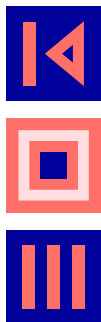


**Avidly Plc,  
Half-year report,  
25 August 2020  
at 8.30 a.m. EET**

1 January–30 June 2020  
(unaudited)

**avidly**

#TOMORROWBOUND



# Avidly's Half-year Report 1 January–30 June 2020: Revenue increased by 10.0% to 13 million euros and EBITDA improved by 23.8% to 0.5 million euros

In H1, the main focus of Avidly's operations was on strengthening the foundation of its business and improving its financial position, as well as on enabling international growth. The coronavirus pandemic slowed demand for Marketing Services during the worst coronavirus months of the spring, but Inbound Services grew well throughout the review period.

## January–June 2020

- Revenue was EUR 12,963 thousand (11,781), an increase of 10.0%.
- Gross profit was EUR 9,326 thousand (9,415), a decrease of -0.9%. Continuous services amounted to approximately 43% (33%) of gross profit.
- EBITDA was EUR 530 thousand (428), an increase of 23.8%.
- The Group's operating profit (EBIT) was EUR -403 thousand (-299), i.e. -3.1% of revenue (-2.5%). EBIT includes a total expense of approximately EUR 100 thousand, half of which relates to the co-operation negotiations that ended in March and half to the rights issue that ended in June (in the comparison period, the costs of co-operation negotiations amounted to EUR 98 thousand).
- Operating profit of Marketing Services was EUR -455 thousand (116), including a cost of EUR 50 thousand related to employee co-operation negotiations concluded in March (98 thousand in the comparison period).
- Operating profit of Inbound Services was EUR 42 thousand (-415). The comparison figure includes EUR 66 thousand of acquisition costs.
- Profit for the period was EUR -465 thousand (-428), i.e. -3.6% of revenue (-3.6%).
- Earnings per share was EUR -0.17 (-0.18).
- In March, Avidly Plc conducted co-operation negotiations to streamline operations and in May–June a rights issue of EUR 2.5 million to strengthen the company's equity. In addition, Avidly agreed in June on a EUR 2.5 million long-term financing arrangement to strengthen the company's liquidity and to support its growth.

## Outlook for 2020

Due to the uncertain state of the world economy, the predictability in Avidly's business has decreased. Avidly will thus not provide an estimate on revenue and operating result for 2020. We closely monitor the impacts of the coronavirus pandemic on our customers' businesses and on our own demand outlook and will adjust our operations as necessary.

## CEO Jesse Maula:

Avidly's H1 revenue increased by 10% to 13 million euros. In Inbound Services, revenue increased by 43% driven by both the Netpress acquisition in 2019 and organic growth. Marketing Services revenue was at the level of the comparison period, as the coronavirus pandemic slowed demand during the worst corona months in the spring. Avidly's comprehensive service offering, broad customer base and strong digital expertise proved to be a strength as demand weakened as a result of the coronavirus pandemic.

Our EBITDA increased from the comparison period and was EUR 0.5 million. The operating result showed a loss of EUR 0.4 million, but our profitability improved towards the end of the review period. I am pleased that we have managed to improve the direction of our financial performance for the better, but we still have a lot to do in reaching the desired level of profitability.

Thanks to the cooperation negotiations that ended in March, the rights issue in June and the long-term financing arrangement signed in June, our business is now on a much more stable financial base than at the beginning of the year. During the first half of the year we have renewed our thinking and streamlined our operating methods, among other things by creating a new team structure in the Helsinki and Turku offices. I am proud of the resilience and flexibility our people have shown in driving forward our internal development projects and especially in serving our customers amidst the exceptional situation caused by the coronavirus pandemic.

Many thanks also go to our customers who have boldly continued to invest in and who quickly adopted agile remote work practices after the pandemic spread to our operating countries. Together with our customers, we have been able to find digital operating models that have enabled us to operate in a challenging market.

In early 2020, we started a strategy update project that will crystallise what we want to be in the future, how Avidly should be positioned in the market and how the Avidly brand will look and feel in the future. This project has progressed well and we will publish more information on the results of this project during autumn.

## KEY FIGURES

<b>1,000 EUR</b>	<b>1-6 2020</b>	1-6 2019	Change%	1-12 2019
Revenue	<b>12,963</b>	11,781	10.0	22,131
Gross profit	<b>9,326</b>	9,415	-0.9	17,266
EBITDA	<b>530</b>	428	23.8	-603
Operating profit (EBIT)	<b>-403</b>	-299	-34.8	-2,392
Profit before taxes	<b>-510</b>	-419	-21.7	-2,593
Personnel, average	<b>232</b>	229	1.3	246
Earnings/share, EUR	<b>-0.17</b>	-0.18		-1.03
Earnings/share, diluted, EUR	<b>-0.17</b>	-0.18		-1.03
Equity ratio, %	<b>39.2%</b>	50.9%		38.5%
ROE, %	<b>-5.8%</b>	-4.9%		-32.2%
Equity/share, EUR	<b>1.82</b>	3.65		2,84
Gearing, %	<b>-1.8%</b>	25.7%		55.1%
Number of outstanding shares, weighted average during the period	<b>2,691,971</b>	2,364,718		2,409,549
Number of outstanding shares, at the end of the period	<b>4,960,792</b>	2,416,560		2,473,290

## Significant events during the review period

### Co-operation negotiations to increase efficiency

Avidly Group commenced co-operation negotiations on 5 March 2020 due to decreased and negative operating profit of the group in 2019 and the need to reorganize the organization. The negotiations affected all employees of Avidly Marketing Ltd., Avidly Media Ltd. and Avidly Inbound Finland Ltd. as well as employees belonging to Avidly Plc's Helsinki organization.

As a result of co-operation negotiations, 13 employments were terminated and 3 employees were laid-off for a fixed period during 2020. In addition some persons resigned during the course of the negotiations.

Due to the adjustment measures, Avidly Group shall achieve savings of approximately 1.0 million EUR during the year 2020. Majority of the savings will materialise in H2 2020. The costs related to the adjustment measures were approximately EUR 50 thousand in the first half of the year.

### EUR 2.5 million rights issue to strengthen the company's equity

In May, Avidly Corporation's Board of Directors decided on a rights issue based on the authorization given by the Annual General Meeting 2020. The purpose of the issue was to strengthen the company's equity. The share issue was fully subscribed, as a result of which the number of the company's shares doubled from 2,487,502 shares to 4,975,004 shares.

The share subscription price in the issue was EUR 1.00, i.e. the size of the issue was approximately EUR 2.5 million. The costs related to the rights issue, including related financial expenses, were approximately EUR 0.1 million in the first half of the year, so the net effect of the issue on equity was approximately EUR 2.4 million.

### EUR 2.5 million long-term debt financing to strengthen the Company's liquidity

At the end of June, Avidly Plc agreed together with its bank and two domestic insurance companies on EUR 2.5 million long-term debt financing to strengthen the Company's liquidity and to support its growth. The financing arrangement includes a guarantee issued by a third party.

The first tranche of the financing arrangement, totaling EUR 1.5 million, was drawn down on 30 June. The withdrawal of the remaining EUR 1.0 million is conditional on the terms set by the financiers for the Avidly Group's EBITDA in January–September 2020 and on the Company management's estimate of full year 2020 EBITDA. The second tranche will be drawn if the terms are met on 30 November at the latest. The financing agreement also includes other terms customary for financing agreements, such as a covenant on equity ratio.

## Financial developments

### Revenue and gross profit

In January-June 2020 Avidly Group's revenue increased by 10% to 12,963 thousand euros (11,781). The coronavirus pandemic and the consequent slowdown in demand for marketing and sales services during Finland's worst coronavirus months were reflected in Marketing Services revenue, which remained at the level of the comparison period.

Revenue in Inbound Services, on the other hand, increased by 42.5%. Approximately 80% of the growth was driven by the acquisition of the German Inbound company Netpress in August 2019 and the rest by organic growth. Avidly's comprehensive service offering and strong digital expertise proved to be strengths under the exceptional market situation last spring.

## REVENUE BY SEGMENT

EUR 1,000	1–6 2020	1–6 2019	Change, %	1–12 2019
Marketing Services	<b>9,250</b>	9,175	0,8	16,723
Inbound Services	<b>3,713</b>	2,606	42,5	5,408
<b>Avidly Group, total</b>	<b>12,963</b>	<b>11,781</b>	<b>10,0</b>	<b>22,131</b>

Gross profit in Inbound services increased by 28% and compensated almost in full the 11% decline of Marketing Services Gross Profit. The Group's gross profit decreased by 0.9% and totalled EUR 9,326 thousand (9,415). Continuous services amounted to some 43% (33%) of gross profit.

## GROSS PROFIT BY SEGMENT

EUR 1,000	1–6 2020	1–6 2019	Change, %	1–12 2019
Marketing Services	<b>6,237</b>	7,008	-11,0	12,299
Inbound Services	<b>3,089</b>	2,407	28,3	4,967
<b>Avidly Group, total</b>	<b>9,326</b>	<b>9,415</b>	<b>-0,9</b>	<b>17,266</b>

## Financial result

Employee benefit expenses decreased by 2% year-on-year to EUR 7,082 thousand (7,192); due to the adjustment measures taken during the review period. In addition to the co-operation negotiations that ended in March, Avidly flexibly adjusted its headcount in May–June to meet demand through various holiday and temporary layoff arrangements. The Group's EBITDA increased by 24% and was EUR 530 thousand (428), or 4.1% of revenue (3.6%).

Avidly's operating result decreased to EUR -403 thousand (-299). Operating result as a percentage of revenue was -3.1% (-2.5%) and as a percentage of gross profit -4.3% (-3.2%). Marketing Services' operating result included an expense of EUR 50 thousand related to the employment relationships terminated as a result of co-operation negotiations held in March (98 thousand in the comparison period). In addition, expenses related to the rights issue and long-term financing arrangements affecting the Group's operating result were approximately EUR 50 thousand.

The decrease in Netpress GmbH's additional purchase price debt of EUR 64 thousand has been recognized in Other operating income and the corresponding decrease in goodwill in depreciation.

## OPERATING PROFIT BY SEGMENT

EUR 1,000	1–6 2020	1–6 2019	Change, %	1–12 2019
Marketing Services	-445	116	-483.6	-1,301
Inbound Services	42	-415	110.1	-1,091
<b>Avidly Group, total</b>	<b>-403</b>	<b>-299</b>	<b>-34.8</b>	<b>-2,392</b>

## ADJUSTED OPERATING PROFIT\* BY SEGMENT

EUR 1,000	1–6 2020	1–6 2019	Change, %	1–12 2019
Marketing Services	-445	116	-483.6	-1,301
Inbound Services	42	-349	112.0	-961
<b>Avidly Group, total</b>	<b>-403</b>	<b>-233</b>	<b>-73.0</b>	<b>-2,262</b>

\* Avidly publishes its operating profit adjusted for acquisition costs as an alternative performance measure (APM). This alternative performance measure is not defined or specified in IFRS. Its purpose is to describe the financial development of continuous business operations and enhance comparability from period to period. In H1 2020, Avidly had no acquisition costs. In the reference period, acquisition costs amounted to EUR 66 thousand.

## Balance sheet and financial position

On 30 June 2020, Avidly's balance sheet total was EUR 22,978 thousand (17,292). Netpress GmbH's balance sheet has been consolidated with the Group's balance sheet as of 28 August 2019. In addition, the share issue and financing arrangement carried out during the review period increased the balance sheet.

On 30 June 2020, the goodwill in balance sheet totaled at EUR 7,667 thousand (6,790). The change in goodwill was affected by the acquisition of Netpress GmbH after the comparison period and the adjustment of its additional purchase price during the review period. The impairment tests carried out in connection with the preparation of financial statements have not revealed any needs for impairment of assets.

The first tranche of the EUR 1.5 million financing arrangement announced at the end of June was drawn on 30 June 2020, which is reflected as an increase in financial liabilities. Other liabilities include a total provision of EUR 357 thousand for additional purchase price payments related to the acquisition of NetPress GmbH in 2019. In H1, an additional purchase price of EUR 80 thousand related to the acquisition of the marketing communications agency Pakkahuone in 2017 was paid, which reduced other liabilities in the balance sheet.

The Group's equity increased by EUR 2 487 502 as a result of the rights issue carried out and decreased because of the loss for the period. The Group's equity totalled EUR 9,015 thousand (8,810) at the end of June. Avidly's equity ratio on 31 December 2019 was 39.2% (50.9%). Equity per share was EUR 1.82 (3.65).

## ASSETS BY SEGMENT

EUR 1,000	30 Jun 2020	30 Jun 2019	Change, %	31 Dec 2019
Marketing Services	18 447	12 967	42,3	14 897
Inbound Services	4 531	4 325	4,8	3 361
<b>Avidly Group, total</b>	<b>22 978</b>	<b>17 292</b>	<b>32,9</b>	<b>18 258</b>

## LIABILITIES BY SEGMENT

EUR 1,000	30 Jun 2020	30 Jun 2019	Change, %	31 Dec 2019
Marketing Services	9 286	6 409	44,9	7 779
Inbound Services	4 677	2 073	125,6	3 445
<b>Avidly Group, total</b>	<b>13 963</b>	<b>8 482</b>	<b>64,6</b>	<b>11 224</b>

The Group's cash flow from operations was EUR 2,516 thousand (-821). The cash flow was particularly affected by the EUR 2,163 thousand change in working capital.

Cash flow from financing was EUR 3,645 thousand (2,579), and it was particularly affected by the rights issue and financing arrangements implemented during the review period.

The Group's interest-bearing debt on 30 June 2020 was EUR -5,605 thousand (-3,526) and gearing was -1.8% (25.7%). A non-interest bearing restructuring debt for one of the subsidiaries, to be repaid according to schedule in 2020, contributes to the Group's debts.

## Investments and R&D expenses

Avidly's cash flow from investments during the review period totaled EUR -876 thousand (-3,522). During the review period, Avidly received EUR 100 funding from Business Finland for the disruption caused by the coronavirus pandemic. The funding is directed for business development projects.

## Personnel

The Group employed an average of 232 (229) people during the financial year. The number of personnel at the end of June was 223 (243). The number of personnel increased following the acquisitions in 2019 and upfront growth recruitments, and declined among other things due to the employee co-operation negotiations.

## Changes in group structure

There were no changes in the Group's structure in H1 2020.

## Parent company

In H1 2020, the Group's parent company Avidly Plc's revenue totalled EUR 4,389 thousand (4,166), its operating profit was EUR -281 thousand (-164) and result for the period was EUR -357 thousand (-239).

At the end of June, the Parent Company's balance sheet total was EUR 18,823 thousand (13,973) and equity was 12,029 thousand (9,730). Equity ratio was 63.9% (69.6%).

## Resolutions of the annual general meeting

Avidly's annual general meeting (AGM) was held in Helsinki, Finland, on 1 April 2020. The AGM adopted the 2019 Financial Statements including the consolidated financial statement and discharged the members of the Board of Directors and the CEO from liability.

The AGM resolved, according to the proposal of the Board of Directors, that the loss based on the adopted balance sheet for the financial year that ended on 31 December 2019 shall be transferred to an account for profit/loss and that no dividend shall be paid from the distributable funds.

The AGM elected Joakim Fagerbakk, Juha Mikkola, Ville Skogberg and Jari Tuovinen as Members of the Board for a term continuing until the end of the company's next AGM. At its organising meeting, the Board elected Joakim Fagerbakk as the Chairman of the Board and Jari Tuovinen as the Vice Chairman of the Board.

The AGM elected Jari Paloniemi, Authorised Public Accountant, as the Auditor and Veikko Terho, Authorised Public Accountant, as the Deputy Auditor of Avidly Plc.

The authorizations given to the Board by the AGM are discussed below in the section Authorisations of the Board.

## Share and share capital

The Company has a single share series. Each share gives one vote. Avidly Plc's shares are listed on the Nasdaq First North Growth marketplace in Helsinki under the code AVIDLY.

### Trading in shares and market value

In H1 2020, a total of 706,878 (198,144) Avidly shares were traded, representing approximately 26% (8%) of all shares (weighted average Number of outstanding shares during the period). On the final trading day of the reporting period, the share price was EUR 1.45 (5.98). The highest quoted price during the year was EUR 5.22 (6.50) and the lowest EUR 1.10 (5.12). The market value of Avidly Plc's outstanding shares at the end of June was EUR 7.2 million (11.8).

### Share capital, number of shares and share ownership

At the beginning of 2020, the number of Avidly shares was 2,487,502, the share capital was EUR 322 thousand, and the total number of owners was 847.

In May, Avidly Plc's Board of Directors resolved to arrange, pursuant to an authorization granted by the Company's AGM, a rights issue to strengthen the company's equity. All the offered shares were subscribed for in the rights issue and the number of the company's shares increased by 2,487,502 as a result of the issue. The share subscription price in the issue was EUR 1.00, i.e. the size of the issue was approximately EUR 2.5 million.

At the end of June, the number of the company's shares was 4,975,004, of which 4,960,792 were outstanding. The share capital was still EUR 322 thousand. The number of shareholders increased slightly to 956.

The average number of shares during the review period was 2,691,971 (2,364,718).

At the end of June, the direct and indirect ownership (through control and influence) of the members of the Board of Directors and the CEO totaled approximately 16% (14%). The company did not have a valid stock option plan or other share-based incentive model at the end of the review period, but the company's Board of Directors decided on a share-based incentive plan for management after the review period in July. The incentive plan is described below in the section *Events after the review period*.

### Treasury shares

There were no changes in the number of treasury shares held by the company during the review period. At the end of June, the number of the company's own shares was 14,212, or 0.3% of all shares.



## Transfer of management incentives

A total of 27,813 shares of the Company held by the former key personnel issued for incentive and commitment purposes is aimed to be transferred to the members of the Company's management team approximately during August 2020.

## Share authorisations

The AGM held on 1 April 2020 resolved, by revoking the previous, unused authorisations, to authorise the Board of Directors to resolve upon the acquisition of the company's own shares in one or more instalments. The maximum amount of shares to be acquired under the authorisation is 248,750 shares, corresponding to approximately a maximum of 10 percent of all shares in Avidly Plc on the date of the notice to the general meeting. Any acquisition under the authorisation may only be carried out by using the company's non-restricted equity and at a value formed in Nasdaq First North Growth Market market place maintained by Nasdaq Helsinki Ltd (Helsinki Stock Exchange) at the time of the applicable acquisition.

The Board of Directors is otherwise authorised to resolve upon all terms and conditions of the aforementioned acquisitions, including the procedure by which the shares shall be acquired. The acquired shares may be held in the company's possession or they may be annulled or further transferred. The authorisation is valid until 30 June 2021. Avidly did not repurchase any of its own shares during the review period under this or a previous authorization.

The AGM also resolved to authorise the Board of Directors to resolve upon one or more share issues without payment and/or share issues against payment. The authorisation includes the right to issue new shares or to transfer treasury shares possessed by Avidly Plc or to resolve upon issuing of option rights and other special rights entitling to shares as set out in the Finnish Limited Liability Companies Act Chapter 10 Section 1. The maximum amount of shares that can be issued under the authorisation, either by issuing new shares, transferring treasury shares possessed by Avidly Plc or by issuing option and other special rights entitling to shares as set out in the Finnish Limited Liability Companies Act Chapter 10 Section 1, is 3,700,000 shares. The amount corresponds to approximately a maximum of 59.8 percent of all shares in Avidly Plc, after all shares that can be issued and/or all treasury shares that can be transferred and/or all shares that can be issued based on option and other special rights entitling to shares as set out in the Finnish Limited Liability Companies Act Chapter 10 Section 1 have been issued and/or transferred pursuant to a decision made under the authorisation. The authorisation shall not limit the right of the Board of Directors to resolve upon directed issues of shares or option and other special rights entitling to shares as set out in the Finnish Limited Liability Companies Act 10 Section 1.

On 14 May 2020, the company's Board of Directors used the authorization to decide on the issue of 2,487,502 new shares to shareholders. At the end of June, the number of shares in the unused authorization was 1,212,498. The authorization is valid until 30 June 2021.

Both authorizations revoked the corresponding authorizations previously granted. The resolutions of the Annual General Meeting are available in their entirety on Avidly's website

<https://investors.avidlyagency.com/en/company-news?news=8E2D744038CA3018>

## Company management

Jesse Maula, M.Soc.Sc., started as Avidly's CEO on 1 January 2020, and Hans Parvikoski, M.Sc. (Econ.), started as the company's CFO on 1 February 2020. During the period under review, the company's management team also included Ismo Nikkola, Executive Vice President, Teea Björklund, Chief Operating Officer for Finland, and Ingunn Bjøru, Chief Operating Officer for International Operations.

On June 16, 2020, Jufo Peltomaa was appointed Chief Creative Officer of Avidly and a member of its Management Team. He started in his new position on 1 August 2020.

## Short-term business risks and uncertainties

Avidly's short-term risks and uncertainties are connected to the general economic development. A possible second wave of a coronavirus pandemic in Avidly's operating countries could quickly weaken our customers' business conditions and demand for our services. We monitor the impact of the pandemic on our customers' business and demand outlook, and adjust our operations to meet demand as needed.

In the short and medium term, risks connected to acquisitions and globalisation may weaken the company's profitability.

In the longer term, the company's solvency may cause uncertainty unless the company manages to maintain its profitability. The company's risks will be described in more detail in the Annual Report 2019.

## Events after the review period

### **New share-based long-term incentive plan for the group management**

Avidly Plc's Board of Directors has resolved to establish a new share-based long-term incentive plan for the group management. The aim of the incentive plan is to align the goals of shareholders and the management to increase the long-term value of the Company, increase the commitment of the management to the Company and provide them with a competitive reward plan. The target group of the plan includes Jesse Maula, the Company's CEO, Hans Parvikoski, CFO, and Ingunn Bjøru, Chief Operating Officer, Inbound.

The incentive plan includes one performance period between 1 June 2020 and 31 May 2023. During this period, the participants may earn an investment-based reward and a performance-based reward. The performance based part of the reward will be paid, subject to meeting other conditions, if the Company's share price exceeds EUR 2.30 at the time of review. A share price of EUR 6.50 at the time of review is required to receive the full performance based reward.

The rewards of the incentive plan will be paid in full in the form of the Company's shares by the end of September in 2023. The Board of Directors determines whether the reward will be Company's new shares or treasury shares or in cash. The rewards to be paid on the basis of the performance period amount up to a maximum of 569,580 the Company's shares, indicating a maximum dilution of approximately 10.27% in the event the reward is paid in its entirety as Company's new shares.

The terms and conditions of the incentive plan and the terms and conditions related to the transfer of shares to be paid as a reward are described in more detail in the company announcement issued on July 15, 2020, <https://investors.avidlyagency.com/en/company-news?news=70D0A1F4CE568A07>.

### **Additional purchase price on the Netpress GmbH acquisition and a new directed share issue to the sellers of Netpress GmbH**

In July, Avidly's Board of Directors decided to change the basis and timing of the payment of the additional purchase price for the 2019 acquisition of Netpress GmbH (Netpress), as Netpress's business has developed well over the past 12 months. Due to these decisions, Avidly Plc paid on 23 July 2020 in total EUR 357,184.72 as additional purchase price on Netpress through a directed share issue of 238,282 new shares without payment. The amended additional purchase price does not include cash component. The new shares issued as additional purchase price are subject to transfer restriction (lock-up) until 29 August 2021.

Further, in order to speed up the integration process and to commit the sellers of Netpress more strongly to Avidly Group, 76,718 new shares of Avidly were issued to the sellers of Netpress against payment of a subscription price of EUR 1.499 per share. The share subscription price corresponds to the volume-weighted average price of Avidly's share on a 30 days period between 22 June 2020 and 22 July 2020 on the First

North Growth Market Finland marketplace maintained by Nasdaq Helsinki. The aggregate subscription price in the share issue against payment was EUR 115,000.00 which in its entirety was credited to Avidly's reserve for invested unrestricted equity.

The number of Avidly shares increased by 315,000 shares to 5,290,004 shares after the registration of the new shares. The new shares were admitted to trading on the First North Growth Market maintained by Nasdaq Helsinki on August 17, 2020.

The Board of Directors of the Company decided on the directed share issues based on the authorization granted to it by the Annual General Meeting of 1 April 2020.

## Financial information

Avidly will publish its financial statements release for the year 2020 on Thursday 4 March 2021. Annual Report 2020, which will include the Board of Directors' Report and Financial Statements for 2020, will be published on Thursday 11 March 2021.

In Helsinki, 25 August 2020

### AVIDLY OYJ

#### BOARD OF DIRECTORS

#### Additional information:

- Jesse Maula, CEO, Tel. +358 40 548 0248
- Hans Parvikoski, CFO, Tel. +358 40 586 6154

Oaklins Merasco Oy acts as Avidly Plc's Certified Advisor, tel. +358 9 6129 670

Avidly is Finland's leading marketing and communications service provider and a leading marketing automation company in the Nordics, listed on the Nasdaq First North Growth marketplace in Helsinki. We create an atmosphere for growth to take our customers forward. We are a team of more than 250 navigators and explorers, makers and shakers in 16 locations in Finland, Sweden, Norway, Denmark and Germany. Read more: [investors.avidlyagency.com/en](https://investors.avidlyagency.com/en)

## Principles for preparing the Half-year report

The financial statements bulletin has been prepared in accordance with the recognition and measurement principles of the IFRS standards. The accounting policies are set out on the company's website at <https://investors.avidlyagency.com>.

The interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting) in accordance with the accounting principles and calculation methods published in the 2019 financial statements. Figures shown are rounded to the nearest whole number. The half-year figures are unaudited and in IFRS format.

### CONSOLIDATED INCOME STATEMENT, IFRS

EUR 1,000	1–6 2020	1–6 2019	1–12 2019
<b>REVENUE</b>	<b>12,963</b>	11,781	22,131
Other operating income	93	14	21
Materials and services	-3,730	-2,380	-4,886
Employee benefit expenses	-7,082	-7,192	-13,924
Depreciation and amortization	-934	-728	-1,790
Other operating expenses	-1,714	-1,795	-3,935
Share of profit in associated companies	0	0	-10
<b>OPERATING PROFIT</b>	<b>-403</b>	-299	-2,392
Financial income and expenses	-107	-119	-201
<b>PROFIT BEFORE TAX</b>	<b>-510</b>	-419	-2,593
Income taxes	45	-9	115
<b>Profit for the period</b>	<b>-465</b>	-428	-2,478
<b>Attributable to:</b>			
Parent company shareholders	-465	-428	-2,478
Minority shareholders	0	0	0
<b>Earnings per share calculated from profit attributable to parent company shareholders, EUR:</b>			
Undiluted	-0.17	-0.18	-1.03
Diluted	-0.17	-0.18	-1.03
<b>CONSOLIDATED COMPREHENSIVE STATEMENT OF INCOME</b>			
<b>EUR 1,000</b>			
Profit for the period	-465	-428	-2,478
Items that may be reclassified to profit or loss			
in subsequent periods	-42	1	-7
<b>Translation differences</b>	<b>-507</b>	-427	-2,485
<b>Total comprehensive profit for the period</b>			
Total comprehensive income attributable to:			
Parent company shareholders	-507	-427	-2,485
Minority shareholders	0	0	0

## CONSOLIDATED BALANCE SHEET, IFRS

EUR 1,000	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>ASSETS</b>			
Non-current assets			
Intangible rights	651	668	774
Goodwill	7,667	6,790	7,731
Buildings	2,624	2,330	2,176
Machinery and equipment	779	1,067	1,006
Other tangible assets	78	83	83
Investments in associated companies	316	296	316
Deferred tax assets	514	440	551
<b>Total non-current assets</b>	<b>12,629</b>	11,674	12,637
Current assets			
Inventories	762	1,092	1,061
Accounts receivable	2,314	1,897	2,642
Deferred tax assets	388	314	388
Other receivables	428	430	432
Prepayments and accrued income	688	624	614
Cash and cash equivalents	5,769	1,261	484
<b>Total current assets</b>	<b>10,349</b>	5,618	5,621
<b>TOTAL ASSETS</b>	<b>22,978</b>	17,292	18,258
<b>EQUITY AND LIABILITIES</b>			
Share capital			
Share capital	322	322	322
Invested unrestricted equity fund	12,178	9,406	9,690
Retained earnings	-3,485	-918	-2,978
<b>Total equity</b>	<b>9,015</b>	8,810	7,034
Non-current liabilities			
Financial liabilities	4,124	2,390	3,243
Deferred tax liabilities	254	220	289
Other non-current items	-	664	-
Total non-current liabilities	4,378	3,274	3,532
Current liabilities			
Financial liabilities	1,481	1,136	1,114
Received advances	566	82	226
Accounts payable	1,851	607	1,888
Other liabilities	3,684	1,877	2,542
Accrued expenses and deferred income	2,003	1,506	1,922
Total current liabilities	9,585	5,208	7,692
<b>Total liabilities</b>	<b>13,963</b>	8,482	11,224
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>22,978</b>	17,292	18,258

## CONSOLIDATED CASH FLOW STATEMENT, IFRS

<b>EUR 1,000</b>	<b>30 Jun 2020</b>	30 Jun 2019
<b>CASH FLOW FROM OPERATIONS</b>		
Operating profit	-403	-299
Adjustments to operating profit	870	728
Changes in working capital	2,163	-1,122
Received financial income	9	7
Financial expenses paid	-120	-126
Taxes paid	-3	-9
<b>Cash flow from operations</b>	<b>2,516</b>	-821
<b>CASH FLOW FROM INVESTMENTS</b>		
Investments in tangible and intangible assets	-876	-2 992
Business acquisitions	-	-530
<b>Cash flow from investments</b>	<b>-876</b>	-3,522
<b>CASH FLOW FROM FINANCING</b>		
Business acquisitions	-80	323
Changes in short-term loans	367	557
Changes in long-term loans	881	1,876
Dividends	-	-188
Sales of treasury shares	-	29
Share issue	2,477	688
Financial lease payments	-681	-706
Cash flow from financing	3,645	2,579
 Total cash flows	 <b>5,285</b>	 -1 764
 Change in cash and cash equivalents at	 <b>5,285</b>	 -1,764
Cash and cash equivalents at 1 Jan	484	3,025
Cash and cash equivalents at 30 Jun	<b>5,769</b>	1,261

## CHANGES IN CONSOLIDATED EQUITY, IFRS

EUR 1,000	Share capital	Invested unrestricted equity fund	Retained earnings	Total
<b>Equity at 1 Jan 2019</b>	322	8 338	-305	8 355
Share issue		1 039		1 039
Dividends			-188	-188
Transfer of treasury shares		29		29
Translation difference				1
Profit for the period			-428	-428
<b>Equity at 30 Jun 2019</b>	322	9 406	-918	8 810

EUR 1,000	Share capital	Invested unrestricted equity fund	Retained earnings	Total
<b>Equity at 1 Jan 2020</b>	322	9,690	-2,978	7,034
Share issue		2,488		2,488
Translation difference			-42	-42
Profit for the period			-465	-465
<b>Equity at 30 June 2020</b>	322	12,178	-3,485	9,015

## CONTINGENT LIABILITIES

## GUARANTEES GIVEN ON OWN BEHALF

EUR 1,000	30 Jun 2020	30 Jun 2019
Corporate mortgages	<b>4,600</b>	2,100
<b>Total</b>	<b>4,600</b>	2,100