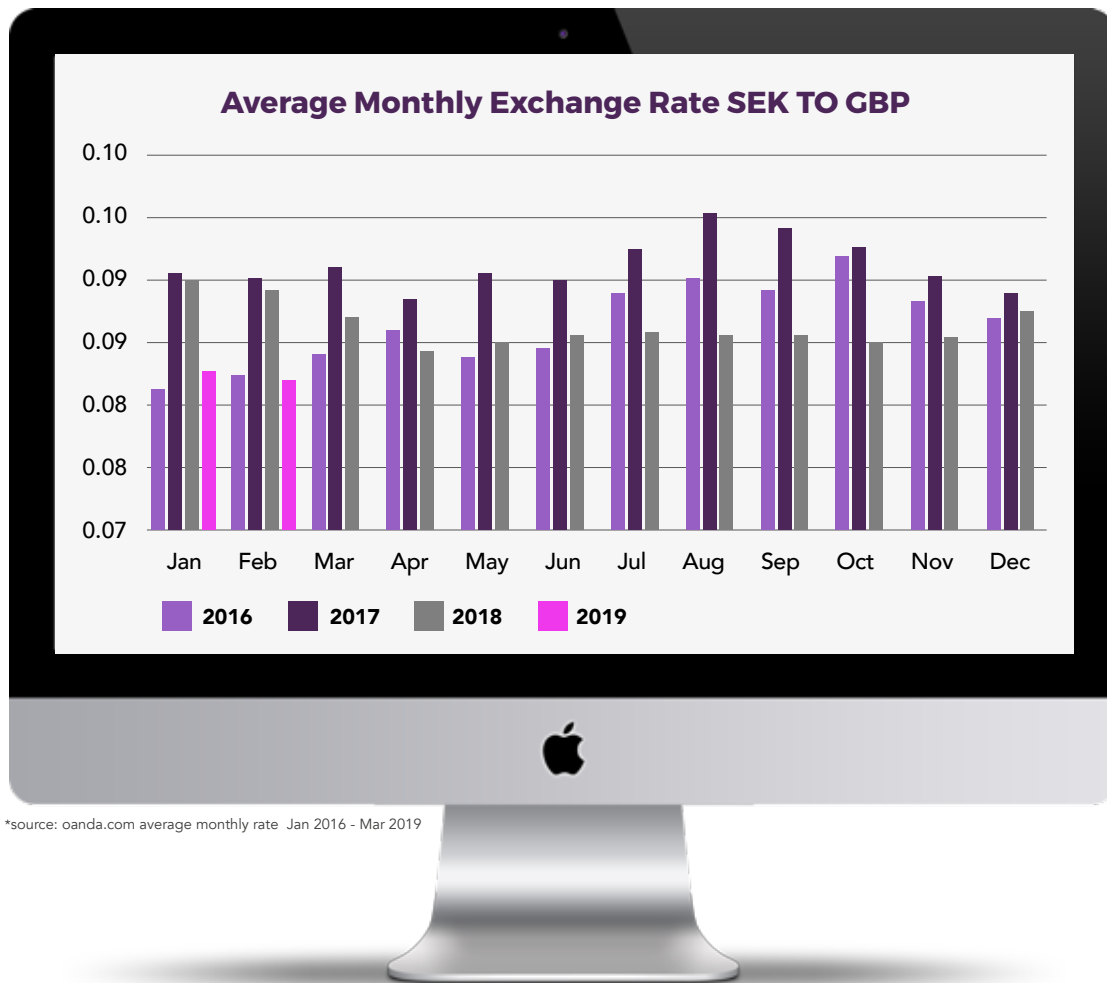
Ayima is considered to have a good spread of risks across companies and sectors. Brexit continues to pose a risk to Ayima, as it does to any company operating in Britain. The company has definitely felt some Brexit-related uncertainty from its clients in terms of general business confidence, and will 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 graduate recruitment programs and staff training initiatives, Ayima has rolled out the employee share scheme. All of these initiatives will 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



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

reduced marketing spend from Gambling Companies in the UK. Gaming clients currently account for approximately 25% of total revenue. Ayima continues to diversify its client portfolio to mitigate concentration risks.

Currency variance risks related to fluctuations in the exchange rate can have an impact on Ayima when reporting in SEK. Day to day operations are not significantly impacted as revenue and costs are mainly in the same currency in each market. The chart below shows the fluctuation in exchange rates from GBP to SEK from January 2016 to March 2019, demonstrating the continued instability in exchange rates since the Brexit vote. Credit risk is limited since Ayima only accepts creditworthy counterparties.



## RELATED PARTY TRANSACTIONS

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

The loan with the Ayima Employee Benefit Trust 2011, to the value of 2.5 MSEK remains outstanding. This is considered to be a related party transaction because Michael Nott and Timothy Webb act as trustees of the Ayima EBT, as well as board members of Ayima Group AB.

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



## ACCOUNTING PRINCIPLES

Ayima Group AB (publ) prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. This 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.

### IFRS 16 Leases

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

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is

permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Group has completed a detailed assessment to quantify the impact on its reported assets and liabilities of adoption of IFRS 16. The Group will transition to IFRS 16 using the modified retrospective application approach with no restatement of prior year comparatives. On 1 January 2019 the Group recognised new right-of-use assets of SEK 14.4m and lease liabilities of SEK 14.4m for its operating leases in respect of office premises. The nature of expenses related to those leases will also change as the straight-line operative lease expense will be replaced with a depreciation charge for right-of-use assets and interest expense on lease liabilities, in the first year of adoption these are expected to be approximately SEK 6m and SEK 0,9m respectively.

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

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



## ABOUT AYIMA

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



## FINANCIAL OBJECTIVES

The restructuring plan was implemented successfully in Q1 2019, the associated cost savings, together with the positive trend in EBITDA should lead to a positive result in 2019. Ayima will continue to closely monitor net margin to ensure that the current trend continues.

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

At the end of the period, the company had 6 046 462 shares (A 226 800 B 5 819 662). The share capital was 6 046 462 SEK. Earnings per share for the quarter amounted to -0.3 SEK (0.4). Price per share at closing at the end of the period (2019-03-29) was 14.6 SEK. The number of options granted to staff was 272,547. Earnings per share after dilution amounted to -0.3 SEK (0.4). The impact of the recent Rights Issue will be incorporated in the next interim report to be released on 2018-08-22. Further information on the rights issue is available on Ayima's website [www.ayima.com/investors](http://www.ayima.com/investors).

Shareholding at 2019-03-29	No A Shares	No B Shares	Control %	Capital %
New Equity Ventures		1,240,962	15.5%	20.7%
Michael Jacobson	66,666	821,157	18.6%	15.0%
Michael Nott	66,667	760,837	18.4%	14.7%
Timothy Webb	66,667	870,837	19.0%	15.5%
Michael Feiner	15,000	390,731	6.7%	6.7%
Peter O'Neill	11,800	301,441	5.2%	5.2%
Gaming Realms PLC		347,487	4.3%	5.7%
Digital Spine AB		16,500	0.2%	0.3%
Ayima EBT		213,502	2.6%	3.5%
Other		856,208	9.5%	12.7%
<b>Total</b>	<b>226,800</b>	<b>5,819,662</b>	<b>100%</b>	<b>100%</b>

## FURTHER REPORTS

### Q1 2019 Interim Report

- 2019-05-24

### Q2 2019 Interim Report

- 2019-08-22

### Q3 2019 Interim Report

- 2019-11-21



## CONSOLIDATED FINANCIAL STATEMENTS

### SUMMARY CONSOLIDATED INCOME STATEMENT

	JAN - MAR 2019	JAN - MAR 2018	JAN- DEC 2018
<b>MSEK</b>			
<i>Operating income</i>			
Sales	36.4	41.0	183.0
<b>TOTAL INCOME</b>	<b>36.4</b>	<b>41.0</b>	<b>183.0</b>
<i>Direct expenses</i>			
Direct expenses	-10.2	-18.9	-85.4
<b>GROSS PROFIT</b>	<b>26.2</b>	<b>22.1</b>	<b>97.6</b>
<i>Operating expenses</i>			
Personnel costs	-20.2	-16.0	-72.4
Other operating expenses	-5.4	-5.5	-27.8
<b>OPERATING EXPENSES</b>	<b>-25.6</b>	<b>-21.6</b>	<b>-100.2</b>
<b>EBITDA*</b>	<b>0.6</b>	<b>0.6</b>	<b>-2.5</b>
Depreciation & Amortisation	-2.6	-0.5	-2.5
Exceptional Items	-2.1	-0.1	-2.6
<b>OPERATING PROFIT</b>	<b>-4.1</b>	<b>0.0</b>	<b>-7.7</b>
FX gains/losses	0.0	0.0	-0.5
Interest paid/received	-0.6	-0.2	-2.2
Financing Costs	-0.3	0.0	0.0
R&D Tax Credit	-0.4	0.4	2.3
Deferred tax	0.0	0.0	0.9
Minority share of profit for the period	0.0	0.0	0.0
<b>PROFIT AFTER TAX</b>	<b>-5.4</b>	<b>0.2</b>	<b>-7.1</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that could be reclassified to earnings</i>			
Exchange rate differences	3.6	2.1	0.4
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-1.8</b>	<b>2.3</b>	<b>-6.8</b>
<i>Total profit for the period attributable to the parent company's shareholders:</i>	-1.8	2.3	-6.8
<b>EARNINGS PER SHARE - BEFORE DILUTION (SEK)</b>	<b>-0.30</b>	<b>0.44</b>	<b>-1.12</b>
<b>EARNINGS PER SHARE - AFTER DILUTION (SEK)</b>	<b>-0.30</b>	<b>0.44</b>	<b>-1.12</b>

## SUMMARY CONSOLIDATED BALANCE SHEET AT 31 MARCH 2019

	31 MAR 2019	31 MAR 2018	31 DEC 2018
<b>MSEK</b>			
<b>ASSETS</b>			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Goodwill	37.2	1.2	38.7
Other Intangible fixed assets	33.1	15.3	29.9
<b>Total intangible fixed assets</b>	<b>70.3</b>	<b>16.5</b>	<b>68.6</b>
<i>Tangible fixed assets</i>			
Property, plant and equipment	3.1	3.0	3.1
<b>Total tangible fixed assets</b>	<b>3.1</b>	<b>3.0</b>	<b>3.1</b>
<i>Financial assets</i>			
Shares in associated companies	3.0	2.9	2.8
Right of Use Assets	12.8	0.0	0.0
Deferred Tax	4.3	4.1	4.9
<b>Total financial assets</b>	<b>20.2</b>	<b>7.0</b>	<b>7.7</b>
<b>Total fixed assets</b>	<b>93.5</b>	<b>26.5</b>	<b>79.4</b>
<i>Current assets</i>			
Accounts receivable	54.0	20.8	25.2
Other receivables	9.7	8.4	10.1
Prepayments and accrued income	3.5	3.6	1.7
<b>Total other current assets</b>	<b>67.2</b>	<b>32.8</b>	<b>36.9</b>
<i>Cash and bank balances</i>	3.0	2.3	3.9
<b>Total current assets</b>	<b>70.2</b>	<b>35.1</b>	<b>40.8</b>
<b>TOTAL ASSETS</b>	<b>163.7</b>	<b>61.7</b>	<b>120.2</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital	-6.0	-5.2	-6.0
Other contributed equity	-34.0	-21.8	-42.1
Other equity incl. profit for the year	2.2	-0.1	7.6
<b>Total equity</b>	<b>-37.8</b>	<b>-27.2</b>	<b>-40.5</b>
<i>Minority interest</i>			
	0.0	0.0	0.0
<i>Long-term liabilities</i>			
Other Provisions	-2.4	0.0	-1.8
Lease Liabilities	-12.9	0.0	0.0
Other liabilities	-26.7	-0.6	-27.5
<b>Total long-term liabilities</b>	<b>-41.9</b>	<b>-0.6</b>	<b>-29.3</b>
<i>Current liabilities</i>			
Accounts payable	-49.7	-10.4	-16.5
Invoice Discounting Loan	-8.6	-3.5	-10.7
Current tax liabilities	0.0	0.0	0.0
Other current liabilities	-18.6	-16.6	-17.5
Accrued expenses and prepaid income	-7.1	-3.4	-5.8
<b>Total current liabilities</b>	<b>-84.0</b>	<b>-33.9</b>	<b>-50.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-163.7</b>	<b>-61.7</b>	<b>-120.2</b>

## CONSOLIDATED CASH FLOW STATEMENT (SUMMARY)

	JAN - MAR 2019	JAN - MAR 2018	JAN - DEC 2018
<b>The ongoing business</b>			
Operating profit	-4.1	0.0	-7.7
Adjusted revenue			
<i>Adjustments for items not included in cash flow</i>			
Depreciation and write-downs	2.6	0.5	2.5
Exchange losses	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0
Other non-cash items	0.8	0.0	1.5
	<b>-0.7</b>	<b>0.5</b>	<b>-3.7</b>
Financial items	-0.9	-0.2	-0.7
Paid income tax	0.5	1.8	1.0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-1.2</b>	<b>2.2</b>	<b>-3.3</b>
<i>Changes in working capital</i>			
Change in receivables	-30.1	-9.2	-9.4
Change in current liabilities	32.5	3.7	5.6
<b>Cash flow from current operations</b>	<b>1.2</b>	<b>-3.3</b>	<b>-7.1</b>
<i>Investing activities</i>			
Acquisition of intangible fixed assets	-2.6	-1.6	-5.9
Acquisition of tangible fixed assets	-0.3	-0.5	-1.3
Recognition of Lease Assets and Liabilities	0.2	0.0	0.0
Acquisition of financial fixed assets	0.0	-0.2	1.5
Sales of financial fixed assets	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-2.7</b>	<b>-2.2</b>	<b>-5.8</b>
<i>Financing activities</i>			
Rights issue	0.0	0.0	0.0
Issuing Costs	0.0	0.0	0.0
Borrowings	2.2	6.9	18.5
Lease Asset Amortisation	-1.5	0.0	0.0
Transaction with minority shareholders	0.0	0.0	-2.6
<b>Cash flow from financing activities</b>	<b>0.7</b>	<b>6.9</b>	<b>15.9</b>
<b>Cash flow for the period</b>	<b>-0.9</b>	<b>1.4</b>	<b>3.0</b>
<i>Cash and cash equivalents at the beginning of the period</i>	3.9	0.9	0.9
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>3.0</b>	<b>2.3</b>	<b>3.9</b>

## SUMMARY STATEMENT OF CHANGES IN EQUITY

	31 MAR 2019	31 DEC 2018
<b>MSEK</b>		
<b>Opening Balance</b>	<b>40.5</b>	<b>24.9</b>
Issue of shares	0.0	20.5
Reverse acquisition	0.0	0.0
Other	0.8	1.5
Total Comprehensive Income	-3.5	-6.4
<b>Closing Balance</b>	<b>37.8</b>	<b>40.5</b>

# PARENT COMPANY FINANCIAL STATEMENTS

	JAN - MAR 2019	JAN - MAR 2018	JAN - DEC 2018
<b>PARENT COMPANY INCOME STATEMENT</b>			
<b>MSEK</b>			
<i>Operating income</i>			
Revenue	0.0	0.0	0
Other operating income	0.0	0.0	2.6
<b>TOTAL INCOME</b>	<b>0.0</b>	<b>0.0</b>	<b>2.6</b>
<i>Operating expenses</i>			
Other operating expenses	-0.2	-0.3	-1.7
<b>TOTAL OPERATING EXPENSES</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-1.7</b>
<b>EBITDA*</b>	<b>-0.2</b>	<b>-0.3</b>	<b>0.9</b>
Financial items	-0.3	-0.2	-5.9
<b>PROFIT BEFORE TAX</b>	<b>-0.5</b>	<b>-0.5</b>	<b>-5.0</b>
Current tax	0.0	0.0	0.0
<b>PROFIT AFTER TAX</b>	<b>-0.5</b>	<b>-0.5</b>	<b>-5.0</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that could be reclassified to earnings</i>			
Exchange rate differences	0	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-0.5</b>	<b>-0.5</b>	<b>-5.0</b>
<i>Total profit for the period attributable to the parent company's shareholders:</i>			
Parent Company shareholders	-0.5	-0.5	-5.0
<b>EARNINGS PER SHARE - BEFORE DILUTION (SEK)</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.8</b>
<b>EARNINGS PER SHARE - AFTER DILUTION (SEK)</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.8</b>

	31 MAR 2019	31 MAR 2018	31 DEC 2018
<b>PARENT COMPANY BALANCE SHEET (SUMMARY) AT 30 SEPTEMBER 2018</b>			
<b>MSEK</b>			
<b>ASSETS</b>			
<i>Fixed assets</i>			
<i>Financial assets</i>			
Shares in subsidiaries	6.6	4.3	5.8
<b>Total financial assets</b>	<b>6.6</b>	<b>4.3</b>	<b>5.8</b>
<b>Total fixed assets</b>	<b>6.6</b>	<b>4.3</b>	<b>5.8</b>
<i>Current assets</i>			
Receivables	68.4	18.7	63.9
<b>Total other current assets</b>	<b>68.4</b>	<b>18.7</b>	<b>63.9</b>
<i>Cash and bank balances</i>	0.3	1.1	0.4
<b>Total current assets</b>	<b>68.6</b>	<b>19.8</b>	<b>64.3</b>
<b>TOTAL ASSETS</b>	<b>75.3</b>	<b>24.1</b>	<b>70.1</b>

**EQUITY AND LIABILITIES****Equity**

Share capital A shares	-0.2	-0.2	-0.2
Share capital B shares	-5.8	-5.0	-5.8
Share premium	-33.0	-11.0	-32.2
Share issue costs	0.0	0.0	0.0
Other equity incl. profit for the year	6.3	1.4	5.8

**Total equity***Long-term liabilities*

Other liabilities	-26.0	0.0	-26.0
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**Total long-term liabilities***Current liabilities*

Other liabilities	-16.5	-9.3	-11.7
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**Total current liabilities**

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-75.3</b>	<b>-24.1</b>	<b>-70.1</b>
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**PARENT COMPANY CASH FLOW ANALYSIS (SUMMARY)**

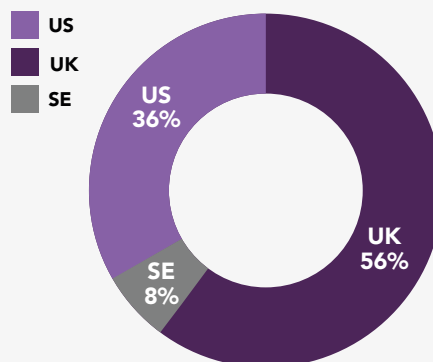
	JAN - MAR 2019	JAN - MAR 2018	JAN - DEC 2018
<b>The ongoing business</b>			
Operating profit	-0.2	-0.3	0.9
Adjusted revenue			
Financial items	-0.3	-0.2	-0.6
<b>Cash flow from operating activities before changes in working capital</b>	<b>-0.5</b>	<b>-0.5</b>	<b>0.4</b>
Changes in working capital			
Change in receivables	-4.4	-6.6	-10.1
Change in current liabilities	-0.3	0.3	0.3
<b>Cash flow from current operations</b>	<b>-5.2</b>	<b>-6.8</b>	<b>-9.4</b>
<i>Investing activities</i>			
Acquisition of financial fixed assets	0.0	-0.8	-0.8
Sales of financial fixed assets	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>-0.8</b>	<b>-0.8</b>
<i>Financing activities</i>			
Rights issue	0.0	0.0	0.0
Issuing Costs	0.0	0.0	0.0
Borrowings	5.1	8.7	10.5
<b>Cash flow from financing activities</b>	<b>5.1</b>	<b>8.7</b>	<b>10.5</b>
<b>Cash flow for the period</b>	<b>-0.1</b>	<b>1.0</b>	<b>0.3</b>
<i>Cash and cash equivalents at the beginning of the year</i>	0.4	0.1	0.1
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>0.3</b>	<b>1.1</b>	<b>0.4</b>

## INCOME BY MARKET AND SERVICE

The US offices are continuing their positive growth trend, accounting for 36% of operating income in Q1 2019, compared with 28% in the same period last year. Income from the US has grown by 39% year on year. We expect this positive trend in the US to continue throughout the coming period as the US operations mature.

Volatility in the gaming industry in the UK has led to a small reduction in revenue in the UK Paid Media division, however gross margins are improving across the business with an 18% increase in gross profit in Q1 2019. Q2 and Q3 are traditionally high performing periods for the UK office.

## REVENUE BY OPERATION 2019 YTD

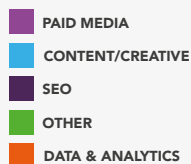


## INCOME BY MARKET, MSEK

### INCOME

	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
GB	20.3	29.6	127.5
US & CA	15.8	11.3	55.3
SE	0.0	0.1	0.1
<b>TOTAL INCOME</b>	<b>34.5</b>	<b>41.0</b>	<b>183.0</b>

## REVENUE BY SERVICE 2019 YTD



SEO continues to be the best performing service for Ayima with 64% (45%) of total income for Q1 2019.

Paid Media has seen a drop in revenue in the last quarter and as a result total income for the quarter has dropped slightly compared with Q1 2018. We expect that this drop is cyclical, and that paid media will increase in Q2 and Q3 in line with seasonal trends.

Data and Analytics formed 7% of total income in Q1 2019, the same proportion as Q4 2018. We expect this service to grow significantly in the coming periods with the effects of cross-selling new services to the existing client base.

## INCOME BY MARKET, MSEK

### INCOME

	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
SEO	23.1	18.4	85.3
PAID MEDIA	8.6	20.1	85.2
CONTENT/CREATIVE	1.8	2.2	8.4
DATA & ANALYTICS	2.6	0.0	3.2
OTHER	0.0	0.2	0.9
<b>TOTAL INCOME</b>	<b>36.1</b>	<b>41.0</b>	<b>183.0</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.

## 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 today there are 272,547 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.

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**CEO Mike Jacobson**

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

## OTHER

This information is the information that Ayima Group AB is required to disclose under the EU Market Abuse Regulation. The information was provided by the above contact person for publication on May 23 2019 (2019-05-23).

## 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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