



INTERIM REPORT
JAN-JUN 2023

Q2



Continued revenue growth and on track to profitability

1 APRIL–30 JUNE 2023

- Revenue for the period totalled SEK 167.4 million (144.1), an increase of 16.2 per cent compared with the second quarter of 2022.
- The number of full-paying subscribers (FPS) increased 1.7 per cent to 454,745 (447,196) at the end of the quarter.
- Gross profit increased 35.6 per cent to SEK 66.1 million (48.8), corresponding to a gross profit margin of 39.5 per cent (33.8).
- The gross contribution margin for the period was 26.7 per cent (20.1).
- Adjusted operating result (EBITDA, excl. IAC) was SEK -0.4 million (-19.7), corresponding to an EBITDA margin of -0.2 per cent (-13.7).
- Adjusted operating result (EBIT, excl. IAC) was SEK -14.6 million (-25.7), corresponding to an adjusted operating margin of -8.7 per cent (-17.8).
- Operating result (EBIT) was SEK -20.9 million (-28.2), corresponding to an operating margin of -12.5 per cent (-19.6).
- Earnings per share were SEK -0.5 (-0.7) before and after dilution.

1 JANUARY–30 JUNE 2023

- Revenue for the period totalled SEK 328.8 million (287.9), an increase of 14.2 per cent compared with the first half of 2022.
- The number of full-paying subscribers (FPS) increased 1.7 per cent to 454,745 (447,196) at the end of the quarter.
- Gross profit increased 27.7 per cent to SEK 124.7 million (97.6), corresponding to a gross profit margin of 37.9 per cent (33.9).
- The gross contribution margin for the period was 24.0 per cent (16.7).
- Adjusted operating result (EBITDA, excl. IAC) was SEK -9.5 million (-51.3), corresponding to an adjusted EBITDA margin of -2.9 per cent (-17.8).
- Adjusted operating result (EBIT, excl. IAC) was SEK -34.9 million (-63.0), corresponding to an adjusted operating margin of -10.6 per cent (-21.9).
- Operating result (EBIT) was SEK -54.3 million (-72.6), corresponding to an operating margin of -16.5 per cent (-25.2).
- Earnings per share were SEK -1.4 (-1.9) before and after dilution.

KEY DATA

SEKt, unless stated otherwise	Apr–Jun 2023	Apr–Jun 2022	YoY change, %	Jan–Jun 2023	Jan–Jun 2022	YoY change, %	Jan–Dec 2022
FPS (Full-paying subscribers), number	454,745	447,196	1.7	454,745	447,196	1.7	452,466
Total revenue	167,428	144,099	16.2	328,810	287,915	14.2	591,613
ARPU (Average revenue per user), SEK	115	97	18.5	114	97	16.8	102
Gross profit	66,121	48,771	35.6	124,651	97,601	27.7	203,191
Gross profit margin, %	39.5	33.8	–	37.9	33.9	–	34.3
Gross contribution	44,774	28,971	54.5	78,799	48,145	63.7	106,417
Gross contribution margin, %	26.7	20.1	–	24.0	16.7	–	18.0
Operating result (EBIT)	-20,867	-28,182	26.0	-54,348	-72,604	25.1	-142,471
Operating margin, %	-12.5	-19.6	–	-16.5	-25.2	–	-24.1
Adjusted operating result (EBIT)	-14,557	-25,650	43.2	-34,900	-63,024	44.6	-104,823
Adjusted operating margin, %	-8.7	-17.8	–	-10.6	-21.9	–	-17.7
Net result for the period	-18,464	-26,840	31.2	-52,258	-72,034	27.5	-119,960
Basic and diluted earnings per share, SEK	-0.5	-0.7	31.2	-1.4	-1.9	27.5	-3.2

European leader in digital subscriptions

Readly is a digital subscription service that offers users unlimited access to more than 7,500 national and international magazines and daily newspapers.

We are currently the European leader in "all-you-can-read" subscriptions for digital magazines and daily newspapers with

subscribers in more than 50 countries. In collaboration with 1,200 publishers worldwide, Readly is digitalising the industry. Since September 2020, Readly's shares are listed on Nasdaq Stockholm Small Cap.

Our vision

To inspire millions of people to discover and enjoy the power of great editorial content from across the globe.

Our purpose

We bring inspiration and insight into people's daily lives and unlock meaningful moments of relaxation.



17

Number of languages

Readly is available in more than 50 countries.

454,745

Number of full-paying subscribers

During the quarter, the number of subscribers rose 2 per cent year-on-year.

80m

Number of issues read

The total amount of magazine and newspaper issues on Readly have been read approximately 80 million times during the first half year of 2023.

7,500

Number of titles

Readly added 472 new magazines and 74 newspapers during the first half year of 2023.

1,200

Number of publishers

Readly signed 46 new publishers during the first half of of 2023 and now collaborates with 1,200 publishers across 28 countries.

4.7



App rating

High rating from users.

Continued revenue growth and on track to profitability

We posted a quarter with good revenue growth and continued results improvement. Revenue increased 16.2 per cent to SEK 167.4 million (144.1) and ARPU increased significantly to SEK 115 (97), an increase of 18 per cent, largely as a result of the price increases that have been well-received in all markets. The number of full-paying subscribers increased 1.7 per cent to 454,745 (447,196) compared with the year-earlier period and increased 0.2 per cent quarter-on-quarter. This is the third consecutive quarter with growth in paying customers despite lower investments in marketing. The continued improvement in gross profit margin, which amounted to 39.5 per cent (33.8), is a fundamental pillar for Readly’s long-term profitability.

The gross contribution was 26.7 per cent (20.1), which was higher than for any previously reported quarter. The adjusted EBITDA margin improved to -0.2 per cent (-13.7). This was the ninth consecutive quarter with an improved adjusted EBITDA margin, which means we are now approaching profitability.

Stronger content in Sweden, France and Austria

We have entered a contract with Reworld Media, one of the largest publishers in France, which added 69 magazines to our platform in June, including the titles Closer, Biba and Science & Vie. Since the launch in France in November 2022, Readly’s portfolio of French content has steadily grown. Every user in a total of 50 markets is now able to read 637 French magazines and 96 daily newspapers including local editions.

We welcomed the major media group Mediengruppe Österreich to Readly in May, one of Austria’s primary publishers. Our subscribers are now able to read the main edition of the Österreich daily newspaper and the six most popular magazines from the Austrian media group including INSIDER, gesund&fit and MADONNA.

After the end of the quarter, we signed an agreement with Bonnier News and Bonnier Publications to add about 35 titles including Expressen, Damernas Värld, Allt om Mat and Teknikens Värld. The contract entered force following the approval by shareholders at the Extraordinary General Meeting held in early August. The launch of Bonniers magazines and newspapers provides great opportunities for us to attract even more subscribers as well as offer existing subscribers an extended content portfolio.

Accelerated product development with new ways of working

We have maintained focus for some time on the transition to a more product-driven growth that will contribute to achieving profitability. An important aspect of this is the development of the mobile customer experience that is not locked into a PDF format.

During the quarter, we introduced new ways of working that provide us with the energy and speed necessary to release a number of new products during the rest of the year.

Contracts with Westbahn and Vodafone Happy

Partnerships in Germany have been particularly successful during the quarter in driving our growth, with campaigns from, for example, Lidl Plus, Freenet and Burda. New exciting partnerships have also been established with the loyalty programme Payback and Vodafone Happy. Germany accounted for 50 per cent of the total number of new customers through partnerships in the second quarter of the year. Other new commercial partnerships include the Austrian train operator Westbahn, Bank of America and American Express in the US.

Our strategy to increase focus on product development and improve efficiency of our marketing, remains firm. At the same time, we are continuing to develop partnerships with our publishing partners. Overall, Readly is approaching profitability and this is an exciting time to join as CEO. I am looking forward to continuing the development of Readly together with our strong team.

Philip Lindqvist
President and CEO
Readly



Revenue and result

+16.2%

increase in total revenue compared with the year-earlier quarter.

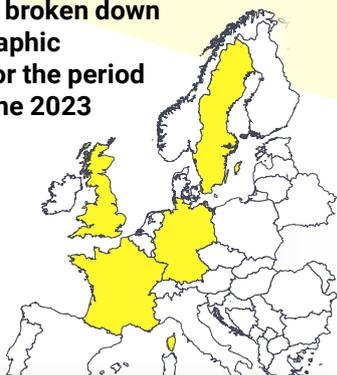
+9.0%

increase in total revenue. (Currency-adjusted)

sek **66.1 m**

in gross profit representing a gross profit margin of 39.5 per cent.

Percentage share of net sales broken down by geographic market for the period April–June 2023



38.9%

Germany

19.0%

UK

15.4%

Sweden

11.5%

France

15.2%

Other markets

Total revenue for the second quarter amounted to SEK 167.4 million (144.1), an increase of 16.2 per cent over the year-earlier quarter. Total revenue increased 9.0 per cent, adjusted for currency effects. The increase was primarily due to increased average revenue per user (ARPU) and continued good growth in Germany. The number of full-paying subscribers (FPS) increased 1.7 per cent to 454,745 (447,196). The number of full-paying subscribers increased 0.2 per cent quarter-on-quarter.

Of the core markets in Germany, the UK, Sweden and France, it was Germany and the UK that accounted for the majority of the growth in revenue. Revenue in Germany increased 28.7 per cent to SEK 64.1 million (49.8). Adjusted for currency effects, growth in Germany was 17.6 per cent. Growth in Germany was driven primarily by price increases. In the UK, revenue increased 13.3 per cent to SEK 31.4 million (27.7). Adjusted for currency effects, growth in the UK was 6.2 per cent. In Sweden, revenue increased

5.6 per cent to SEK 25.3 million (24.0). Growth in Sweden was primarily driven by price hikes implemented in the preceding quarter with full effect in the second quarter. Revenue from France increased 8.4 per cent, totalling SEK 18.9 million (17.5) and accounted for 11.5 per cent of net sales. Other markets grew 15.2 per cent, totalling SEK 24.9 million (21.6) during the quarter and accounted for 15.1 per cent of net sales. Of the other markets, it was mainly Switzerland and Austria that contributed to the increase. Revenue in Switzerland increased 35.9 per cent and revenue in Austria rose 24.0 per cent.

Gross profit improved 35.6 per cent to SEK 66.1 million (48.8), corresponding to a gross profit margin of 39.5 per cent (33.8). The increase in gross profit margin was mainly related to lower publisher costs in relation to total revenue. The gross contribution for the period was SEK 44.8 million (29.0), corresponding to a gross contribution margin of 26.7 per cent (20.1).

Publisher costs increased 6.3 per cent in the second quarter and totalled SEK -101.3 million (-95.3). The increase in publisher costs was driven by revenue growth. Personnel costs increased 25.5 per cent and totalled SEK -36.5 million (-29.1). Other external costs declined -22.8 per cent and totalled SEK -31.2 million (-40.4). The main reason for the decline in other external costs was that external consultants were, as planned, replaced with regular staff. The second quarter included extraordinary operating expenses of SEK -6.3 million, which pertained to severance pay to the CEO. Total operating expenses increased 9.3 per cent to SEK -188.3 million (-172.3).

Adjusted operating result (EBITDA, excl. IAC) was SEK -0.4 million (-19.7), corresponding to an adjusted EBITDA margin of -0.2 per cent (-13.7). The second quarter was the ninth consecutive quarter with an improved adjusted operating result (EBITDA). The operating result (EBIT) improved 26.0 per cent to SEK -20.9 million (-28.2), corresponding to an operating margin of -12.5 per cent (-19.6).

Financial items

Net financial items for the quarter totalled SEK 1.9 million (0.9), which comprised remeasurement of the earn-out consideration and exchange rate effects, which had a positive impact on cash and cash equivalents, and on net financial items.

Income tax

Tax revenue for the period amounted to SEK 0.5 million (0.5) and comprised deferred tax related to acquisitions. The Group has unutilised loss carryforwards of SEK 1,134 million (1,028) that are not carried in the balance sheet.

Net result for the period and earnings per share

The Group reported a net result for the period of SEK -18.5 million (-26.8), corresponding to earnings per share of SEK -0.5 (-0.7) before and after dilution.

Number of employees

The average number of staff including consultants was 140 (164) during the second quarter, of which the average number of employees was 113 (123).

Revenue and result

+14.2%

increase in total revenue compared with the year-earlier quarter.

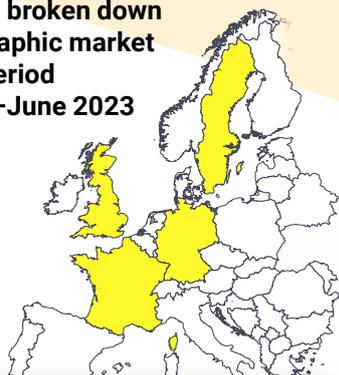
+8.1%

increase in total revenue. (Currency-adjusted)

124.7_m

in gross profit representing a gross profit margin of 37.9 per cent.

Percentage share of net sales broken down by geographic market for the period January–June 2023



38.7%

Germany

19.3%

UK

15.3%

Sweden

11.1%

France

15.6%

Other markets

Total revenue amounted to SEK 328.8 million (287.9), an increase of 14.2 per cent compared with the year-earlier period. Total revenue increased 8.1 per cent, adjusted for currency effects. The increase was primarily due to increased average revenue per user (ARPU) and continued good growth in Germany. The number of full-paying subscribers (FPS) increased 1.7 per cent to 454,745 (447,196) despite lower investments in marketing.

Of the core markets in Germany, the UK, Sweden and France, it was Germany and the UK that accounted for the majority of the growth in revenue. Revenue in Germany increased 26.1 per cent to SEK 125.0 million (99.2). Adjusted for currency effects, growth in Germany was 16.6 per cent. Growth in Germany was driven primarily by price increases. In the UK, revenue increased 13.1 per cent to SEK 62.2 million (55.0). Adjusted for currency effects,

growth in the UK was 8.9 per cent. In Sweden, revenue declined -0.2 per cent to SEK 49.5 million (49.6). The decline in growth in Sweden was primarily driven by lower marketing costs compared with the year-earlier period and price increases in Sweden that were implemented in the first quarter of 2023. In other words, the total effect of the price increases could only be seen in the second quarter.

Revenue from France increased 8.2 per cent, totalling SEK 35.9 million (33.2) and accounted for 11.1 per cent of net sales. Other markets grew 13.6 per cent, totalling SEK 50.3 million (44.3) and accounted for 15.6 per cent of net sales in the period. Of the other markets, it was mainly Switzerland and Austria that contributed to the increase. Revenue in Switzerland increased 41.0 per cent and revenue in Austria rose 19.8 per cent.

Gross profit improved 27.7 per cent to SEK 124.7 million (97.6), corresponding to a gross profit margin of 37.9 per cent (33.9). The increase in gross profit margin was mainly related to lower publisher costs in relation to total revenue. The gross contribution for the period was SEK 78.8 million (48.1), corresponding to a gross contribution margin of 24.0 per cent (16.7). The improved gross contribution margin was due primarily to a decrease in marketing costs compared with the year-earlier period.

Publisher costs during the period increased 7.3 per cent and totalled SEK -204.2 million (-190.3). The increase in publisher costs was driven by revenue growth. Personnel costs increased 7.8 per cent and totalled SEK -65.5 million (-60.8). Other external costs declined -12.3 per cent and totalled SEK -81.3 million (-92.6). The main reason for the decline in other external costs was that external consultants were, as planned, replaced

with regular staff. The period included extraordinary operating expenses of SEK -19.4 million, which pertained to transaction costs for the public cash offer and severance pay to the CEO. Total operating expenses increased 6.3 per cent to SEK -383.2 million (-360.5).

Adjusted operating result (EBITDA, excl. IAC) was SEK -9.5 million (-51.3), corresponding to an adjusted EBITDA margin of -2.9 per cent (-17.8). The operating result (EBIT) improved 25.1 per cent to SEK -54.3 million (-72.6), corresponding to an operating margin of -16.5 per cent (-25.2).

Financial items

Net financial items totalled SEK 1.1 million (-0.4), which comprised remeasurement of the earn-out consideration and exchange rate effects, which had a positive impact on cash and cash equivalents and on net financial items.

Income tax

Tax revenue for the period amounted to SEK 1.0 million (1.0) and comprised deferred tax related to acquisitions. The Group has unutilised loss carryforwards of SEK 1,134 million (1,028) that are not carried in the balance sheet.

Net result for the period and earnings per share

The Group reported a net result for the period of SEK -52.3 million (-72.0), corresponding to earnings per share of SEK -1.4 (-1.9) before and after dilution.

Number of employees

The average number of staff including consultants was 140 (157) during the period, of which the average number of employees was 113 (116).

Cash flow

Cash flow from operating activities before changes in working capital was SEK -27.8 million (-64.5), primarily due to improved results. Cash flow from operating activities amounted to SEK -34.3 million (-30.3). The change in working capital was mainly attributable to lower account payables and higher accounts receivables.

Cash flow from investing activities was SEK -34.8 million (-15.2), of which SEK -19.5 million (-15.5) pertained to capitalised product development costs. Settlement of earn-out considerations during the period amounted to SEK -16.1 million (-).

Cash flow from financing activities was SEK -5.1 million (-14.7). During the period, amortisation of loans totalled SEK -3.5 million (-12.1) and lease liabilities SEK -1.4 million (-1.9). The repurchase of warrants totalled SEK -0.1 million (-).

30 JUNE 2023 (31 DECEMBER 2022)

Financial position

Cash and cash equivalents on 30 June 2023 amounted to SEK 116.4 million (188.7).

Capitalised development expenditure amounted to SEK 58.9 million (58.3), and other intangible assets, identified surplus value linked to acquisitions, totalled SEK 32.9 million (35.2). As of 30 June 2023, the Group recognised goodwill of SEK 54.6 million (50.0). Recognised goodwill relates to the acquisition of Readly France SA in 2021.

The Group's shareholders' equity as per 30 June 2023 amounted to SEK 45.7 million (90.6), which represented equity per share of SEK 1.2 (2.4). The change in equity was mainly due to the net result for the period of SEK -52.3 million (-120.0) and exchange rate effects when translating foreign subsidiaries of SEK 7.4 million (9.2).

Total liabilities amounted to SEK 268.6 million (292.5) as per 30 June 2023. The Group recognised an earn-out consideration of SEK 11.5 million (26.2). The decrease pertains to settlement of earn-out considerations during the period. Deferred tax liabilities amounted to SEK 8.7 million (9.3) and have arisen in connection with acquisitions. Other liabilities mainly comprised publisher payables and lease liabilities.

Total credit facilities amounted to SEK 15.7 million (18.2). The credit facility is entirely attributable to Readly France SA. Amortisation during the year totalled SEK 3.5 million.

Readly's primary strategic priority has historically been revenue growth. As a result of this, Readly reports negative earnings and cash flows for earlier periods. The company's updated strategy, announced in 2022, is focused on profitability and organic growth.

For further information, see the section Risks and uncertainties on page 12.

Market comments

Digital reader revenue is increasing in Sweden

The Swedish industry organisation Sveriges Tidskrifter has released its annual survey over the development of digital reader revenue in the country. More than 500 sites from over 250 publishers are part of the survey, the results of which reveal sales of SEK 380 million (excluding VAT) this year. This is over double compared with 2020. The best performance was posted by the B2B segment, which accounts for SEK 190 million of revenue. B2C accounts for SEK 140 million. Reader revenue through Readly accounts for a full SEK 50 million. Discounted offers and free periods remain the most common methods that magazines use to attract new subscribers¹. Readly also uses a tailored customer offering that is produced by using target group analyses in which customer conversion and retention rates comprise important metrics. How the offering is received differs between various markets. Brits, for example, respond well to different campaigns, while in Germany, offers through partnerships work well.

An increasing amount of EU consumers prefer platforms where news can be shared and discussed

The European Commission has released its European Media Industry Outlook report that examines media trends and analyses their potential impact on EU media markets. This year's report revealed that 42 per cent of Europeans read the news online every day, with many doing this through social media. There are still three times as many consumers who access journalism by visiting websites compared with social media, but there are significant differences between EU countries and age brackets. Among young people, it is almost as common to visit news sites as it is to read news via social media. Among 55 year olds, only one in six people reads news primarily via their social media flow.

The digital consumption trend is driven partially by how the online offering has been developed. According to the report, a growing number of EU consumers prefer to share and discuss articles with friends and colleagues directly through apps with direct messages and group chats. Statistics from Readly show that the most shared articles are about health, food and travel.

Google and OpenAI in discussion with publishers

The arrival of AI technology to the magazine and newspaper industry has been well publicised. The technology has transformed different aspects of the industry, including content creation, distribution and personalisation. AI-operated content creation involves algorithms generating high-quality articles together with AI-run assistants that propose edits and correct grammar. Machine learning algorithms are able to analyse reader preferences and behaviour to deliver personally adapted recommendations and tailored subscriptions.

According to the Financial Times, Google and OpenAI are discussing agreements to pay publishers for using content to train generative AI models. This could mean that publishers are paid for their content when it is used to develop technology that forms the foundations of chatbots such as ChatGPT and Google's Bard.² Readly uses machine learning technology to determine the content that the user is likely to want to read. Several user studies have been conducted to research how AI can be used to identify the most relevant topics in an article, an image or an entire publication, and tag these thereafter. Work is aimed at improving the recommendation engine to increase user value.



1) <https://www.dagensmedia.se/medier/tidskrifter/tidskrifternas-digitala-intakter-har-fordubblats-pa-fyra-ar/>

2) <https://www.ft.com/content/79eb89ce-cea2-4f27-9d87-e8e312c8601d>

Other

Significant events during the period

On 3 April, the Board issued a notice for an extraordinary general meeting (EGM) on 26 April 2023, at the request of Tidnings AB Marieberg in its capacity as largest owner, with the primary agenda item of electing a new Board.

The Extra General Meeting on 26 April resolved, in accordance with Tidnings AB Marieberg's proposal, that the number of Board members would be seven. Furthermore, it was resolved to, in accordance with Tidnings AB Marieberg's proposal, elect Mikael Antonsson, Carolina Brandtman, Laurent Kayser, Jan Lund, Veronica Selin and Jesper Wikberg as new Board members together with the existing Board member Malin Strähle, and to elect Jan Lund as the new Chairman of the Board. It was resolved to dismiss other current Board members Patrick Svensk, Nicolas Adlercreutz, Stefan Betzold and Nathan Medlock.

On 8 May, it was announced that, following the completion of Tidnings AB Marieberg's public offer to the shareholders for all shares in Readly, all previous members of the Nomination Committee have resigned from their duties in the Committee, and a new Nomination Committee has been appointed. The members of the Nomination Committee (except Jan Lund who has been appointed in his capacity of Chairman of the Board) have been appointed based on the ownership structure as of 31 March 2023.

On 30 May 2023, changes to the senior management team were announced. Mats Brandt stepped down as CEO and the Board decided to appoint Philip Lindqvist as the new CEO as of 31 May 2023. Mats will remain at the Board's disposal during his notice period of six months.

The Annual General Meeting on 13 June resolved, in accordance with the proposal of the Nomination Committee, to re-elect Board members Jan Lund, Mikael Antonsson, Carolina Brandtman, Laurent Kayser, Veronica Selin, Malin Strähle and Jesper Wikberg. Jan Lund was re-elected as Chairman of the Board.

On 27 June 2023, the Board resolved that Readly International AB (publ) initiate a process to have the company's shares listed on Nasdaq First North Growth Market and delisted from Nasdaq Stockholm, which is expected to be carried out during the fourth quarter of 2023. The company has also decided to cease with the publication of financial targets.

Significant events after the end of the period

On 17 July 2023, the Board issued a notice for an EGM to be held on 10 August 2023, with the primary agenda item to approve a publisher agreement with Bonnier News AB and Bonnier Publications International AS as well as an advertising agreement with Bonnier News AB.

The Extra General Meeting on 10 August resolved to approve publisher agreement with Bonnier News AB and Bonnier Publication International AS as well as advertising agreement with Bonnier News AB.

Other

On 25 July 2023, the founders of Readly France SA (former Toutabo SA) filed a lawsuit towards Readly International AB (publ). The lawsuit essentially concerns the earn-out considerations which were agreed upon during the acquisition. The total claim in the lawsuit is approximately SEK 11 million. SEK 3 million of these are still recognized as earn-out considerations. The company's assessment is that the recognized earn-out considerations in the Year-End report 2022 was correct, why no further provision has been accounted for in the Group's financial statements.

Related-party transactions

Readly International AB (publ) conducts transactions with related parties (subsidiaries) on a continuous basis, consisting of internal group services. All transactions are conducted on market terms.

Readly has not had any material related-party transactions other than what is stated in Note 7 on pages 87–90, and Note 27 on page 102, of the 2022 Annual Report.

Forecast

Readly does not issue any forecasts regarding future performance.

The situation in Ukraine

The situation in Ukraine had no material financial impact on Readly during the period.

Risks and uncertainties

Readly has a global service offering and is exposed to a number of risks and uncertainties. Readly categorises its risks and uncertainties as follows: Financial risks, business risks, legal and compliance risks, and strategic risks.

Financial risks are related to factors including internal and external reporting, access to capital, currencies, interest rates and liquidity. Business risks refer to risks associated with the effectiveness of Readly's activities, such as outcomes and profitability. Legal and compliance risks comprise risks related to compliance with laws and regulations. Strategic risks are associated with the overarching goals, which are coordinated with and provide support to Readly's mission and vision. The main risks and uncertainties are the business and financial risks, which are described in more detail below. A more detailed analysis of Readly's risks and uncertainties, and how Readly manages these, is provided in Readly's most recent annual report. See also the paragraph on continued operations under the section Significant estimations and assessments on page 22.

Business risks

Readly is dependent on and exposed to risks related to its ability to attract and retain subscribers to use and pay for the company's services, the ability to attract and retain publishers that publish their magazines on the company's service, the ability to continuously innovate and ensure that the service product is appealing to users, the ability to remain competitive with other companies that provide the market with similar services, and risks associated with expansion into new markets. Readly works continuously with development of the offering to subscribers and magazine publishers and with optimisation of marketing costs, among other things.

Financial risks

Readly reports sizeable losses and negative cash flows as a consequence of the company's continued substantial investments in marketing activities and other activities aimed at achieving growth. Meticulous planning and control of Readly's capital requirement is required.

If the company does not succeed with its growth strategy, a capital requirement may arise. If this were to occur, a shareholder base is required with available financial resources to be able to support further growth through additional capital contributions. Should new share capital or external borrowing not be available for Readly in connection with a possible future need, this could affect growth and the company's ability to meet its obligations. Cash flow forecasts are prepared by the company's finance function, which closely monitors rolling forecasts of Readly's cash position to ensure that the company has sufficient liquidity to meet its operational needs. Readly has large shareholders that are financially strong and which conduct long-term planning for their investments.

Legal risks

Entities in the Group may from time to time be involved in litigations that are not considered to have a material impact on the Group. Disclosure of disputes, tax audits and legal proceedings is subject to critical estimates and judgements.

Parent Company

Readyly International AB (publ) is the Parent Company of the Group. The Parent Company's function is to provide services to other companies in the Group and manage shares in subsidiaries. The Parent Company's expenses pertain mainly to personnel costs for parts of the senior management team and costs for external consultants related to central Group functions.

Financial performance Jan–Jun 2023 (Jan–Jun 2022)

Revenue for the year totalled SEK 16.0 million (19.0) and pertained entirely to services provided to subsidiaries as well as to brands. The Parent Company reported a loss for the period of SEK -12.1 million (-5.6), of which net financial items totalled SEK -0.9 million (-3.5). Net financial items for the period mainly comprised the remeasurement of earn-out considerations.

Financial position as of 30 June 2023 (31 December 2022)

Cash and cash equivalents on 30 June 2023 amounted to SEK 3.1 million (2.2).

Shares in subsidiaries amounted to SEK 530.2 million (530.0) as per 30 June 2023.

Equity in the Parent Company amounted to SEK 397.2 million (409.3). The change is due to the net result for the period.

Readyly International AB (publ) shares for the period January–June 2023 (31 December 2022)

As per 30 June 2023 the Parent Company's share capital amounted to SEK 1,137,142, apportioned among 37,904,738 shares. Employee stock options outstanding as per 30 June 2023 totalled 401,671 (229,333), where option programmes subscribed for prior to the share split entitled subscription for ordinary shares at a ratio of 1:5. Warrants outstanding as per 30 June 2023 totalled 587,800 (947,133), where option programmes subscribed for prior to the share split entitled subscription for ordinary shares at a ratio of 1:5.

Related-party transactions

Readyly International AB (publ) conducts transactions with related parties (subsidiaries) on a continuous basis, consisting of internal group services. All transactions are conducted on market terms. Readyly has not had any material related-party transactions other than what is stated in Note 7 on pages 87–90, and Note 27 on page 102, of the 2022 Annual Report.

Consolidated Income Statement

SEKt	Note	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Net sales	2	164,672	140,598	322,962	281,296	580,740
Other revenue		2,756	3,500	5,848	6,619	10,873
Total revenue		167,428	144,099	328,810	287,915	591,613
OPERATING EXPENSES						
Publisher costs		-101,307	-95,328	-204,159	-190,314	-388,422
Other external costs		-31,202	-40,400 ³	-81,256 ¹	-92,632 ³	-164,182 ³
Personnel costs		-36,481 ²	-29,061 ³	-65,482 ²	-60,757 ³	-117,314
Depreciation and amortisation		-14,173	-5,937	-25,351	-11,716	-54,126
Other operating expenses		-5,132	-1,555	-6,910	-5,100	-10,040
Operating result		-20,867	-28,182	-54,348	-72,604	-142,471
Net financial items		1,901	868	1,071	-401	20,833
Result before tax		-18,966	-27,315	-53,277	-73,005	-121,638
Income tax		502	474	1,019	971	1,678
Net result for the period		-18,464	-26,840	-52,258	-72,034	-119,960
Net result for the period attributable to the Parent Company shareholders		-18,441	-26,843	-52,211	-71,985	-119,883
Attributable to non-controlling interests		-22	3	-47	-49	-77
Basic and diluted earnings per share		-0.5	-0.7	-1.4	-1.9	-3.2
Basic and diluted weighted average number of shares		37,904,738	37,904,738	37,904,738	37,904,738	37,904,738

1) Items affecting comparability associated with the public cash offer amount to SEK 13.1 million.

2) Items affecting comparability attributable to severance pay to the former CEO amount to SEK 6.3 million.

3) Items affecting comparability associated with the Group restructuring and integration of Toutabo SA amount to SEK 9.6 million, whereof SEK 2.6 million in the second quarter.

Consolidated Statement of Comprehensive Income

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Net result for the period	-18,464	-26,840	-52,258	-72,034	-119,960
Items that may be reclassified to profit or loss					
Exchange rate differences on translating foreign operations	5,690	3,553	7,369	4,771	9,215
Other comprehensive income for the period	5,690	3,553	7,369	4,771	9,215
Total comprehensive income for the period	-12,774	-23,288	-44,889	-67,263	-110,745
Total comprehensive income attributable to the Parent Company shareholders	-12,749	-23,314	-44,919	-67,264	-110,717
Total comprehensive income attributable to non-controlling interests	-25	26	31	1	-29

Consolidated Statement of Changes in Financial Position

SEKt	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS				
Non-current assets				
Goodwill		54,573	73,880	49,982
Other intangible assets		91,822	88,421	93,501
Property, plant and equipment		378	827	580
Right-of-use assets		2,556	9,546	7,973
Other non-current assets	3	9,524	9,263	9,874
Total non-current assets		158,853	181,937	161,910
Current assets				
Trade receivables		13,264	9,006	7,673
Other current assets		25,676	18,721	24,797
Cash and cash equivalents		116,439	251,672	188,706
Total current assets		155,378	279,398	221,176
TOTAL ASSETS		314,231	461,335	383,086
EQUITY AND LIABILITIES				
Equity				
Equity attributable to the Parent Company shareholders	4	45,626	133,901	90,552
Equity attributable to non-controlling interests		36	33	5
Total equity		45,663	133,934	90,557
Non-current liabilities				
Lease liabilities		1,541	5,987	4,833
Other financial liabilities	3	–	9,121	–
Deferred tax liabilities		8,722	10,034	9,343
Long-term borrowings	5	8,590	13,964	11,197
Provisions		2,680	2,726	2,558
Total non-current liabilities		21,532	41,833	27,930
Current liabilities				
Other financial liabilities	3	11,451	35,520	26,170
Trade payables		35,756	52,792	44,569
Lease liabilities		1,041	2,892	2,701
Short-term borrowings	5	7,128	16,657	6,988
Other current liabilities		191,660	177,707	184,169
Total current liabilities		247,036	285,568	264,598
TOTAL EQUITY AND LIABILITIES		314,231	461,335	383,086

Consolidated Statement of Changes in Equity

SEKt	Share capital	Other contributed capital	Translation difference	Retained earnings (including net result for the year)	Total	Non-controlling interests	Total equity
Opening balance 1 January 2023	1,137	1,182,624	12,244	-1,105,453	90,552	5	90,557
Net result for the period	–	–	–	-52,211	-52,211	-47	-52,258
Other comprehensive income	–	–	7,291	–	7,291	78	7,369
Total comprehensive income	–	–	7,291	-52,211	-44,919	31	-44,889
Transactions with owners							
Share-based remuneration	–	116	–	–	116	–	116
Repurchased warrants	–	-122	–	–	-122	–	-122
Total transactions with owners	–	-5	–	–	-5	–	-5
Closing balance 30 June 2023	1,137	1,182,618	19,535	-1,157,664	45,627	36	45,663

SEKt	Share capital	Other contributed capital	Translation difference	Retained earnings (including net result for the year)	Total	Non-controlling interests	Total equity
Opening balance 1 January 2022	1,137	1,182,091	3,080	-986,295	200,013	1,704	201,714
Net result for the period	–	–	–	-71,985	-71,985	-49	-72,034
Other comprehensive income	–	–	4,721	–	4,721	50	4,771
Total comprehensive income	–	–	4,721	-71,985	-67,264	1	-67,263
Transactions with owners							
Transaction costs for issues	–	-14	–	–	-14	–	-14
Share-based remuneration	–	191	–	–	191	–	191
Warrants	–	260	–	–	260	–	260
Transactions with non-controlling interests	–	–	–	725	725	-1,670	-945
Total transactions with owners	–	437	–	725	1,162	-1,670	-508
Closing balance 30 June 2022	1,137	1,182,528	7,798	-1,057,555	133,911	33	133,934

Consolidated Statement of Cash Flows

SEKt	Note	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Operating result (EBIT)		-20,867	-28,182	-54,348	-72,604	-142,471
Depreciation and amortisation		14,173	5,937	25,351	11,716	54,126
Other items not affecting liquidity		1,471	-416	2,111	-436	222
Interest received		211	–	296	–	92
Interest paid		-420	-1,445	-898	-2,717	-2,713
Paid tax		–	-275	-274	-447	-509
Cash flow from operating activities before changes in working capital		-5,433	-24,382	-27,762	-64,488	-91,254
Change in working capital		-13,238	23,643	-6,509	34,211	28,529
Cash flow from operating activities		-18,671	-739	-34,270	-30,277	-62,725
Investments in intangible and tangible assets		-9,639	-8,335	-19,620	-15,626	-32,861
Investments in financial assets		1,345	-6	889	417	192
Settlement of earn-out considerations		–	–	-16,074	–	–
Cash flow from investing activities		-8,294	-8,341	-34,805	-15,209	-32,669
Transactions with non-controlling interests		–	-945	–	-945	-945
Transaction costs for issues		–	-14	–	-14	-14
Warrants		–	260	–	260	300
Repurchased warrants		-122	–	-122	–	–
Repayment of lease liabilities		-700	-893	-1,399	-1,920	-3,706
Repayment of loans		-1,865	-6,349	-3,549	-12,084	-26,808
Cash flow from financing activities		-2,686	-7,927	-5,069	-14,703	-31,172
Total cash flow		-29,652	-17,006	-74,145	-60,189	-126,556
Cash and cash equivalents at the beginning of the period		144,057	264,863	188,706	306,209	306,209
Exchange rate differences related to cash and cash equivalents		2,033	3,814	1,877	5,651	9,063
Cash and cash equivalents at the end of the period		116,439	251,671	116,439	251,671	188,706

Condensed Parent Company Income Statement and Statement of Comprehensive Income

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
OPERATING REVENUE					
Net sales	9,105	8,960	16,007	19,014	35,370
OPERATING EXPENSES					
Other external costs	177	-7,188	-14,184	-11,539	-16,625
Personnel costs	-10,792 ¹	-4,920	-12,745 ¹	-9,431	-19,149
Depreciation and amortisation	-82	-82	-164	-164	-327
Other operating expenses	–	-21	-7	-26	-70
Operating result	-1,593	-3,251	-11,093	-2,146	-802
Net financial items	-460	-1,539	-965	-3,472	-157,721
Result after financial items	-2,053	-4,790	-12,059	-5,618	-158,523
Result before tax	-2,053	-4,790	-12,059	-5,618	-158,523
Income tax	–	–	–	–	–
Net result for the period	-2,053	-4,790	-12,059	-5,618	-158,523

1) Items affecting comparability attributable to severance pay to the former CEO amount to SEK 6.3 million.
Net result for the period corresponds to the Parent Company's comprehensive income for the period.

Condensed Parent Company Balance Sheet

SEKt	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS				
Non-current assets				
Intangible assets		573	900	737
Participations in Group companies		530,235	695,363	530,035
Receivables from Group companies		1,551	1,325	1,454
Total non-current assets		532,358	697,588	532,225
Current assets				
Trade receivables		30	–	–
Receivables from Group companies		4,426	12,137	4,083
Tax receivables		193	354	100
Other receivables		468	487	398
Cash and cash equivalents		3,091	2,761	2,243
Total current assets		8,207	15,740	6,823
TOTAL ASSETS		540,565	713,328	539,048
EQUITY AND LIABILITIES				
Restricted equity		1,137	1,137	1,137
Unrestricted equity		396,089	560,962	408,154
Equity		397,227	562,100	409,291
Non-current liabilities				
Non-current liabilities to Group companies		51	96	51
Other non-current liabilities	3	–	9,121	–
Total non-current liabilities		51	9,218	51
Current liabilities				
Trade payables		236	689	1,289
Liabilities to Group companies		118,809	87,357	90,034
Other current liabilities	3	24,243	53,965	38,383
Total current liabilities		143,288	142,011	129,706
TOTAL EQUITY AND LIABILITIES		540,565	713,328	539,048

Notes

NOTE 1 Accounting policies

Ready applies the Swedish Annual Accounts Act, Swedish Financial Reporting Board recommendation RFR 1 Supplementary Accounting Rules for groups, and International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as endorsed by the EU.

This report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable stipulations of the Swedish Annual Accounts Act and should be read in the same context as the 2022 Annual Report. The most significant accounting policies used in preparing this report are described in Note 1 on pages 76–82 of the 2022 Annual Report.

Changes in IFRS and amendments and interpretations of existing standards that took effect on 1 January 2023 have not given rise to any changes in the reporting of the Group's financial performance or position. In addition, the same accounting policies and bases of calculation used in the 2022 Annual Report have been applied in preparing the financial statements in this report, except as stated below.

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2 Accounting for legal entities.

NOTE 2 Revenue from contracts with customers

Distribution of net sales by service

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Ready's digital magazine service	156,080	132,734	307,274	267,836	553,576
Other sales revenue	8,592	7,864	15,688	13,460	27,164
Total	164,672	140,598	322,962	281,296	580,740

Net sales by geographic region

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Germany	64,135	49,831	125,042	99,188	210,910
Sweden	25,345	24,004	49,475	49,586	96,842
UK	31,353	27,676	62,214	55,030	114,067
France	18,948	17,477	35,932	33,206	66,250
Rest of world	24,891	21,610	50,299	44,286	92,670
Total	164,672	140,598	322,962	281,296	580,740

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Total revenue	167,428	144,099	328,810	287,915	591,613
YoY change, %	16.2	30.0	14.2	35.4	26.9
of which:					
– organic growth, %	9.0	8.4	8.1	12.9	9.9
– currency effects & VAT, %	7.2	5.8	6.1	6.9	5.8
– acquisitions, %	–	15.8	–	15.6	11.2

NOTE 3 Fair value of financial instruments

Readly has a financial liability relating to the earn-out consideration attributable to the acquisition of Readly France SA that is measured at fair value through profit or loss. The earn-out consideration is subject to certain targets being met in terms of number of users, publisher agreements and commercial partnership agreements and may amount to a maximum of EUR 4.1 million.

The calculation of fair value is based on level 3 of the fair value hierarchy, which entails that fair value has been determined on the basis of a measurement model in which the material input data is based on unobservable inputs. Measurement was performed based on the discounted value of estimated future cash flows.

SEKm

Opening balance 1 January 2023	26.2
Value adjustment	0.7
Restatement effect	0.7
Settled during the year	-16.1
Closing balance 30 June 2023	11.5

The fair value of current receivables and liabilities recognised at amortised cost corresponds to their carrying amounts, since the discounting effect is not considered to be significant. The fair value of non-current receivables and liabilities reported at amortised cost is deemed in all essential respects to correspond to their carrying amount. For further information on financial assets and liabilities, and their classification, refer to Note 17 of the 2022 Annual Report.

NOTE 4 Equity

As per 30 June 2023 the Group's share capital amounted to SEK 1,137,142, apportioned among 37,904,738 shares.

Employee stock options as per 30 June 2023 totalled 401,671 (229,333), where option programmes subscribed for prior to September 2020 entitled subscription for ordinary shares at a ratio of 1:5. Warrants outstanding as per 30 June 2023 totalled 587,800 (947,133), where option programmes subscribed for prior to September 2020 entitled subscription for ordinary shares at a ratio of 1:5.

Changes in share capital

The following table illustrates the changes in share capital of Readly International AB (publ) for the 2021–2023 financial years.

Date	Transaction	Change in No. of shares	Total No. of shares	Change in share capital, SEK	Total share capital, SEK
11 Jan 2021	New issue (exercised employee stock options)	75,000	37,106,448	2,250	1,113,193
26 Jan 2021	New issue (exercised warrants Kreos)	120,169	37,226,617	3,605	1,116,799
22 Nov 2021	New issue (non-cash issue upon acquisition)	678,121	37,904,738	20,344	1,137,142

NOTE 5 Significant estimations and assessments

In the preparation of the financial statements, management must make estimations and assessments, and must therefore make certain estimations and assumptions about the future. Management's estimations and assessments are evaluated on a regular basis based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the prevailing conditions.

The estimations for accounting purposes that result from these, by definition, seldom correspond to the actual outcome. The estimations and assumptions that entail a significant risk for material adjustments of the carrying amounts of assets and liabilities during the financial year are addressed in general below.

Going concern

Readly's financial statements have been prepared in accordance with the accounting policies that apply for a going concern assumption, that is, that Readly will have the ability to continue conducting its business during the foreseeable future. Foreseeable future extends at least to, but is not limited to, 12 months after the end of the reporting period. It is the Board of Directors and CEO who are responsible for assessing the company's ability to continue operating. To be able to make this assessment in a correct manner, consideration must be given to all available information and assumptions about the future. Further, the Board of Directors and CEO continuously monitor circumstances that may affect the assessment of the validity of the going concern assumption, where the most critical risk is access to funding. Since Readly is in a phase of growth, the Group continues to report significant losses. This may lead to strained liquidity and a need to secure long-term funding for the Group.

The Board of Directors and CEO believe that, after implemented measures, the company's existing working capital with available funding opportunities is sufficient in order for the going rate assumption to be considered to have been met.

Tax loss carryforwards

Unutilised tax loss carryforwards for which no deferred tax asset has been recognised amounted to SEK 1,134 million (1,028) as per 30 June 2023. Since in the coming years, Readly will prioritise growth over profitability, the Board has determined that the Group will likely continue to report tax loss carryforwards also in the coming year, and thus in accordance with IAS 12, no deferred tax asset is reported for these deficits.

Fair value measurement of earn-out considerations

The fair value of earn-out considerations are calculated based on the terms and conditions of the agreements contracted in connection with acquisitions. The earn-out consideration is subject to certain targets being met in terms of number of users, publisher agreements and commercial partnership agreements. Outcomes may differ from estimates and could thus affect valuations. This could affect the company's future performance and financial position.

For further information on estimations and assessments, please refer to Readly's 2022 Annual Report, Note 3 on page 85.

Key Performance Indicators

The company presents certain financial measures in the interim report that are not defined by IFRS. The company believes that these Alternative Performance Measures (APMs) provide valuable supplementary information to investors and company management, as they allow evaluation of the company's financial performance and financial position. Since not all companies calculate

financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures shall therefore not be regarded as a replacement for the measures defined in accordance with IFRS. The tables below present certain measures that are not defined in IFRS, and they are therefore defined on page 25 of this report.

SEKt, unless stated otherwise	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
FPS (Full-paying subscribers), number	454,745	447,196	454,745	447,196	452,466
Total revenue	167,428	144,099	328,810	287,915	591,613
Total revenue growth, %	16.2	30.0	14.2	35.4	26.9
ARPU ¹ (Average revenue per user), SEK	115	97	114	97	102
Gross profit ¹	66,121	48,771	124,651	97,601	203,191
Gross profit margin ¹ , %	39.5	33.8	37.9	33.9	34.3
Gross contribution ¹	44,774	28,971	78,799	48,145	106,417
Gross contribution margin ¹ , %	26.7	20.1	24.0	16.7	18.0
EBITDA ¹	-6,695	-22,245	-28,997	-60,888	-88,345
EBITDA margin ¹ , %	-4.0	-15.4	-8.8	-21.1	-14.9
Operating result	-20,867	-28,182	-54,348	-72,604	-142,471
Operating margin, %	-12.5	-19.6	-16.5	-25.2	-24.1
Adjusted operating result (EBITDA) (excl. IAC) ¹	-0.4	-19.7	-9.9	-51.3	-77.7
Adjusted operating margin (EBITDA) (excl. IAC) ¹ , %	-0.2	-13.7	-2.9	-17.8	-13.1
Adjusted operating result (excl. IAC) ¹	-14,557	-25,650	-34,900	-63,024	-104,823
Adjusted operating margin (excl. IAC) ¹ , %	-8.7	-17.8	-10.6	-21.9	-17.7
Total operating expenses	-188,295	-172,281	-383,159	-360,518	-734,084
Net result for the period	-18,464	-26,840	-52,258	-72,034	-119,960
Items affecting comparability	-6,310	-2,533	-19,449	-9,579	-10,648
Net margin, %	-11.0	-18.6	-15.9	-25.0	-20.3
Cash flow from operating activities	-18,671	-739	-34,270	-30,277	-62,725
Average number of employees	140	123	140	116	144
KPI data per share					
Basic and diluted earnings per share, SEK	-0.5	-0.7	-1.4	-1.9	-3.2
Basic and diluted equity per share, SEK	1.5	3.5	1.2	3.5	2.4
Weighted number of shares outstanding, basic and diluted	37,904,738	37,904,738	37,904,738	37,904,738	37,904,738
Number of shares outstanding at end of the period	37,904,738	37,904,738	37,904,738	37,904,738	37,904,738

1) For reconciliation of APMs, see pages 26–27.

Key Performance Indicator development

SEKt, unless stated otherwise	2023			2022			2021			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
FPS (Full-paying subscribers), number	454,745	453,631	452,466	446,861	447,196	465,456	478,362	435,372	420,135	397,071
Total revenue	167,428	161,382	156,566	147,132	144,099	143,816	134,751	118,861	110,813	101,883
Total revenue growth, %	16.2	12.2	16.2	23.8	30.0	41.2	36.6	27.3	32.8	32.0
ARPU, SEK	115	112	109	103	97	97	95	93	91	91
Gross profit	66,121	58,530	57,530	48,060	48,771	48,830	45,138	39,829	37,292	33,868
Gross profit margin, %	39.5	36.3	36.7	32.7	33.8	34.0	33.5	33.5	33.7	33.2
Gross contribution	44,774	34,025	34,800	25,330	28,971	19,174	5,576	-11,449	-11,539	-16,367
Gross contribution margin, %	26.7	21.1	22.2	17.2	20.1	13.3	4.1	-9.6	-10.4	-16.1
Operating result	-20,867	-33,481	-49,264	-20,604	-28,182	-44,421	-50,341	-47,993	-54,285	-56,908
Operating margin, %	-12.5	-20.7	-31.5	-14.0	-19.6	-30.9	-37.4	-40.4	-49.0	-55.9
Adjusted operating result	-14,557	-20,342	-21,309	-20,490	-25,650	-37,375	-45,755	-47,993	-54,285	-56,908
Adjusted operating margin, %	-8.7	-12.6	-13.6	-13.9	-17.8	-26.0	-34.0	-40.4	-49.0	-55.9
Net result for the period	-18,464	-33,794	-28,905	-19,021	-26,840	-45,193	-49,443	-52,500	-58,193	-59,465

Definitions of Key Performance Indicators and calculations

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE
Gross profit	Revenue less publisher costs.	Used as a measure of the core business's operating profit, regardless of the effect of other operations, items affecting comparability between periods, and financing and company tax.
Gross profit margin	Gross profit/loss divided by revenue.	Used as a measure of the core business's profitability, regardless of the effect of other operations.
EBITDA	Operating profit excluding financial items, tax, depreciation/amortisation and impairment losses of tangible and intangible assets.	Used as an alternative measure of operating profit that is not affected by historical investments and their accounting treatment, or by items affecting comparability.
EBITDA margin	EBITDA divided by total revenue.	Used as an alternative measure of the business's profitability.
Equity per share	Equity in relation to the number of shares outstanding at the end of the period.	A measure used by investors, analysts and company management to evaluate the company's financial position.
Full-paying subscriber (FPS)	A subscriber who pays 51 per cent or more of the ordinary price for a subscription.	This measure is used to identify the subscribers who pay the full price for the service.
Average revenue per user (ARPU)	Subscriber revenue on monthly basis divided by the outgoing number of FPSs in the corresponding month.	This measure is used to identify the share of total revenue that is attributable to each full-paying subscriber.
Items affecting comparability	Non-recurring significant items and events attributable to the Group's strategy or structure. These are relevant for understanding the Group's performance and year-on-year comparisons.	Used to inform about items that affect comparability between different periods.
Marketing costs	External marketing costs related to customer acquisition, campaigns and similar marketing activities.	Used as a measure of marketing costs, regardless of the effect of other operations, items affecting comparability between periods, and financing and company tax.
Net margin	Net result for the period divided by total revenue for the period.	Used as an alternative measure of the business's profitability.
Organic growth	Growth that the company achieves itself through its own sales, i.e., not through acquisitions.	Used as a measure of growth in the company's total revenue.
Earnings per share	Net result for the period after tax in relation to the average number of shares outstanding during the period.	A measure used by investors, analysts and company management to evaluate the value of the company's shares outstanding.
Operating result (EBIT)	Operating revenue less operating expenses.	A measure of the company's operating result before interest and tax that is used by investors, analysts and company management to evaluate the company's profitability.
Operating margin	Operating result in relation to operating expenses.	A profitability measure that is used by investors, analysts and company management to evaluate the company's profitability.
Growth in total revenue	Increase in total revenue compared with the preceding period.	Used as a measure of growth in the company's total revenue.
Total operating expenses	Total expenses excluding interest expenses and tax costs.	Used as a measure of the Group's total expenses regardless of the effect of other operations, items affecting comparability between periods, and financing and company tax.
Gross contribution	Gross profit excluding marketing costs.	A measure of the company's gross profit after marketing costs used by investors, analysts and company management to evaluate the company's profitability.
Gross contribution margin	Gross contribution divided by operating revenue.	A profitability measure that is used by investors, analysts and company management to evaluate the company's profitability.

Reconciliation of KPIs

Gross profit & Gross profit margin

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Total revenue	167,428	144,099	328,810	287,915	591,613
Publisher costs	-101,307	-95,328	-204,159	-190,314	-388,422
Gross profit	66,121	48,771	124,651	97,601	203,191
Gross profit margin, %	39.5	33.8	37.9	33.9	34.3

EBITDA and EBITDA margin

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
EBITDA	-6,695	-22,245	-28,997	-60,888	-88,345
Total revenue	167,428	144,099	328,810	287,915	591,613
EBITDA margin, %	-4.0	-15.4	-8.8	-21.1	-14.9

Equity per share

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Weighted number of shares outstanding	37,904,738	37,904,738	37,904,738	37,904,738	37,904,738
Total equity	45,663	133,934	45,663	133,934	90,557
Equity per share (SEK)	1.2	3.5	1.2	3.5	2.4

Net margin

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Net result for the period	-18,464	-26,840	-52,258	-72,034	-119,960
Total revenue	167,428	144,099	328,810	287,915	591,613
Net margin, %	-11.0	-18.6	-15.9	-25.0	-20.3

Operating result and operating margin

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Total revenue	167,428	144,099	328,810	287,915	591,613
Total operating expenses	-188,295	-172,281	-383,159	-360,518	-734,084
Operating result	-20,867	-28,182	-54,348	-72,604	-142,471
Operating margin, %	-12.5	-19.6	-16.5	-25.2	-24.1

Adjusted operating result (EBITDA) (excl. IAC)

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Adjusted operating result (EBITDA)	-6 695	-22 245	-28 997	-60 888	-88 345
Items affecting comparability					
Restructuring	6,281	1,887	6,281	7,640	7,640
Transaction and integration costs upon acquisition of Readly France SA	29	646	229	1 939	2 053
Transaction costs for the public cash offer	–	–	12 938	–	955
Adjusted operating result (EBITDA) (excl. IAC)	-385	-19 712	-9 549	-51 309	-77 697
Total revenue	167 428	144 099	328 810	287 915	591 613
Adjusted operating margin (EBITDA) (excl. IAC), %	-0.2	-13.7	-2.9	-17.8	-13.1

Adjusted operating result (excl. IAC)

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Operating result (EBIT)	-20,867	-28,182	-54,348	-72,604	-142,471
Items affecting comparability					
Restructuring	6,281	1,887	6,281	7,640	7,640
Transaction and integration costs upon acquisition of Readly France SA	29	646	229	1,939	2,053
Transaction costs for the public cash offer	–	–	12,938	–	955
Impairment of goodwill	–	–	–	–	27,000
Adjusted operating result (excl. IAC)	-14,557	-25,650	-34,900	-63,024	-104,823
Total revenue	167,428	144,099	328,810	287,915	591,613
Adjusted operating margin (excl. IAC), %	-8.7	-17.8	-10.6	-21.9	-17.7

Growth in total revenue

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Total revenue	167,248	144,099	328,810	287,915	591,613
Total revenue growth, %	16.2	30.0	14.2	35.4	26.9

Total operating expenses

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Publisher costs	-101,307	-95,328	-204,159	-190,314	-388,422
Marketing costs	-21,347	-19,800	-45,852	-49,456	-96,774
Other external costs	-9,856	-20,600	-35,404	-43,176	-67,408
Personnel costs	-36,481	-29,061	-65,482	-60,757	-117,314
Depreciation and amortisation	-14,173	-5,937	-25,351	-11,716	-54,126
Other operating expenses	-5,132	-1,555	-6,910	-5,100	-10,040
Total operating expenses	-188,295	-172,281	-383,159	-360,518	-734,084

Gross contribution & Gross contribution margin

SEKt	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Total revenue	167,428	144,099	328,810	287,915	591,613
Publisher costs	-101,307	-95,328	-204,159	-190,314	-388,422
Marketing costs	-21,347	-19,800	-45,852	-49,456	-96,774
Gross contribution	44,774	28,971	78,799	48,145	106,417
Gross contribution margin, %	26.7	20.1	24.0	16.7	18.0

Supplementary information

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Financial calendar

Financial reports, press releases and other information are available from the date of publication on Readly's website: www.readly.com.

This information is information that Readly International AB (publ) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by agency of the contact persons above at 7:30 a.m. CEST on 17 August 2023.

Interim report Jan–Sep 2023

9 November 2023

Year-end report and fourth quarter interim report 2023

8 February 2024

Auditor's review

This interim report has not been audited or reviewed by the company's auditors.

Publication

The interim information provided on pages 2–11 constitutes an integral part of this financial report.

Legal disclaimer

Due to the nature of its business, Readly is exposed to certain risks that may affect its earnings or financial position to a lesser or greater extent. These risks can be categorised as financial risks, business risks, legal and compliance risks, and strategic risks. Management's general view of the risks that the business may be affected by has not changed compared with the description provided in the most recently published annual report. For a detailed description of the company's risks, please refer to Readly's 2022 Annual Report, pages 45–51.

Signatures

The CEO gives his assurance that the interim report provides a fair view of the Parent Company's and the Group's operations, financial position and results of operations and describes the significant risks and uncertainties facing the Parent Company and the companies that are part of the Group.

Stockholm, 17 August 2023

Philip Lindqvist
President and CEO

Jan Lund
Chairman of the Board

Mikael Antonsson
Director

Carolina Brandtman
Director

Laurent Kayser
Director

Veronica Selin
Director

Malin Stråhle
Director

Jesper Wikberg
Director

This report has not been reviewed by the company's auditors.



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