



AVIDLY PLC SIGNS AGREEMENT TO ACQUIRE UK-BASED DIGITAL 22 ONLINE LIMITED

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Avidly Plc, Company announcement, Inside information 21 December 2021 at 9.15 am EEST

Avidly Plc (“Avidly”) has entered into an agreement to acquire all of the shares in Digital 22 Online Limited (“Digital 22”) from its current shareholders

Martech service provider Avidly continues strengthening its digital marketing & sales capabilities by acquiring the UK-based inbound marketing specialist and HubSpot Elite Partner, Digital 22 (“**Acquisition**”). The Acquisition is a part of Avidly’s growth strategy and its ambitions to accelerate the company’s international growth via new market openings and investments in new growth platforms and networks. The completion of the Acquisition is expected to take place in January 2022, provided that all conditions for completion are met.

The purchase price for the Acquisition will be EUR 1,225,882, which amount is to be paid upon completion of the Acquisition by offering new Avidly shares in a directed issue to the owners of Digital 22 and through a cash payment totaling approximately EUR 833,600.

In addition, Avidly will pay the sellers an additional purchase price of up to EUR 4,903,530 in total in 2024 and 2025 in tranches, provided that the conditions set for the additional purchase price are met.

The conditions are based on revenue growth and profitability (EBIT). Revenue growth is based on annualised revenue for the review periods 1 June – 30 November 2023 and 1 June – 30 November 2024, which are compared to the annualised revenue for 1 February –31 July 2021. To determine the additional purchase price, the annualised revenue will be multiplied by a factor that varies according to the revenue growth rate. For this factor to be applied, the operating profit margin for the 12 month period preceding the review period of the additional purchase price must be at least 10%. If the operating profit margin is between 5 and 9%, the multiple used in determining the annualised turnover will be 1, and if the operating profit margin is less than 5%, the multiple will be 0.5.

The additional purchase price, if any, will be paid with a combination of cash and Avidly’s shares, with the cash consideration amounting to at least 55% of the total additional purchase price.

About Digital 22

Digital 22 is a growth marketer which develops its customers’ businesses through inbound, content and performance marketing and sales using the HubSpot technology primarily in the United Kingdom. Its main office is in Clitheroe close to Manchester. The company also has a fully-owned Canadian subsidiary, D22 Canada Limited. The company employs 47 full time employees in the UK and Canada.

Key figures of Digital 22 Online Limited on a consolidated basis from financial year 2020 and 1-9 2021 (according to local accounting standards)

EUR 1,000	1-12 / 2020	1-9 / 2020	1-9 / 2021
Revenue	2,152	1,686	1,859
Net Result	441	424	245
	31.12.2020	30.9.2020	30.9.2021
Equity	49	95	72

Balance Sheet total	625	727	421
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Digital 22 does not have external debt.

The exchange rate applied to the above euro amounts have been made using a EUR / GDP exchange rate of 0.85.

The acquisition will strengthen Avidly's position as a provider of sales and marketing solutions that support customers' businesses

“Over the past year, we have been actively exploring various growth and partnership opportunities within the Martech ecosystem. Digital 22 shares our values and vision to create impactful growth in both our customers' business and our own business. With the Acquisition, we are taking the desired leap into a new market and strengthening Avidly's current position as a global leading sales and marketing partner for the world's leading marketing automation system HubSpot,” says Joakim Fagerbakk, chairman of Avidly's Board of Directors.

“This move is taking Avidly into an exciting direction, as an increasing part of our work focuses on digital transformations in sales and marketing, i.e. helping organizations tackle high stakes business challenges through data, creativity & technology. This also deepens our expertise in inbound marketing, HubSpot services, web development, social media, SEO, and sales enablement - which are fast-growing segments in our practice and critical sectors for our future success,” says CEO Jesse Maula.

Financial impacts of the Acquisition

Digital 22's business will be reported as part of Avidly's International business segment upon completion of the transaction. The direct impact of the acquisition on Avidly's revenue in 2022 is estimated to be approximately 10%. Furthermore, Avidly maintains its current organic growth target of more than 10% annually. This target includes the expectation that Avidly's international business will grow organically faster than its business in Finland. Avidly will issue outlook for 2022 at the latest in connection with its 2021 financial statement bulletin on 4 March 2022.

The costs related to the Acquisition are estimated to be approximately EUR 100,000 in 2021.

Information on other terms and conditions of the Acquisition

The final split of the purchase price between the cash payment and the number of new Avidly shares to be issued to the sellers shall be subject to the volume-weighted average price of Avidly's shares on a 30-day period on the Nasdaq First North Growth Market Finland maintained by Nasdaq Helsinki prior to the share issue which is anticipated to be completed in January 2022.

The new shares to be issued to the sellers will be subject to a lock-up of two years from the date of issue, however released in two instalments i.e. 50% of the number of the new shares after one year and the rest after two years, which prevents the sellers from disposing of the said shares during the lock-up period.

In addition, the Acquisition includes other customary terms and conditions.

This release contains information which Avidly Plc makes public pursuant to the EU Market Abuse Regulation, article 17.

AVIDLY PLC

Board of Directors

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Information on Avidly Plc

Avidly is a leading martech service provider listed on the Nasdaq First North Growth marketplace in Helsinki. We offer holistic digital marketing and sales services, and customer experience, data and technology are closely entwined into our impact-driven growth strategy. We are a team of more than 235 navigators and explorers, makers and shakers in 16 locations in Finland, Sweden, Norway, Denmark and Germany. Read more: investors.avidlyagency.com/en

Forward looking statements

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and that can be identified by words such as “believe”, “expect”, “anticipate”,

“intends”, “estimate”, “will”, “may”, “continue”, “should” and similar expressions, as well as other statements regarding future events or prospects. The forward-looking statements in this announcement are based upon various assumptions, many of which in turn are based upon further assumptions. Although Avidly believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations, projections, estimates and targets expressed or implied in this announcement by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.

Attachments

- [Download announcement as PDF.pdf](#)