READLY ANNUAL & SUSTAINABILITY REPORT 2021


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Die Wanderung
des Gnus
NATIO
GEOGR
DAS GEFLE
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DIE WUNDERWELT
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This is a translation of the Swedish original. In case of any discrepancy between the Swedish and the English versions of this Annual Report, the Swedish version shall govern.

2021

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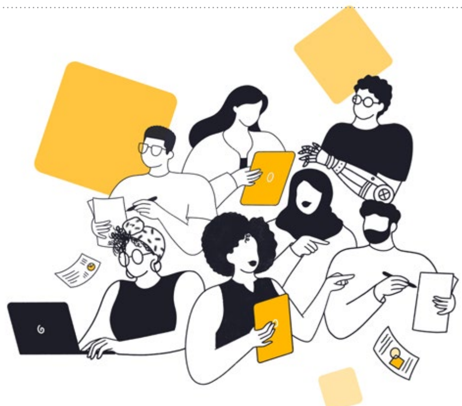
Readly's sustainability work

The core of our business is an important contribution to a sustainable future.



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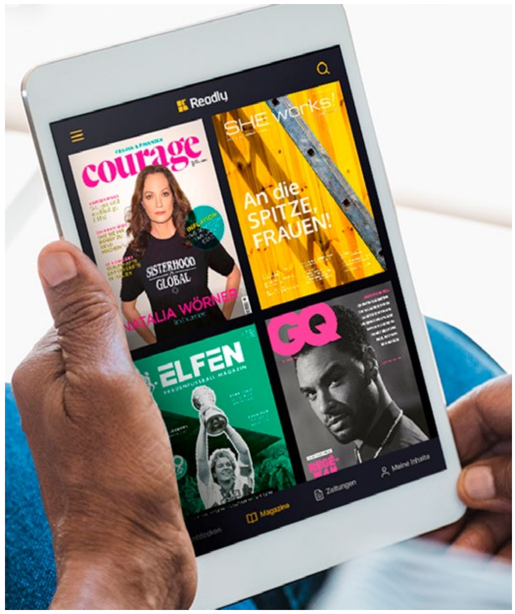
Our readers in focus

Empower people to education, engagement and recreation.



European leader in digital subscriptions

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

Today the Company is the European leader in "all-you-can-read" digital magazine subscriptions, with users in 50 countries. In collaboration with approximately 1,200 publishers worldwide, Readly is digitalising the magazine industry. In 2021 Readly distributed approximately 210,000 editions of magazines and newspapers that have been read 120 million times. Since September 2020 Readly's shares are listed on Nasdaq Stockholm, Midcap.

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Number of languages

Readly is available in 50 countries.

478,362

Number of full-paying subscribers

During the year, the number of subscribers increased by 29 per cent.

Number of titles

During the year, Readly added more than 2,500 new magazines and 300 daily news papers.

7,500

1,200

Number of publishers

Readly established partnerships with 400 new publishers during the year and cooperates with 1,200 publishers in total.

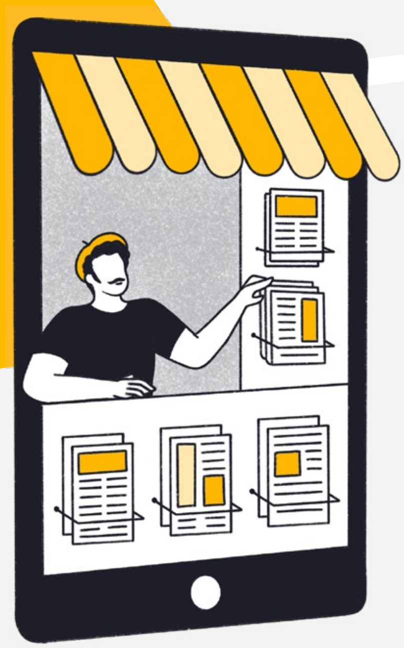
4.7

App rating

High rating from users.

Our vision

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

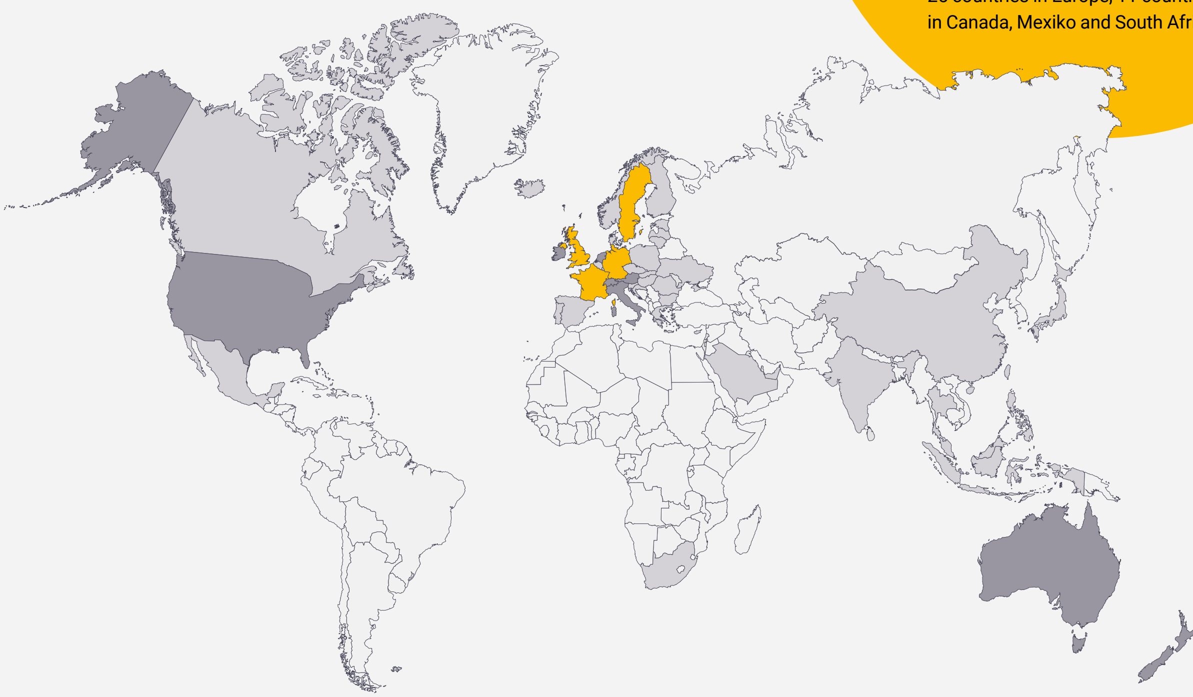


Our purpose

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

Readly is available in 50 countries

- Markets where we have offices: Sweden, the United Kingdom, Germany and France.
- Countries with content from local publishers: Australia, France, Ireland, Italy, the Netherlands, New Zealand, Switzerland, the United Kingdom, Sweden, Germany, USA and Austria.
- Other countries in which Readly is avaliable: 25 countries in Europe, 11 countries in Asia and in Canada, Mexiko and South Africa.



2021 in brief

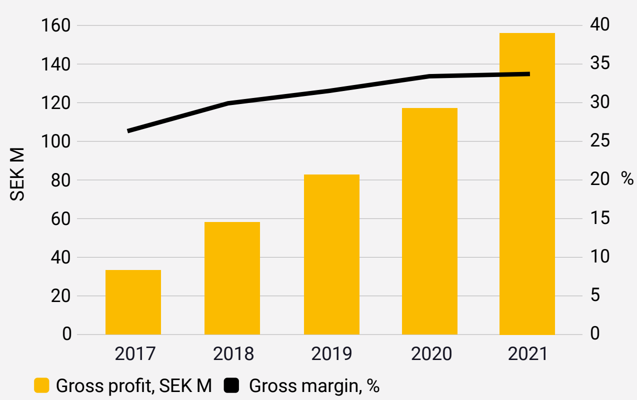
2021 was an eventful year with continued stable growth and improvement of our results. Readly strengthened its market-leading position in Europe with the expansion to France and through a continued focus on product development and content to create the best reading experience. With the acquisition of Toutabo SA Readly established a position as one of the market leaders in France, Europe's largest market for magazines and newspapers. During the year Readly also initiated collaborations with over 400 new publishers and added over 2,500 magazines and about 300 newspapers to the offer, which includes over 7,500 international magazines and newspapers.

Newspapers are a strategic focus area as early analyses of user data indicates increased reading engagement. Both total and average reading time per user account increases among our subscribers who reads the daily press. The development during the year implies that we have newspapers in eight countries.

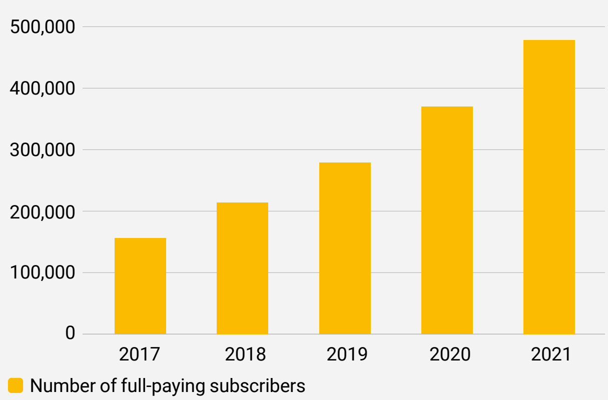
In product development, Readly has focused on improving the user experience as we launched a number of new updates within design, mobile adaptation and navigation to allow readers to find relevant content faster and more easily. An average user reads about 13 different titles per month which is a receipt for the value our service delivers.

The market for digital magazines and newspapers is huge and the share is growing faster and faster. We have a strong financial position to allow for our continued growth journey and we have a clear strategy which means that we will continue to invest in product development and content to offer the best product experience and thus enhance the organic growth. The transformation of the magazine industry is yet in its infancy and with leading positions in the largest markets in Europe, Readly is well positioned for the future.

GROSS PROFIT AND GROSS MARGIN



DEVELOPMENT FULL-PAYING SUBSCRIBERS



RESULTS 2021

32%
growth of revenues compared to 2020.

+29%
growth of number of subscribers compared to 2020.

33.5%
gross margin compared to 33.2% at the end of 2020.

FINANCIAL TARGETS

25%
total revenue growth between 2022 and 2024 (CAGR).

35%
Long-term achieve a gross margin of at least 35%.

2025
Readly shall become profitable on EBITDA level no later than 2025.

Dividend policy
Readly's Board of Directors does not intend to propose a dividend in the short or medium term, but instead intends to use the cash flow that is generated for continued investments in growth. Each year the Board of Directors will evaluate the possibility of proposing a dividend after taking into consideration development of the business as well as its operating profit/loss and financial position.

Multi-year overview

Group (SEK k)	2021	2020	2019	2018	2017
FPSs (full-paying subscribers), number	478,362	369,764	278,555	213,910	155,973
Total revenue	466,308	352,604	264,739	195,950	126,972
ARPU (average revenue per user), SEK	92	93	87	86	84
Gross profit	156,127	117,059	82,773	58,319	33,288
Gross profit margin, %	33.5	33.2	31.3	29.8	26.2
Gross contribution	-33,780	-38,155	-16,303	-15,439	-14,763
Gross contribution margin, %	-7.2	-10.8	-6.2	-7.9	-11.6
Operating profit/loss	-209,528	-189,775	-142,539	-106,976	-69,252
Operating margin, %	-44.9	-53.8	-53.8	-54.6	-54.5
Adjusted operating profit/loss	-204,943	-170,311	-138,123	-106,976	-69,252
Adjusted operating margin, %	-44.0	-48.3	-52.2	-54.6	-54.5
Profit for the year	-219,601	-197,424	-146,565	-107,980	-69,829
Earnings per share before and after dilution [1]	-5.9	-6.5	-5.9	-5.5	-4.2

1) Earnings per share for the comparison periods have been adjusted to the number of shares after the 1:5 share split. See Definitions of Key Performance Indicators and Calculations on pages 118–121.

IMPORTANT EVENTS

GROWING SUPPLY OF NEWSPAPERS

The year began with one of Germany's largest publishers, Axel Springer, expanding its partnership with Readly by adding its three leading daily newspapers, B.Z, DIE WELT and BILD to the platform, the latter being Europe's largest daily.

February saw the debut of Irish newspapers on Readly with the launch of six titles from Reach plc: the Irish Daily Mirror, Irish Sunday People, Irish Sunday Mirror, The Irish Daily Star, and the Irish editions of The Daily Express and The Sunday Express. At the end of the year, one of Austria's largest newspapers, Die Presse, was welcomed. In total, Readly added more than 300 news papers during the year.

Easier to discover relevant content

During the year, we have invested heavily in building a personalised introduction to our service that will help new users discover titles they love faster – both national and international and in different categories. Among other things, the "Discover" feature in the app and web has become a clearer home for all navigation and a dynamic destination for readers to maximise the exploration of their favourite titles through the reading tips and editorial suggestions provided.

> Making a strong first impression on our users is crucial. This is a prerequisite for converting first-time Readly testers into long-term full-paying customers. The value of having unlimited access to 7,500 magazines and newspapers should be clear from the start. We have seen fantastic initial results from our product development during the year and look forward to continuing our efforts in 2022.

Tomas Montan, Chief Product Officer at Readly.

Readly Go – the new enhanced web platform

Our users can read the Readly offering in the app or with any browser, on their mobile, computer or tablet by visiting **go.readly.com**. Readly Go offers a smoother onboarding process for new users who prefer the web to the app. The web solution also makes it possible to give new potential users Readly Wifi-based access, such as our partner service Readly Guest.

- Design updates
- Mobile adaptation for an enhanced reading experience
- More advanced search function
- Reading mechanics – up to four times faster than before

NEW PUBLISHERS

During the year, Readly has welcomed 400 new publishers, 2,500 new magazines and more than 300 newspapers. Some of the newcomers are Radio Times – the UK's leading TV, radio and entertainment guide; Saturday Guardian (UK); The Observer Magazine (UK); M3 (SE); Runners World (SE) and Vogue (AU).

Examples of new publishers in 2021
Neue Zürcher Zeitung AG (CH), Börsenmedien AG (DE) Editoriale C&C S.r.l. (IT), Voetball International B.V. (NL) Lovatts Media Group (AUS), Wheels Media (AUS) Paragon DCN (AUS), Springtime Publishing (SE)

NEW MARKETS

A milestone in Readly's growth journey was the acquisition of French Toutabo in November 2021. The French magazine and newspaper market is expected to be worth ~$7.2 billion by 2021, with a digital penetration of ~30 per cent. With the acquisition of Toutabo, Readly adds a leading French content business with around 300 newspapers and 1,000 magazines, strengthening its leading position in Europe.

COMMERCIAL PARTNERSHIPS

In 2021, we launched over 140 new partnerships, among others with Barclays bank, BMW, Vodafone, United Airlines, Vattenfall and McDonalds. Our focus on growing partnerships in several countries creates results where, for example, the partnership with Samsung is launched in three markets, Corporate Benefits in four markets and Lidl in six markets. We will continue to focus on partnerships to drive cost-effective growth and to increase brand awareness.

PUBLISHER CASE

The Swedish vegetarian food magazine
VEGO has been on Readly since August 2015. To combat climate change and animal cruelty, as well as to support a sustainable lifestyle, Readly and VEGO launched a joint Vegan Dinner Challenge in 2021 with the aim of educating and engaging as many Swedes as possible in cooking a delicious, healthy and sustainable dinner every Friday. The campaign received a lot of engagement on social media and was covered in the Swedish media.

Being on Readly makes perfect sense for us, given our ambition to offer the most climate-friendly reading possible. We have also seen a positive increase in Readly revenues since day one. It's important to us that, like Readly, our partners show a strong commitment to making a positive impact on people and the environment. This common purpose increases loyalty and is one of the reasons why we have such committed readers."

Mattias Kristiansson, Editor-in-Chief

Partnership with Weight Watchers
Readly and Weight Watchers launched its partnership in the United Kingdom and Germany in 2020 and 2021 respectively. Members can log their healthy habits in the app and rewarded with points which can be converted into one Readly subscription.

It has become increasingly clear that we need to find ways to engage our members at home in a digital environment. Prior to the pandemic, we worked hard for a number of years to digitise our former 'physical' business and reward members for consistently using our app. As a result, we have been able to adapt quickly to the new stay-at-home lifestyle and keep members engaged. Keeping our member base digitally engaged has in turn made us more attractive as a digital brand partner for those looking to reach a new customer base. Ensuring members understand how a new partnership can help them on their health and wellbeing journey with us is a communication effort we value highly."

Ken Gildner, Head of Member Marketing + Retention, WW GmbH

Interview with Mats Brandt, Acting President and CEO

How would you sum up 2021?
”2021 was an eventful year in many respects. From a macro perspective, Readly, like other companies with digital business models, was impacted by a sharp increase in marketing prices. Despite this, we managed to grow our total revenue by 32 per cent and the number of full-paying subscribers by 29 per cent. While Readly continued to show good growth, earnings also improved consistently, and we followed our plan to reach profitability.

In 2021, we strengthened our position on the content side and launched around 400 new publishing collaborations. In total, we work with over 1,200 publishers and offer over 7,500 titles. On the publishing side, newspapers have been a strategic priority for us, as early analysis of user data shows increased reader engagement. For example, we can see that both total and average reading time per user account is increasing among subscribers who read daily newspapers. We also improved the personal introduction to our service so that new users can discover favourite titles more quickly and easily.

A milestone last year was, of course, the acquisition of Toutabo in France. We now have leading positions in the largest markets in Europe, which creates good long-term growth opportunities. Readly also continued to focus on commercial partnerships as a key channel for cost-effective growth, and a total of over 140 new partnerships were launched in 2021.

An important contribution to our success is our sustainability work. Last year a sustainability strategy was developed with long-term ambitions and specific targets for 2022. As a basis, we have identified, together with our stakeholders, the three key areas where Readly can have the greatest positive impact: climate-friendly reading, responsible content, and improvement of knowledge, engagement and recreational opportunities. We have also set up a sustainability committee, represented by colleagues from different teams within the company, to harness the high level of internal commitment and deliver on our sustainability goals with a wide range of skills.

> The market for magazines and newspapers is huge and characterized by mega-trends such as digitization, sustainability and that readers demands reliable and easily accessible information. With a focus on product development and cost-effective growth we add the basis for a long-term and sustainable development.”

Despite sharply increasing marketing prices we delivered a stable full year where we increased total revenue by 32.2 per cent. We have during the year consistently improved results and we follow our plan to achieve profitability."

During the year, it became clear that we needed to adjust the marketing budget to take account of rising marketing prices, which led us to adjust our financial targets from the goal of 30–35 per cent organic growth per year to growing by at least 25 per cent per year (CAGR) over the next three years. The target of achieving a long-term gross margin of at least 35 per cent and profitability at EBITDA level by 2025 was maintained. At the beginning of 2022, several organisational changes were implemented, with aims that included accelerating product development and innovation to enable even more cost-effective organic growth in the future. Overall, we are well positioned to continue generating good growth and, at the same time, careful to maintain good growth in revenue in relation to investment per subscriber."

What is the strategy going forward to deliver on the financial targets?

"Our strategy is based on five focus areas: Category Excellence, Product Development and Innovation, Geographic Presence, Partnerships and Brand & Marketing. Overall, the strategy is unchanged, except that we are allocating more capital to product development and less to conversion marketing. In other words, we are strengthening our focus on product development and innovation to develop an even better product that will make more people want to take advantage of Readly's offer."

What is your main area of focus and what is your outlook on the future?

"My main focus is to enable Readly to continue to successfully deliver on its strategy and to accelerate product development and innovation to ensure we can deliver good organic growth. We have a strong offering for subscribers, publishers and partners, and we are well positioned to continue to drive the transformation of the industry. The market for magazines and newspapers is huge and driven by mega trends such as digitalisation, sustainability and readers' demand for reliable and accessible information. With a focus on product development and cost-effective growth, we are laying the foundation for long-term sustainable development."

Mats Brandt
Acting President and CEO
Readly
March 2022

Readly's purpose and vision

VISION:

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

PURPOSE

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

Our vision

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

We see ourselves and our industry in a future where the demand for the all-you-can-read offering is growing and editorial content is following in the footsteps of music, films and books. In an age where access to information and digital content is endless, we will not only gather editorial content from around the world, but also make it easier for people to discover and enjoy journalism through our recommendations and personalised selections. Readly is where you can find your existing favourites among the thousands of titles we have on the platform and be inspired to access relevant content you'd never come across otherwise.

As we continue our expansion and growth journey, our global offering will grow, as will our reach to people around the world. Our vision is to see millions of subscribers access the best content from all parts of the world to broaden perspectives and deepen knowledge. The enriching journalism we distribute comes from reputable publishers and responsible publicists – a strength at a time when more and more consumers feel misled and are worried about fake news. Unlimited access to quality journalism will also serve as an important source of inspiration and guidance in a sustainable lifestyle and sustainable choices.

In summary, Readly's vision is closely linked to the larger societal trends we are already experiencing today to an ever-increasing extent. With digitisation at the forefront, we are working to unleash the power of great content to create ever greater value for publishers, partners and subscribers – work we began in 2012 and look forward to continuing into the future.

Our purpose

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

It is important to us that the content we provide contributes knowledge and inspiration, as well as entertainment and a break from reality.

Strategy

The magazine and newspaper industry is undergoing major change, driven by mega trends such as digitalisation, sustainability and readers' increasing demand for more reliable and accessible content. According to a study by PwC, the global magazine and newspaper market is expected to be worth around USD 150 billion by 2025, with digital penetration rates expected to increase from around 25–30 per cent over the same period. With a leading position in Europe and a strong offering to publishers, partners and subscribers, Readly is well positioned to lead digitalisation, and has a clear strategic agenda to seize the growth opportunities.

READLY'S FIVE FOCUS AREAS

CATEGORY EXCELLENCE

To offer the best product experience, Readly strives to ensure leading content. Through continuous evaluation of the offering, we identify areas for improvement and work proactively to ensure that we can offer readers popular, high-quality and reliable content. An important focus area during the year has therefore been Readly's investment in exclusive content, "Readly Exclusives". With access to over 40 billion data points on reading engagement and preferences, Readly has developed an effective method for producing high-quality custom content.

On May 21, Readly launched boom Readly Exclusive – a new Swedish family magazine with focus on parents who want to be inspired of strong role models and get ideas and advice for family life. Four editions were published during the year and the title quickly became the most read the parent magazine on the platform. boom is produced in collaboration with the Swedish publisher Gazzine who creates unique content and strengthens our offer in this important category.

During the year, 31 titles and 128 editions were launched under the Readly Exclusives banner. Another key focus area is to continue adding newspapers, as this increases reader engagement and conversion. In 2021, Readly established partnerships with more than 400 publishers and added over 2,500 magazines and more than 300 news papers. All in all Readly offers more than 7,500 from 1,200 publishers. This proves Readly's attractiveness as a partner and the strength of its business model.

PRODUCT DEVELOPMENT AND INNOVATION

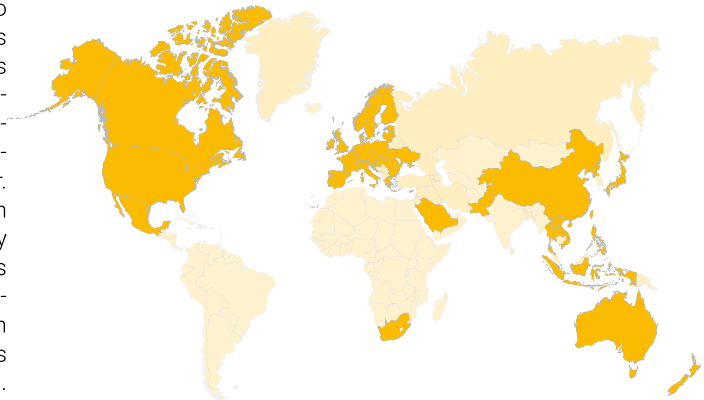
Readly invests in product development and innovation with the aim of improving the reader experience, increase reader engagement and create organic growth. In 2021 a large focus area has been to improve navigation in the app so that users easier and faster can discover relevant content. Two other focus areas have been to make Readly more accessible by experimenting and exploring how the service can become even more mobile friendly, and how the service and content can be adapted for both long reads and shorter, more light-hearted content. One example of this is breaking out content in magazines and newspapers into shorter article formats presented in what are know as "feeds".

Readly is also focusing on exploring opportunities for new revenue streams such as Readly Insight and Readly Ads. Readly Insight is a sophisticated analytics tool with over 40 billion data points linked to demographics and reading behaviours, providing great value to publishers' business development. Readly Insight has become an important and effective retention tool that creates deeper relationships with publishers and has the potential to generate revenue in the long term. Readly Ads allow publishers to add additional ads to the digital version of their magazines and newspapers on Readly, thus generating additional revenue from the digital ads, which is shared with publishers. The service has so far only been launched in Sweden, but in the long term the ambition is to launch the service in more markets.

GEOGRAPHIC PRESENCE

Growth in each market is determined and managed by monitoring the relationship between Readly's lifetime value and acquisition cost per subscriber and allocating marketing investment to those markets that show the best return on investment. Readly is focused on further penetrating and growing the four main markets of Germany, France, the UK and Sweden, and scaling up other markets that show attractive RoI. At the end of 2021, Toutabo SA, one of the leading digital subscription services for magazines and newspapers in France, was acquired. Through the acquisition, Readly established a leading position in Europe's largest magazine market, including newspapers, which is estimated to be worth around USD 7.2 billion this year. The goal remains to expand organically or through acquisitions to 1–3 new countries per year. Readly is currently available to subscribers in 50 countries with content from local publishers in twelve countries. With leading positions in the largest European markets for magazines and newspapers, Readly is well positioned for continued growth and expansion.

The goal remains to expand organically or through acquisitions to 1–3 new countries per year.



PARTNERSHIPS

Commercial partnerships are an important focus area to drive cost-effective growth and to increase brand awareness in existing and new markets. In 2021, Readly launched over 140 partnerships in sectors such as telecoms, energy, grocery, transport and travel. To leverage Readly's broad and robust geographic presence, a strategic shift towards larger global integration partnerships was initiated during the year with the aim of driving cost-effective and stable growth. Readly is also exploring new partnership areas such as B2B (business to business) and launched Readly Guest during the year with the aim of introducing our service and creating added value for partners. Readly Guest is a concept that allows customers visiting, for example, cafés, hairdressers, hotels or transport hubs to access Readly for free for 24 hours.

140

In 2021 Readly launched more than 140 partnerships.

BRANDING AND MARKETING

Readly is investing in marketing and brand-building activities to increase awareness and to drive organic growth. The majority of marketing investment is allocated to conversions on digital channels such as Google and Facebook, as well as affiliate and influencer marketing. In the past years rising of digital marketing has increased substantially and in the last year Readly therefore adapted its marketing strategy in all growth channels. This means that we have reduced investments in marketing and that we prioritise investments in the markets where we see the most attractive development of life time value in relation to the acquisition cost per subscriber.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Magazines

Our business model

The business model of Readly is built on what we call our ecosystem, where Readly aspire to drive digitalisation of the magazine industry through a strong, value adding offer to all its stake holders.

Readly's publisher partnerships
By partnering with Readly, publishers can strengthen their digital presence and reach new readers, increase brand awareness and gain deeper insights into readers' behaviours and preferences. In this way, publishers can generate additional revenue from Readly's subscription fees and potentially increase their advertising revenue as a result of the increased reach.

Readly's subscribers
Readly offers a digital subscription service for magazines whereby the subscribers gain unlimited access to the full content portfolio. Subscribers pay a monthly fee in advance, and through their subscriptions readers gain access to thousands of national and international magazines and newspapers in one app.

Advertisers
Readly Ads allow publishers to add additional ads to the digital version of their magazines and newspapers on Readly, thus generating additional revenue from the digital ads, which is shared with publishers. Readly continues to drive the development of a digital and data-driven advertising business that can deliver the desired results for customers and become a more significant revenue stream for publishers and for Readly.

Commercial partners
Readly's commercial partners let their customers try Readly for a certain period of time as part of their offer. When the trial period expires, Readly has good opportunities to convert the trial subscription to a full-paying subscriber. Commercial partnerships are an important channel for cost-effective growth and increasing brand awareness. To leverage Readly's broad and strong geographic presence, a strategic shift towards larger global integration partnerships was initiated during the year with the aim of driving even more cost-effective and stable growth.

A European market leader with high ambitions

Readly is the market leader in Europe in the “all-you-can-read” digital magazine format measured by, among other factors, the highest number of magazine titles, top scores in the AppStore and Google Play, and agreements with most of the largest publishing houses in Germany, the UK, France and Sweden.

Sales in the global market for magazines and newspapers consist of sales of editions, as well as advertising space in each edition. The market is further divided into two separate sub-categories, print and digital editions. Readly addresses the market for the sale of digital editions.

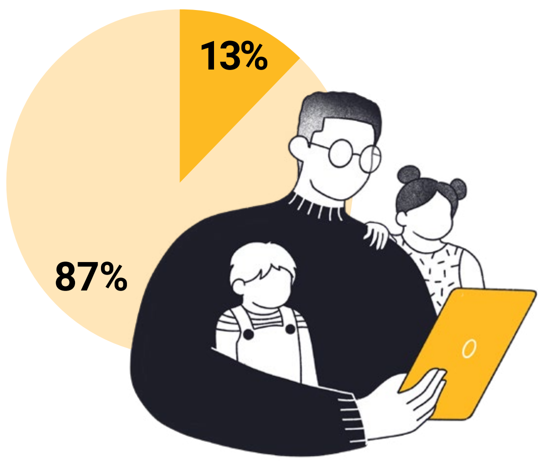
The global magazine and newspaper industry is undergoing a digital transition. The trend is driven by changing preferences among both consumers and advertisers who prefer digital media to physical media. This has resulted in a general decline in the market, similar to the development that has previously taken place in other media, such as consumption of music and books, which are increasingly being consumed via streaming services rather than in physically distributed form.

While digital consumption trends have forced publishers to seek revenue streams from sources other than printed magazines, digitalisation is creating new opportunities. Digital magazines and newspapers can collect more data more efficiently than print editions, giving publishers deeper insights into, among other things, customers' reading habits. In addition, it is possible to drive online sales and measure the performance of advertising in digital formats to a much greater extent than print ads. Publishers can use this to optimise advertising space and experiment with new advertising solutions.

The high demand for data, and the fact that Readly has generated more than 40 billion data points to date, led

Global Magazine and Newspaper Market 2025, editions

In 2025 sales of digital editions are expected to account for 13 per cent of the total market for magazine and newspaper editions. The total market amount to USD 97 billion. Including the value of advertising, the total market is expected to amount to USD 150 billion at the same time.



- Digital magazines, USD 5.0 billion and daily newspapers, USD 7.1 billion
- Printed magazines, USD 36.7 billion and daily newspapers, USD 48.5 billion

Source: PwC Global Entertainment & Media Outlook 2021–2025.

the Company to develop and launch its own analytics tool in 2021. The tool is called Readly Insight and provides detailed insights into readers' preferences and behaviours. Since its launch, several publishers have started using Readly Insight to customise and optimise their future content.

Providers of "all-you-can-read" subscriptions, like Readly, also help publishers reach a wider audience, which can lead to higher advertising revenue as reach increases. Readly's global subscriber base also helps publishers reach new audiences, including people who are in a geographic location where the publisher's physical publications are not available. Digital publishing also has a long-tail effect on back issues, i.e. readership continues to rise even after a new issue has been published. In 2021, Readly distributed over 210,000 editions, which have been read around 120 million times.

Digital publishing also has a long-tail effect on back issues, i.e. readership continues to rise even after a new issue has been published.

TRENDS THAT ARE DRIVING DIGITALISATION

HIGHER DEMAND FOR DIGITAL CONTENT

Digital business models have shown continued growth in the media industry. Against a backdrop of rising printing and energy costs[1] and changing demand, many players are focusing on the transition to the digital arena. The shift to digital business models has been evident in the music industry, which is experiencing overall market growth thanks to digitalisation and a number of strong industry players such as Spotify, Deezer and YouTube.

Sales of digital editions in the magazine market are expected to account for 13 per cent of total magazine publishing market turnover by 2025, according to PwC, compared to the music industry, which already has a digital penetration of around 68 per cent[2]. This highlights the crucial difference in maturity between written and other media and points to a significant opportunity for further growth.

Increasing digital penetration in the media industry is driven by consumers' growing demand for digital content as the use of smartphones continues to grow. Globally, consumers spent a total of 3.8 trillion hours on their smartphones – an increase of 30 per cent from 2019[3].

AN INCREASINGLY ENVIRONMENTALLY CONSCIOUS CONSUMER

A report by PwC[4] shows that more consumers than ever before, around 50 per cent, say they consciously take sustainability into account in their consumption decisions. Owing to increased environmental awareness, consumers are making an effort to reduce their use of paper and instead focus on digital alternatives, which they feel are better for the environment. In Readly's own 2021 global customer survey, 62 per cent say that one of the benefits of reading magazines and newspapers digitally is that it is sustainable and environmentally friendly.

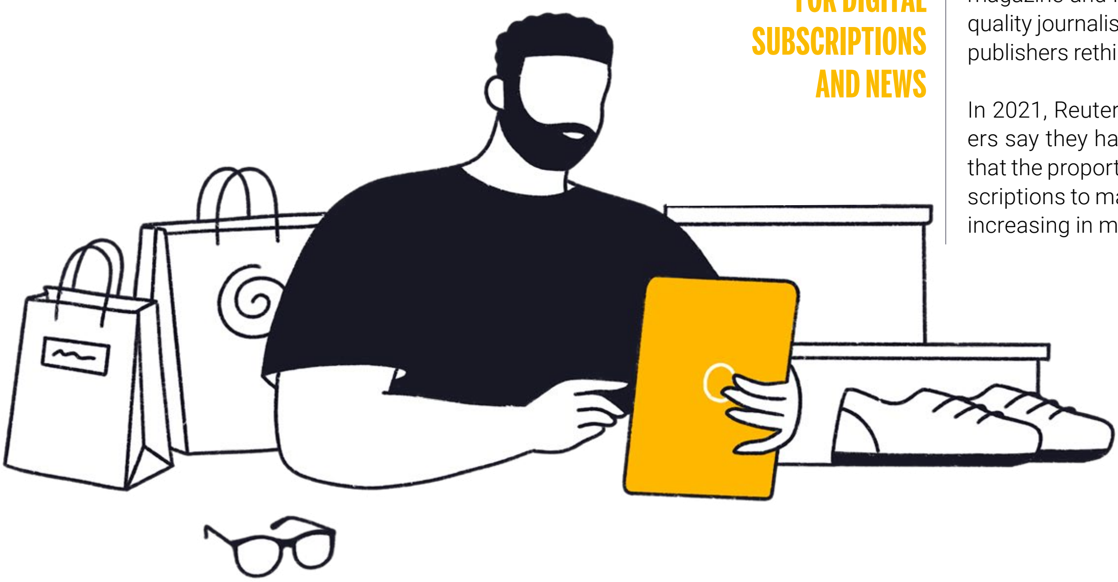
ACCELERATING TRENDS DUE TO THE PANDEMIC

The Covid-19 pandemic has had an accelerating effect on several of the above-mentioned trends. Consumers have both changed their media habits and established new ones, with increased digital media consumption as a result. The impact of the pandemic has hit print circulation hard, forcing the industry to adapt quickly to the new conditions, with many publishers showing an increased pace of digitisation to reach their audiences online. Demand for digital magazines and newspapers has also increased among consumers, who are paying for online news to an ever-greater extent and demand verified news and information[5].

HIGHER DEMAND FOR CONTENT FROM TRUSTED SOURCES

The demand for more reliable information and journalism is increasing, and many people are willing to pay for it[6]. Increased digitalisation has led to rapid growth in the information flow and number of channels, which is resulting in false information – which is hard for consumers to fact-check – being spread to a higher degree than previously. A survey by the Reuters Institute for the Study of Journalism shows that consumer concerns about false and misleading information increased in 2021. In Readly's own 2021 global customer survey, 66 per cent say they are very or somewhat concerned about the spread of fake news.

1) https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2022-01/Newman%20-%20Trends%20and%20Predictions%202022%20FINAL.pdf
2) GMR2021_STATE_OF_THE_INDUSTRY.pdf (ifpi.org) p.10
3) https://mobilesyrup.com/2022/01/12/global-increase-of-smartphone-use-results-in-record-download-numbers-hours-spent-on-phones-app-annie/
4) December 2021 PwC Global Consumer Insights Pulse Survey
5) Reuters Institute Digital News Report 2021
6) https://www.reuters.com/business/media-telecom/people-want-trusted-news-reuters-institute-says-2021-06-22/

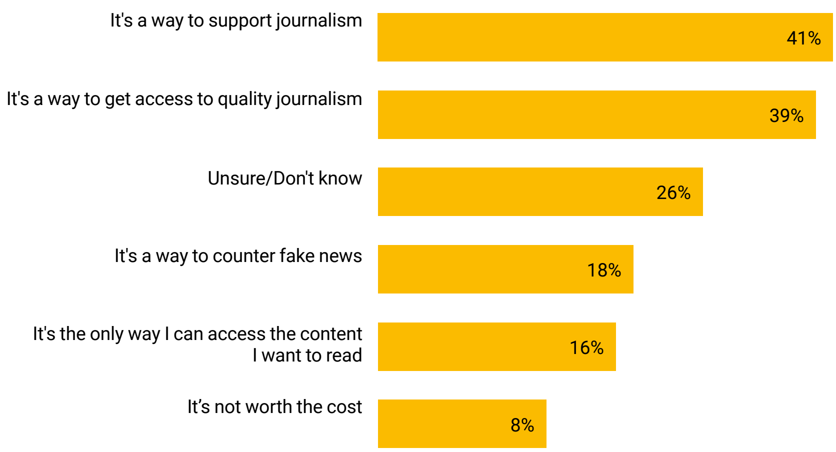


GREATER WILLINGNESS TO PAY FOR DIGITAL SUBSCRIPTIONS AND NEWS

Digital subscriptions have become the new standard in music, film and TV. This shift is also now starting to be reflected in the magazine and newspaper industry as more quality journalism goes behind paywalls and publishers rethink their business strategies.

In 2021, Reuters found that more consumers say they have paid for online news and that the proportion with multiple digital subscriptions to magazines and newspapers is increasing in mature markets[7].

What do Readly users think of paying for digital access to journalism?



Readly's global survey, with some 370,000 respondents, shows that the willingness to pay for journalism is strongly linked to access to quality content while showing support for the industry.

Source: Readly Global Customer Survey Analysis 2021

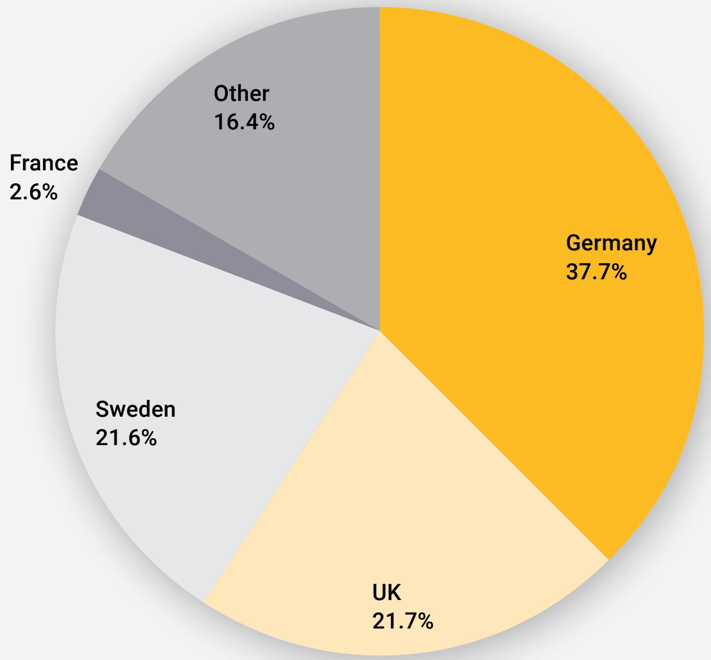
7) Reuters Institute Digital News Report 2021

Readly's core markets

With leading positions in the core markets Germany, the United Kingdom, Sweden and France Readly have good growth opportunities. Overall these markets for magazines and newspapers is appreciated to be worth close to USD 25 billion in 2021. The digital penetration of each market is relatively low but is expected to grow rapidly in the coming years.

Share of net revenue per geographic market in 2021

Germany is Readly's largest market followed by United Kingdom, Sweden and France. Other markets stood for around 16 per cent of net revenues in 2021.



Readly has obtained some data on the market review from PwC – Global Entertainment & Media Outlook 2021–2025. Other sources are indicated in footnotes.

Germany

The German magazine market is characterised by a strong habit among consumers of buying single issues from newsagents, which is an underlying factor for the large size of the magazine market in Germany (USD 2.9 billion in 2021). In 2021, the total German digital magazine market, which includes sales of digital editions and advertisements in digital editions, amounted to USD 483 million. This corresponds to a digital penetration of around 17 per cent. The German market for magazine sales in 2021 amounted to USD 1.4 billion, of which the digital share was USD 383 million. Thus, digital sales of magazine editions represent about 27 per cent of total sales. The total digital magazine market in Germany is expected to grow at a CAGR of 17 per cent between 2021 and 2025.

In 2021, the German newspaper market amounted to USD 7.6 billion, of which the digital share, which includes sales of digital editions and advertising in digital editions, amounted to USD 985 million. The daily newspaper market in Germany thus has a digital penetration of 13 per cent.

UK

Even though the UK magazine market is smaller than the German one (USD 2,0 billion in 2021), its digital market is considerably larger and thus the digital penetration is higher. In 2021, the total British digital magazine market, which includes sales of digital editions and advertisements in digital editions, amounted to USD 672 million. This corresponds to a digital penetration of 33 per cent. The UK market for sales of editions was valued at USD 1.4 billion in 2021, of which the digital share was USD 383 million. Thus, digital sales of magazine editions represent about 27 per cent of total sales. The total digital magazine market in the UK is expected to grow at a CAGR of 17 per cent between 2021 and 2025.

In 2021, the UK newspaper market was worth USD 3.5 billion, of which the digital share, which includes sales of digital editions and advertising in digital editions, amounted to USD 887 million. The UK newspaper market thus has a digital penetration of 26 per cent.

In Sweden, 27 per cent pay for digital news, while the corresponding figure for 20 comparable countries is 17 per cent.

Sweden

The Swedish magazine market amounted to USD 263 million in 2021 and is the smallest of Readly's main markets. In 2021, the total Swedish digital magazine market, which includes sales of digital editions and advertisements in digital editions, amounted to USD 41 million. This corresponds to a digital penetration of around 15 per cent. The Swedish market for the sale of magazine editions amounted in 2021 to USD 189 million, of which the digital share was valued at USD 18 million. Thus, digital sales of magazine editions represent about 10 per cent of total sales. The total digital magazine market in Sweden is expected to grow at a CAGR of 25 per cent between 2021 and 2025.

The Swedish market for sales of digital magazines benefits from great willingness to pay for digital content. In Sweden, 27 per cent pay for digital news, while the corresponding figure for 20 comparable countries is 17 per cent. There are certain structural drivers for a shift from magazines in printed format to digital magazines. One significant factor that is driving this development is the higher production and distribution costs for printed magazines.

In 2021, the Swedish newspaper market amounted to USD 1.1 billion, of which the digital share, which includes sales of digital editions and advertising in digital editions, amounted to USD 235 million. The daily newspaper market in Sweden thus has a digital penetration of 21 per cent.

France

Of Readly's main markets, France is the largest (USD 3.9 billion in 2021). In 2021, the total French digital magazine market, which includes sales of digital editions and ads in digital editions, amounted to approximately USD 1.3 billion. This corresponds to a digital penetration of 34 per cent. The French market for magazine sales in 2021 amounted to USD 2.7 billion, of which the digital share was USD 716 million.

Thus, digital sales of magazine editions represent about 25 per cent of total sales. The total digital magazine market in France is expected to grow at a CAGR of 18 per cent between 2021 and 2025.

In 2021, the French newspaper market amounted to USD 3.2 billion, of which the digital share, which includes sales of digital editions and advertising in digital editions, amounted to USD 777 million. The daily newspaper market in France thus has a digital penetration of 24 per cent.

Sustainable digitalisation of magazines and newspapers

Readly's Sustainability Report 2021

A WORD FROM THE CHAIRMAN

Readly has a category leading position in four of Europe's largest magazine markets. During the year, the base of subscribers has grown to 478,362 readers across 50 countries and more than a thousand publishers and commercial partners are now part of the Readly ecosystem. Readly has also grown as an organisation. Following completion of the Toutabo acquisition, in November we welcomed the new team members to the Readly family.

All our stakeholders are affected by Readly in terms of social and environmental footprint. And for that reason we must continuously ask ourselves – what can Readly do, as a company, as a partner and as an employer to address, improve and create value within the sustainability spectrum.

> We must continuously ask ourselves – what can Readly do to create value within the sustainability spectrum."

Many of the answers are found in this second annual sustainability report. I am excited to see Readly's sustainability strategy presented, including long term ambitions and targets for 2022. This is how Readly will address challenges that demand action at global, national and regional levels. It shows how efforts are prioritised and how impact is maximised. This is the commitment from the company and what we should expect for next year.

I also applaud the strategic emphasis Readly puts on a collaborative approach to sustainability. Not only is that a great way to scale initiatives and share knowledge, but also important in order to build stronger relationships. And since Readly has a lot of those I can not wait to see what lies ahead.

Patrick Svensk
Chairman of the Board of Directors
Readly

Moving the needle on sustainability

The world is facing major global challenges and these require initiatives on many fronts to ensure the health of our planet and the wellbeing of people today as well as future generations.

Together with our stakeholders, Readly is committed to continuously explore and take action to build a sustainable future. Through the digitalisation of the magazine and newspaper industry we strive to have a positive impact on society and create long-term value for the world we operate in.

During the year we have further developed our sustainability strategy and defined long-term ambitions as well as targets for 2022. The key performance indicators are presented throughout this report for the areas with highest level of importance (USP) according to our materiality assessment.

In the era of digitalisation Readly must continually grow and evolve. We also need to adapt to the rapid changes in our business environment that in recent years has been heavily impacted by the pandemic. We continually monitor opportunities and challenges and how they might affect our targets. The 2022 targets are therefore defined with the aim of setting a baseline as 2020 and 2021 have been exceptional years due to Covid-19.

This year's sustainability report is Readly's second and summarises how Readly is working to maximise our positive impacts from environmental, social, business ethics and governance perspectives.

OUR 5-STAGE SUSTAINABILITY JOURNEY

Stakeholder dialogue

Stakeholder dialogues were conducted in 2020 where key aspects and expectations have been included in Readly's sustainability work and strategy.

Materiality analysis

Readly has identified three sustainability aspects that are judged to be impacted most by Readly, and can at the same time drive our business.

Strategic sustainability work

Our sustainability strategy has been further developed during 2021 and serves as a foundation for long-term sustainable value creation for both Readly and our stakeholders.

Measurable targets & follow-up

Aspects with measurable targets and opportunities for follow-up exist in the statutory requirements and are expected by stakeholders. These are included in our sustainability strategy.

A digitalised sustainable future

The result of our sustainability work is to lead digitalisation of the magazine industry and thereby make a positive contribution to people, the environment and society.

5 SUSTAINABILITY HIGHLIGHTS 2021

A MORE DIVERSE CONTENT PORTFOLIO

This year Readly has welcomed many new magazines that diversify our catalogue. We are especially happy to have titles such as *Cocoa Girl* and *Cocoa Boy* which teach children about black history and culture whilst profiling black role models. Read more about our diverse portfolio on page 44.

A Sustainability Committee is established

Readly has appointed several employees from various teams to form a Sustainability Committee. The committee will be responsible for identifying and executing activities in order to achieve the annual targets defined in Readly's sustainability strategy.

Readly placed on Allbrights Green List for Equal Gender Balance 2021

50%

We are very proud to be presented on the Green List in The Allbright Report 2021 that monitors gender diversity in the management teams of listed companies in Sweden. Readly has a 45/55% ratio of women and men on the Senior Leadership team and among those who have leadership responsibilities the split is 50/50%.

READLY GENDER DIVERSITY STRATEGY

In autumn 2021 a strategy and action plan were developed to promote diversity and inclusion within the whole organisation. One focus area is how to achieve gender balance in the tech team, and the action plan includes elevating awareness among managers.

New policies in place

We have developed and implemented an Environmental Policy including planned activities to reduce our environmental footprint. Instead of a separate anti-corruption policy we have complemented our Code of Conduct with a more detailed section regarding bribery, corruption and facilitation payments. A Board Diversity Policy has been approved by the Board of Directors which will be implemented by the Nomination Committee.

Sustainability strategy

At its core, our sustainability strategy sets out how Readly, through the digitalisation of our industry, can contribute to thriving societies and a healthy planet.

Our purpose is leading the way

We strive to lead the digitalisation of the magazine and newspaper industry and thereby have a positive impact on all our stakeholders. By doing so, Readly takes an active part in moving the world closer to overcoming global challenges for a sustainable future.

Our purpose statement is "*We bring inspiration and insight into people's daily lives and unlock meaningful moments of relaxation*". A strong sense of purpose is an important factor for strong engagement within our ecosystem and a guiding star for everyone.

The Readly team is committed to join forces with our subscribers, publishers and partners across the world. Together we increase the consumption of quality journalism to bring about positive change.

Stakeholder dialogues at the centre of our strategy
In 2020, we conducted stakeholder dialogues and a materiality assessment to identify the material environmental and societal issues where Readly can have the greatest impact, can drive our business and which are important to our stakeholders. At the heart of our sustainability strategy is our focus on what really matters for Readly and our stakeholders – three USP areas about climate friendly reading, empowerment and responsible content.

READLY'S MATERIALITY PYRAMID – HOW WE PRIORITISE OUR MOST MATERIAL SUSTAINABILITY ASPECTS

USP	1 Contribute to climate-friendly magazine and newspaper reading through digitalisation. Read more	2 Provide responsible content and counter the spread of fake news. Read more 3 Empower people to be educated, engaged and entertained. Read more
FOCUS	Minimisation of Readly's environmental impact. Guarantee data security. Secure handling of personal data.	Strengthen the joy of reading among children and young adults. Promote diversity and inclusion in the entire organisation. Support and develop an inclusive reading experience.
FOUNDATION	Upholding high business ethics and countering corruption. Ensure business resilience. Attract talent.	Ensure a sustainable supply chain. Be a responsible employer that promotes personal development.

OUR STRATEGY AND FIVE KEY ENABLERS FOR SUCCESSFUL PROGRESS AND FULFILLMENT

PURPOSE

Our purpose inspires us and guides us in our future actions and decision making.

USP AREAS

Three sustainability aspects have particular material importance to Readly and where we have the greatest potential to make a difference.

5 KEY ENABLERS

These five tactics will support the delivery of our targets and enable us to reach our long term ambitions. This is how we best leverage our resources.

Alignment: Our sustainability efforts are aligned with the global sustainable development agenda and frameworks including, UN Global Compact and the OECD Guidelines for Multinational Enterprises.

Commitment: We are committed to tracking and reporting on our targets and long-term ambitions. Our public commitments propel us to work persistently and reach our objectives.

Collaboration: We engage with both internal and external stakeholders. to create greater impact across our ecosystem. We believe in joint capabilities to make the most meaningful impact on a bigger scale.

Stakeholder input: We are continuously listening to and inviting our stakeholders to bring different perspectives together and learn from each other.

Integration: Sustainability is integrated in all aspects of our business to create value and support our business objectives.

READLY'S SUSTAINABILITY COMMITTEE

A dedicated Readly committee has been appointed to give advice, explore ideas and take initiatives that support the long term ambitions and annual targets. All members should be able to engage on Readly's various sustainability aspects and gain a good understanding of how sustainability considerations can affect and should support our company strategy. This also includes any potential risks that we might face.

Engaged employees from different teams are encouraged to volunteer for the committee by their manager. That way members' expertise and skill sets extend across all areas of our business, and initiatives can be delegated to departments and teams, coordinated across the company. Read more about the Sustainability Committee under *Governance* in this report.

The environment in focus

The health of our planet is top of mind for many consumers across the world. We all need to make stronger efforts toward battling the climate crisis and minimising any harmful environmental impacts from our way of living. This is reflected in personal values among consumers who are paying more attention to sustainability and are increasingly willing to pay more for sustainable products and services.

CONTRIBUTE TO CLIMATE-FRIENDLY MAGAZINE AND NEWSPAPER READING THROUGH DIGITALISATION

USP 1

A major benefit of reading magazines and newspapers in a digital format is the positive effect it has on consumers' carbon footprint. It is an important factor that brings distinct meaning to our service in times when many consumers choose brands that help them make a difference.

Readly has conducted a study that calculates the amount of reduced greenhouse gas emissions through reading a digital publication on Readly's platform. The study compares the carbon footprint from reading a digital magazine with the printed equivalent. The difference in reading habits between printed and digital versions as well as the split between tablets and smartphones was taken into account. The study results for 2021 indicate that reading a digital magazine on the Readly platform results in 86 per cent lower greenhouse gas emissions than reading the printed equivalent.

56%

of the respondents in Readly's global survey said it is important to them that their reading habits are as environmentally and climate friendly as possible.[2]

36%

reduction of emissions during 2021 compared to 2020.

The reduction in CO_2 emissions in 2021 corresponds to approximately 15,400 tonnes of CO_2e, or the equivalent to the emissions of producing and recycling over 240,000 iPhones[1] – an 36 per cent increase from 2020. The main reason behind this increase is that the data centres we use are now entirely powered by renewable energy.

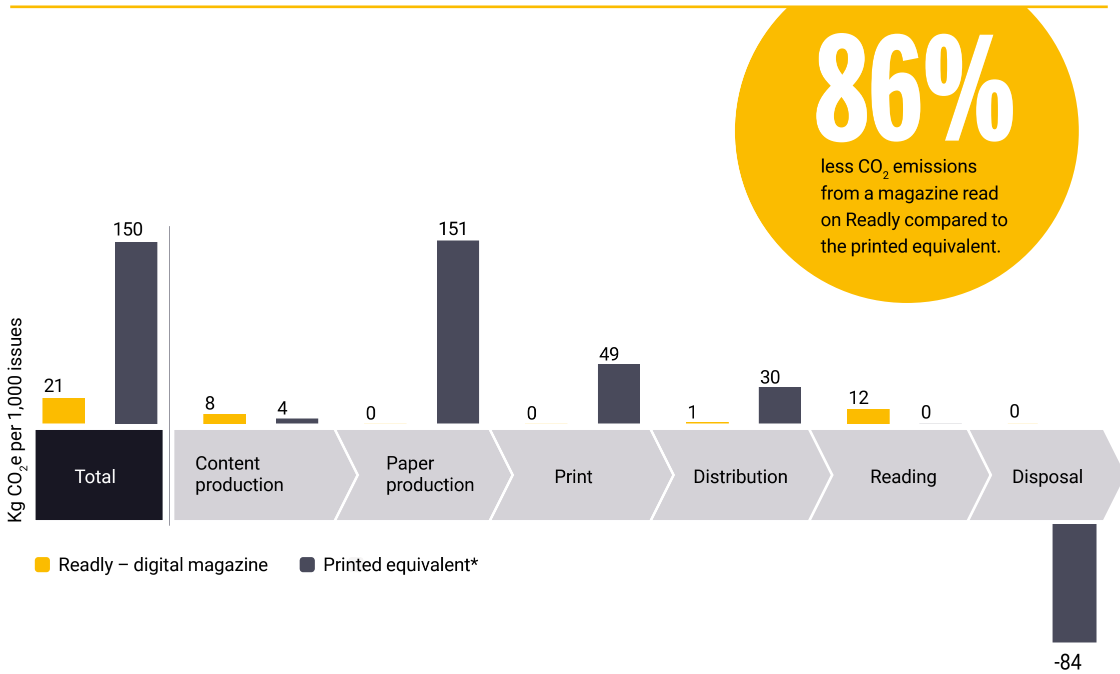
Avoided paper production and printing are the two biggest reasons why reading digitally is better for the climate. Emissions from business travel and data centres are Readly's largest sources of emissions.

Due to our ongoing discussion with AWS, we have for this year been able to confirm that 100 per cent of our data hosted are powered by renewable energy from AWS's irish wind power farms. This accounts for a major decrease in emissions.

1) https://www.apple.com/environment/pdf/products/iphone/iPhone_13_PER_Sept2021.pdf

2) Yougov survey, 24 Nov - 2 Dec, 2021. 12374 respondents across SE, DE, UK, AT, CH, FR, NL, US, IT and AU.

CLIMATE IMPACT FROM MAGAZINES – DIGITAL VERSUS A PRINTED EQUIVALENT



Read more in the full study found on https://corporate.readly.com/about-us/sustainability/.

* Achachlouei, A. 2015. Exploring the Effects of ICT on Environmental Sustainability: from Life Cycle Assessment to Complex Systems Modeling. PhD thesis. KTH. Stockholm.

MINIMISATION OF READLY'S ENVIRONMENTAL IMPACT

Readly's environmental footprint includes emissions generated from business travel, energy use from our offices, data centres and servers and waste management from our operations. Impact from all of these areas has been reduced to a minimum as a result of the Covid-19 pandemic, Readly's offices have stood empty for several months during 2021 and business travel was reduced significantly.

Energy consumption at Readly's offices

Measuring Readly's energy use is the first step to reducing it. This year we report on energy use per FTE and our goal is to ensure that it does not increase on a yearly basis. Examples of what we do to reduce energy levels are buying energy-efficient devices that automatically power down during extended inactivity and to educate and encourage employees to be energy-conscious. We always ensure to follow environmental laws and regulations on the markets we are present on.

14%

lower energy intensity per FTE in 2021 compared to 2020.

Besides reducing our energy consumption we also strive to increase our share of purchased energy from renewable sources. For instance, during 2021 we signed a new contract with an energy supplier in Stockholm (Elkraft Sverige) who sells electricity that is 100 per cent produced with hydro power. Another great example is that the property owner of our Berlin office, GSG Real Estates, has committed to moving to 100 per cent

EMISSIONS GENERATED FROM READLY'S BUSINESS TRAVEL IN 2019, 2020 AND 2021*

Business travel emission, tonnes CO_2e	2021	2020	2019
Air	6.4	35.5	124.2
Rail	0.04	0.07	0.55
Business travel emission intensity, tonnes CO_2e/FTE	0.07	0.80	2.31

ENERGY CONSUMPTION AT READLY'S OFFICES 2020 AND 2021*

	Total (MWh)		Total energy intensity (MWh/FTE)	
Year	2021	2020	2021	2020
Electricity (kWh)	33.1	35.3	0.4	0.5
Heat (kWh)	97.7	95.6	1.1	1.3
Cooling (kWh)	22.0	23.3	0.3	0.3
Total	**152.8**	**154.2**	**1.8**	**2.1**

* The emissions and FTE numbers from Toutabo are not included.

green electricity from 2022 onwards. Through our Supplier Code of Conduct we also encourage suppliers to transition to renewable electricity.

Energy use by servers and data centres

As a company, we strive to have a positive influence on suppliers of IT systems and equipment to ensure that they are as energy-efficient as possible and continuously upgraded to greener technologies. Readly's content is stored externally at Amazon Web Services' (AWS) servers in Ireland which are completely powered by renewable wind power. Although AWS at present has chosen to not share emissions data, we are aware that our external data storage capacity accounts for a large share of Readly's CO_2 emissions and electricity needs.

Our ambition is to engage with AWS to gain a better understanding of how we can collaborate to further reduce our carbon footprint from servers and data centres.

Waste management in operations

As Readly provides a digital service for magazine reading, only household, office and electronic waste arise in operations. Our aim is to minimise the amount of waste to the greatest extent possible and that our reuse/recycling alternatives shall cover as many materials and products as possible. As an example, new employees re-use equipment from their predecessors, and new models are bought only if existing equipment is no longer fit for purpose.

Moreover, digital alternatives shall be prioritised whenever possible, use of packaging and single-use products shall be minimised, waste sorting is conducted at all offices and electronic waste is disposed of at designated environmental collection sites. During 2021 we introduced an improved waste sorting system in our Stockholm office where waste is picked up on demand for material that does not fill up on a regular basis, such as glass and metal, and monthly for more frequently disposed of material, such as paper and cardboard.

CLIMATE FRIENDLY READING – LONG TERM AMBITIONS AND TARGETS FOR 2022

LONG TERM AMBITIONS

- Increase the amount of emissions saved through digital reading on Readly.
- Reduce negative environmental impacts from Readly operations
- Reduce negative environmental impact from Readly's supplier chain.

TARGETS FOR 2022

- 20% increase of emissions saved from digital magazine consumption.
- Implement an environmental policy
  - Business travel emission intensity per FTE shall not exceed 2019 pre-pandemic levels.
  - Start measuring the share of renewable energy sources.
- Quarterly meetings with AWS.
- 10 of Readly's core suppliers to sign our Supplier Code of Conduct.

Our readers in focus

By providing our subscribers with the opportunity to digitally access a global portfolio of thousands of magazines and newspapers, Readly promotes journalism and its contribution to a more sustainable society. Through the growth of our company and geographical expansion of our service, we aim to contribute with positive social effects such as popularising knowledge, safeguarding democracy and inspire millions of people to discover and enjoy the power of great journalistic content from across the world.

PROVIDE RESPONSIBLE CONTENT AND COUNTER THE SPREAD OF FAKE NEWS

USP 2

Readly provides an offering in which there is a publisher and an editor-in-chief behind all content on the platform who is responsible for the respective publications' operations, content and policies. Content on Readly must also be in compliance with the respective countries' laws and regulation, be relevant for our subscribers, and meet our ethical guidelines.

The rapidly spreading wave of false and misleading information during 2021 has continued to raise debate about people's news consumption using reliable or unreliable sources, and the increased trust in established news outlets. Viral spread of fabricated news can have profound impacts on the behaviours, attitudes and opinions of the public, and can ultimately endanger democracy and put people's lives at risk. This year we have seen Covid-19 vaccine conspiracies infest social media platforms which in return become criticised for not combating disinformation on their sites properly.

As a platform with 7,500 magazines and newspapers from across the globe, we promote easy access to journalistic content from responsible publishers and a diversity of news reporting. Journalists' work is also affected by disinformation which sometimes leaks into the real news system. But our long-term goal of acquiring and distributing world-class content from trusted publishing sources and increasing the number of newspaper titles in all markets is based on the focus these publishers place on the work of independent fact-checking for verified news reporting.

During 2021 we expanded our partnership with one of Germany's largest publishers, Axel Springer, by adding its three leading dailies to our platform. Readly's global audience now has digital access to B.Z., DIE WELT and Europe's largest daily newspaper – BILD. We launched newspapers in Ireland and Switzerland for the first time

71% of the respondents in Readly's global survey say they believe it is important to them that they read verified news and content. (21% disagree)

61% are concerned about the spread of "fake news".

43% think they are being exposed to fake news on a daily basis.

ETHICAL GUIDELINES

It is important for Readly that the content we provide from third-party publishers is relevant to our audience and in line with our ethical guidelines as laid out in our Code of Conduct. Our content team is made up of local specialists who vet all magazines manually before they are included on our platform. In our distribution agreements the publishers legally warrant that it has obtained all the rights necessary for content distribution, and that all content is free of libellous, defamatory, unethical or unlawful material.

Source: Yougov survey, 24 Nov - 2 Dec, 2021. 12374 respondents across SE, DE, UK, AT, CH, FR, NL, US, IT and AU.

with the addition of The Irish Daily Mirror, Irish Sunday People, Irish Sunday Mirror and the Irish editions of The Daily Express and The Sunday Express, and Swiss daily newspaper NZZ International and the Sunday edition NZZ am Sonntag.

Developing a filter for regional newspapers is one of our targets for 2022 so that we can give readers access to even more regional newspapers and support the local news sector. This will initially be a filter for the 300 French titles that will be brought onto our platform.

PROVIDE RESPONSIBLE CONTENT – LONG TERM AMBITIONS AND TARGETS FOR 2022

LONG TERM AMBITIONS

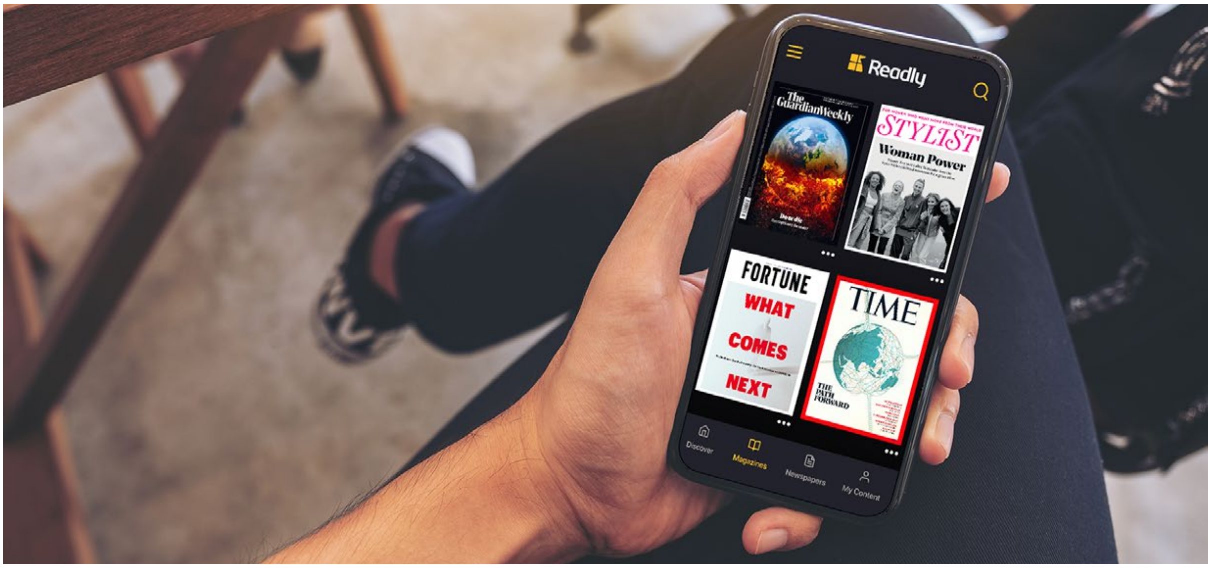
- Continue to acquire and distribute world class content from trusted publishing sources.
- Increase the portfolio of newspaper titles across all markets.
- Raise awareness of the importance of quality journalism among our subscribers.

TARGETS FOR 2022

- Develop a filter for regional titles to enable a wider portfolio of newspapers in the UK and France.
- 1 yearly user survey about attitudes and perceptions of misinformation to highlight in own channels as well as social and earned media.
- 2 yearly editorial campaigns with reading tips about responsible news reporting.

EMPOWER PEOPLE TO BE EDUCATED, ENGAGED AND ENTERTAINED

USP 3



There are many definitions of empowerment; becoming stronger and more confident, being able to act or take decisions to affect self and others, a tool to increase civic engagement, the capacity of individuals to maximise the quality of their lives and feel good, and so on. Empowering people is one of the key purposes of journalism, whether it be through investigative articles, reviews, breaking news or lifestyle feature stories. And given the many global challenges the world faces, journalists play a central role to help empower people to take charge and drive change.

We strive to empower our subscribers through different ways. Primarily by offering unlimited access to both national and international magazines and newspapers plus a vast catalogue of back issues. Furthermore, we look to offer both a depth and breadth of our portfolio which we define as category excellence. Breadth of titles refers to the full span of the 36 topic based categories we have. Depth of titles refers to the extent to which a specific category is filled with different magazines which together offer different perspectives and expertise on the same topic.

In addition, supporting our users to be as empowered as possible also includes diversifying reading behaviour and enabling the discovery of new titles or topics they would not have otherwise explored. Part of that

Has your consumption of journalistic content made a difference in your life?

33%
of the respondents in Readly's global survey say it has increased their level of knowledge and understanding.

28%
have learned about important issues that might otherwise have gone unnoticed.

18%
say it has formed their political views and 16% say it has formed their attitudes and values.

15%
say it has affected their consumption choices, 13% say it has changed my mind and 9% say it has affected their life choices.

Source: Yougov survey, 24 Nov – 2 Dec, 2021. 12374 respondents across SE, DE, UK, AT, CH, FR, NL, US, IT and AU.

job is done by our editorial team who highlight the best and most engaging content on our platform, for daily publishing through our social media channels and email newsletters, as well as our Discovery tab and Featured Articles feed in the Readly app.

By helping users discover brand new titles we help them to discover new issues from their favourite titles by sending pushes or emails when a new issue arrives. The editorial team makes real-time decisions based on daily events, and interacts with Readly's publishing partners to deliver a compelling reading experience.

We believe that the consumption of quality journalism through Readly can empower people to take action and make a positive difference for themselves and for future generations. We use total reading time on our platform as a metric for the amount of journalistic content that has been consumed on Readly. The more people read, the more empowered they hopefully become.

During 2021 we saw a trend among publishers dedicating issues to sustainability areas. We added magazines such as *It's Freezing in LA* and *The Eco News*. Our readers have enjoyed *New Beginnings* – a shared theme for Vogue and an expression of optimism over the way the industry is becoming more sustainable, more inclusive, and more global.[3]

We are impressed by Elle UK for its June, July and September issue with history-making Somali boxer – Ramla Ali speaking of her fight against sexism and gender stereotypes in sport, Alva Claire about making it as a model while defying fashion industry norms, and Olly Eley about floating between two genders.

According to Readly's global user survey, more than 50 per cent of 25,000 respondents say they spend more time reading, read a bigger variety of categories, and read titles they never read before since they started using Readly.

3) https://www.condenast.com/news/vogue-announces-new-beginnings

Three covers from Elle UK that educate and inform readers, raising awareness of sustainability issues.

A SELECTION OF READLY'S EDITORIAL CAMPAIGNS DURING 2021

International Women's Day in March

Readly celebrated International Women's Day on 8 March 2021, which this year was like no other. As communities started to slowly recover from the pandemic, UN Women themed the event, *Women in leadership: Achieving an equal future in a Covid-19 world*. Readly supported the campaign editorially through it's curated articles feature with articles such as Good Housekeeping's *Empowered Women Empower Women* in which four inspiring female leaders share how they are bringing other women up the ladder with them, as well as Women's Health's: *12 Ways to be your own cheerleader*.

German Election in September

September was a momentous month for Germany's politics as its citizens headed to the polls to elect a new Bundestag. Readly invited debate and discussion around the election through a series of push notifications and a dedicated customer email to our German subscriber base. Promoted content included an article from B.Z am Sonntag which interviewed 16 year olds wanting to be able to vote, and a feature from enorm Magazin analysing the sustainability strategy of each political party.

COP26 in the UK in November

In November, all eyes were on Glasgow as it prepared to host the world's most important climate change summit, COP26. Readly promoted a series of articles on the topic. Readers enjoyed an article from Country Living titled, *All you need to know about COP26*, and The Big Issue's, *2050: A Day in the Life*.

One of the issues that got the most lengthy reading sessions during 2021 was the special paperback edition of Donald Duck in Swedish.

Content that entertains

Last but not least, many people read magazines quite simply as a form of entertainment – to unwind from daily routines, relax, enjoy “me-time” and for a bit of escapism. Categories such as crosswords, DIY, celebrity & entertainment, and food & drink are all examples of popular content. Entertainment as such can therefore have a positive impact on a person’s well-being and be a source of happiness. The highest rate of longform reading (up to 50 minutes in average session length) has categories such as comics and history. One of the issues that got the most lengthy reading sessions during 2021 was the special paperback edition of Donald Duck in Swedish.

Support and develop an inclusive reading experience

We also aim to provide a portfolio of content that mirrors all of society and fosters inclusion, diversity and equality regardless of age, gender, ethnicity, sexual orientation, political opinion or faith. There are many great examples of this from 2021. One is the addition of the UK's first magazine aimed at representing black children. Cocoa Girl and Cocoa Boy magazines contain inspiring and empowering content for young girls and boys of all races and it teaches children about black

history and culture whilst profiling black role models. The title has received much attention in the UK over the last year and through Readly, it will reach a global, digital audience.

We are also happy that readers now also can read the German titles women's Bundesliga magazine ELFEN Magazin, the business and career magazine SHE works! and Courage, a finance magazine primarily aimed at women. The sports category for instance holds mostly titles with a large male audience and ELFEN is an important addition to those. Its aim is to stimulate interest in women’s football and was launched in 2020 – the same year as Germany celebrated that women's football has been officially allowed in Germany for 50 years.

Our collaboration with Swedish freelancer network Gazzine continues with our own parenting title Boom. The second issue of 2021 featured Michael and Nicklas Bindefeld with their 5-year-old son. It received a lot of positive feedback from readers who, among many things, learnt that other children at times were jealous of little Simeon for having not only one, but two daddies.

Strengthen the joy of reading among children and young adults

Reading magazines and newspapers at an early age can be an important step in developing a strong sense of well-being and active citizenship later in life. We know that many children use Readly. Our portfolio of titles for children and teens has continued to grow during 2021 and so has our commitment to encourage parents and children to read more together. Our "Reading break" campaign in October included a collaboration with Swedish newspaper Aftonbladet who launched a Readly exclusive of their title Sportbladet especially aimed towards children (Sportbladet Kids). In the UK we collaborated with Fay Lant, Head of School Programmes at the National Literacy Trust, who gave her top tips to encourage reading.

Readly's study of families' reading habits shows that 30 per cent of parents and grandparents do not read to their children at all. As many as 60 per cent state that they neither read newspapers nor discuss journalistic content with their children. Many children thus lose out on establishing early habits of taking part in journalism that explains news events and happenings in society.

At the same time, readers on Readly have shown an increased interest in comic magazines. Whilst reading fiction is often the go-to for parents to read to their kids, it is also beneficial for children to read newspapers and magazines to open up a discussion with an adult for example or start a conversation on a current topic.

EMPOWER READERS – LONG TERM AMBITIONS AND TARGETS FOR 2022

LONG TERM AMBITIONS

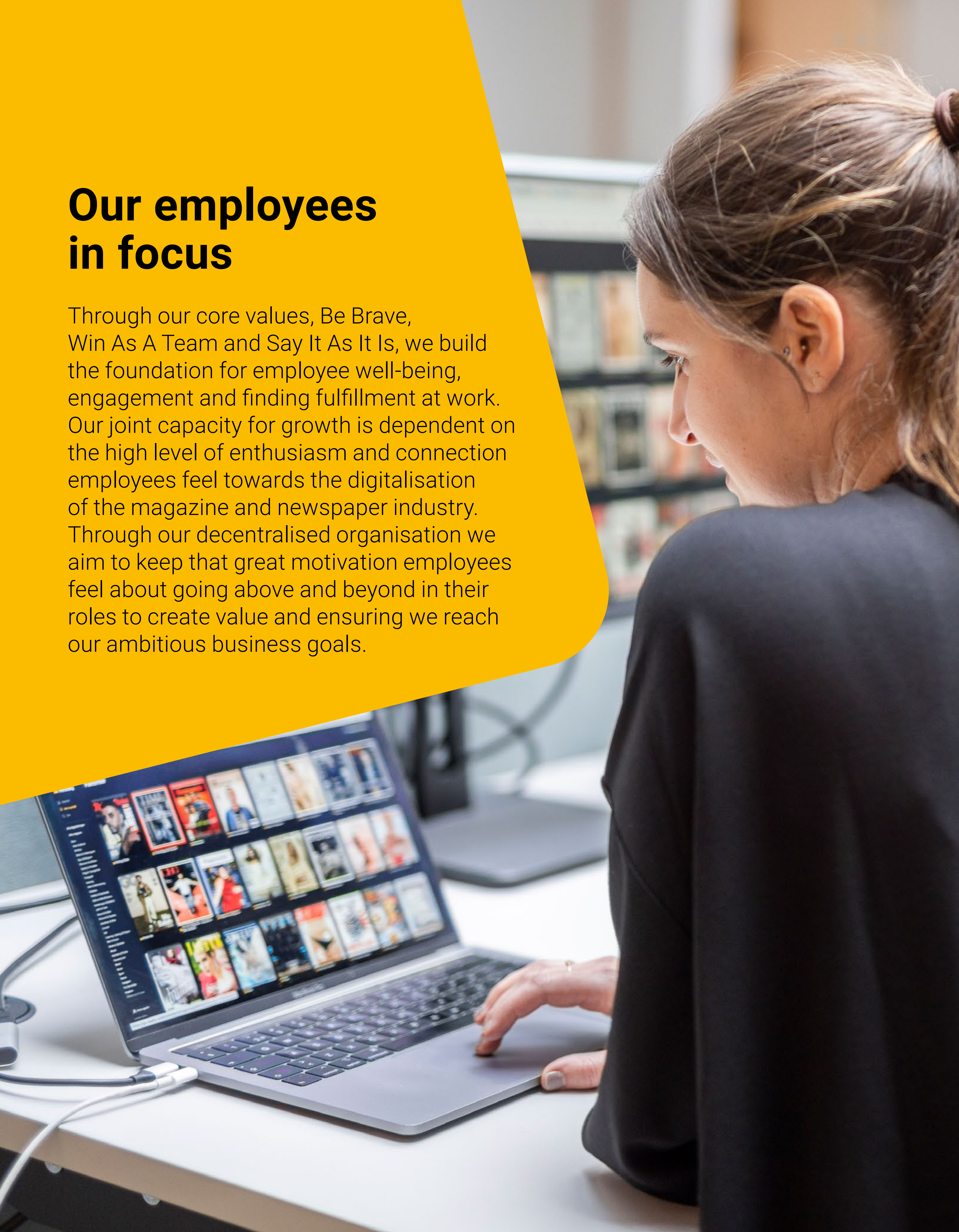
- Continue developing our product to inspire users constantly discover new content and diversify their reading behaviour.
- Use our portfolio to curate engaging content for our readers.
- Partner with new and existing publishers to ensure that subscribers can access content that represents the whole society and covers sustainability issues.

TARGETS FOR 2022

- ≥15 % increase in total reading time.
- ≥ 90 % category excellence in core markets.
- ≥ 4 editorial campaigns that focus on topics related to sustainability.

Our employees in focus

Through our core values, Be Brave, Win As A Team and Say It As It Is, we build the foundation for employee well-being, engagement and finding fulfillment at work. Our joint capacity for growth is dependent on the high level of enthusiasm and connection employees feel towards the digitalisation of the magazine and newspaper industry. Through our decentralised organisation we aim to keep that great motivation employees feel about going above and beyond in their roles to create value and ensuring we reach our ambitious business goals.



OUR TEAM AT READLY

Our people define us – we are high-performing team players, passionate about our product and proud of the large portfolio we have. Readly is in a rapid growth phase, and maintaining and developing our culture is essential for the company's continued success.

People join Readly to be involved and have a chance to influence the development of the future magazine and newspaper experience. Today we are a passionate team of approximately 166 employees including consultants. By the end of 2021 we acquired Toutabo and joined forces with 14 new colleagues working from a Paris office. During 2022 we look forward to integrating the French team introducing them to the Readly culture and fellow team members.

We are continuously recruiting new talent and forming teams of dedicated consultants from different parts of the world. We work through behaviours that we have developed together and which we believe will take us towards our purpose and vision.

The Readly Mindset – our culture

The Readly Mindset reflects our aspiration to Be Brave, Say It As It Is, and Win As A Team. It defines how we differ from others and what expectations we put on each other internally. Our ambition is, among other things, to encourage cross-departmental collaboration and use the collective knowledge of our various teams in the best way possible.

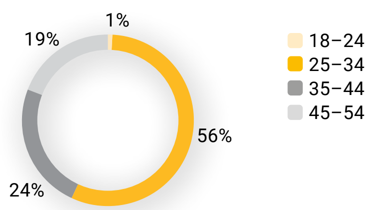
We want everyone to feel an equally great responsibility and have equal opportunities to contribute to Readly's sustainability procedures. In doing so we will have the best foundation to instil engagement among our people and promote creativity and innovation to achieve the best possible results.

EMPLOYEE STATISTICS

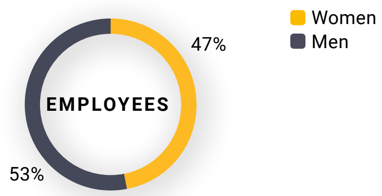
Number of employees	166*
Average number of FTEs	89
Sales per avg FTE (SEK m)	5.2
Operating result per avg FTE (SEK m)	-2,4
Nationalities	>10

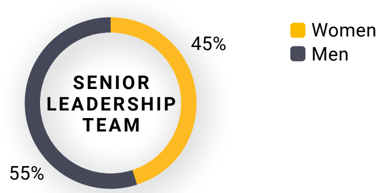
* of whom 61 are consultants

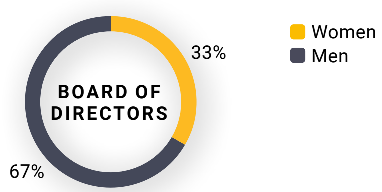
AGE DISTRIBUTION



GENDER BREAKDOWN







For us it is essential that recruitment and negotiations of pay and benefits are based only on the individual's abilities and performance. We do not tolerate discrimination of any form, which is also stipulated in Readly's Code of Conduct. This is positively reflected in our employee survey where 99 per cent believe that at Readly employees are treated fairly regardless of background.

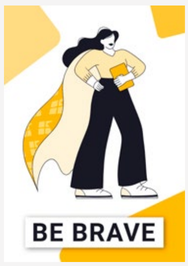
Promote equality and diversity throughout the organisation
We believe that equality and diversity are of strategic importance for our company. Our user base from more than 50 countries is evenly represented by men and women, and therefore it is important that we develop the product to ensure it meets diverse needs and user patterns.

We offer a workplace that stands for diversity and working actively to make everyone feel included is important to us. Over the years, we have recruited with a focus on gender balance and have been highly successful in regards to our Senior Leadership Team, among our managers and in the company as a whole, as the distribution between women and men is at least 40/60. We now face the challenge of recruiting more women to our tech organisation, where men still are over-represented.

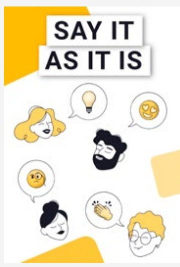
During 2021 we took further steps towards a gender equal, diverse and inclusive Readly. A strategy for Diversity & Inclusion has been developed which in summary describes our commitment towards gender diversity and how we intend to keep the gender balance that we have created in our departments, among our leaders and in our Senior Leadership Team as well as actions we will try to increase the gender balance in our tech team. We have also done an interview series with employees to highlight cultural diversity in our workplace which has been published on our career site and on our LinkedIn page.

Attract talent
To successfully attract talent, regardless of gender, we emphasise in our recruitment advertisements as well as on our career site and social media channels that

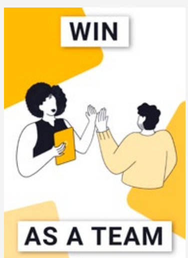
The Readly Mindset



BE BRAVE
Behaviours reflecting a Be Brave mindset include:
– I challenge the status quo
– I take initiative and ownership
– A mistake that we learn from is not a failure
– I bring passion and grit
– I constantly seize new opportunities to grow our business



SAY IT AS IT IS
Behaviours reflecting a Say It as It is mindset include:
– I build trust through honesty, transparency and mutual feedback
– I share information openly and proactively
– I communicate in a clear, crisp and respectful way
– I listen actively to fully understand

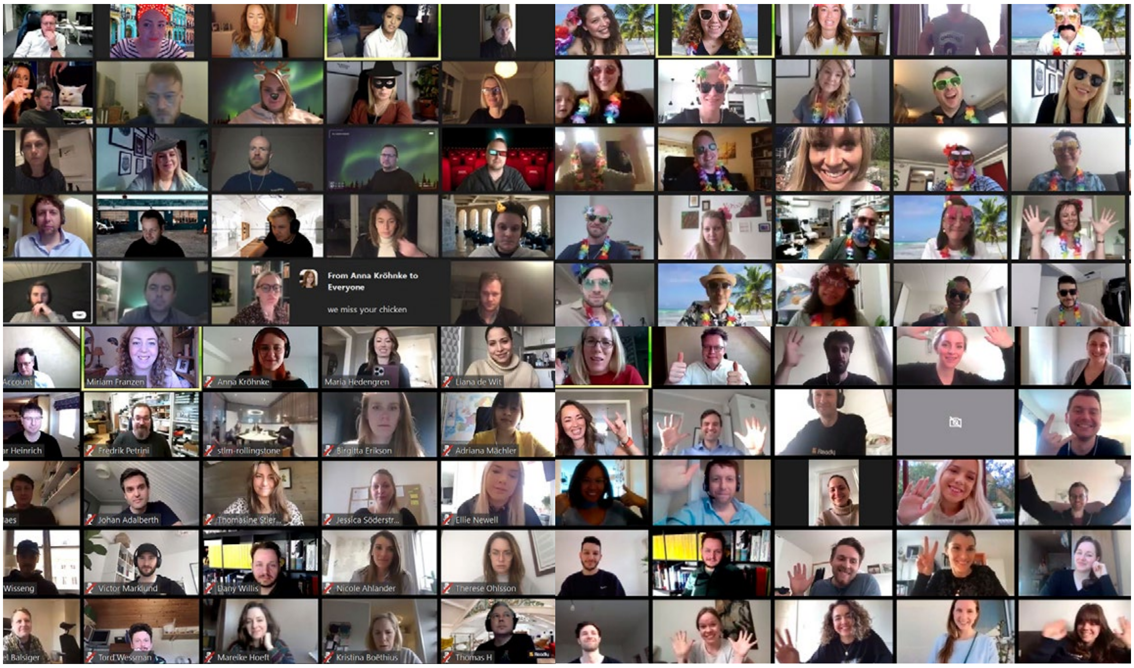


WIN AS A TEAM
Behaviours reflecting a Win as a Team mindset include:
– I am curious and always willing to learn
– I seek different perspectives, ideas and opinions
– Disagree, discuss and commit
– We help each other and share credit
– Our ecosystem's success is my driving force

Readly wants to make sure that all our people can perform to the best of their abilities by tailoring the working environment to each individual in the best possible way.

Based on employee feedback, we believe that a combination of working from home and from the office is the best way to achieve job satisfaction, cultivate the Readly Mindset, support productivity and reach our business targets.

A hybrid work setup has been implemented with all people present in the office two days a week with certain exceptions.



employees grow together with the company and that we all play a positive role in society. In addition, we refer frequently to the importance of diversity and equality, such as through the blog on our careers site, on our LinkedIn page, at external events and in media interviews. We also have employees who are engaged in the Women in Tech organisation in Växjö. In 2021, 52.5 per cent of new hires were men and 47.5 per cent were women.

Be a responsible employer that promotes personal development

Employee health and safety has high priority at Readly. The company has a Work Environment Policy, Work Environment Officer and a Work Environment Committee. During 2021 all managers have participated in a work environment course where for example risk assessments is now a natural part of our continued work.

During the year we have launched our new Leadership forum where all 25 of our people managers are meeting monthly to discuss leadership at Readly. Frequent topics have been our mindset, the importance of leading by example and a lot of fruitful discussions in groups and pairs have been to help each other with leadership challenges. Through this forum we have created a better, stronger and more united team of leaders at Readly.

Among other online courses that our employees have taken part in the Growth organisation was this spring part of the Google Growth Academy. 24 people from Readly attended various courses of interest to the Growth, Analytics, Product, Tech and Senior Leadership Team.

During this year the pandemic has of course continued to direct our focus towards protecting our employees from exposure to the coronavirus and potential negative impacts on mental health caused by a prolonged period of social distancing. Our work from home policy for all employees has continued for most of the year as well as our expanded all company meetings set-up, internal surveys on well-being and engagement. Our health activities, including workout challenges, music recommendations and mindfulness exercises have been appreciated and helped us to connect to each other even outside of normal work routines.

In addition to offering an equal opportunity workplace where well-being is prioritised, we strive to always offer working terms and conditions that are in line with market practice. We continuously make sure that we offer benefits such as pay, pensions and insurance in line with market standards. In addition, we provide the opportunity for flexible work hours.

My name is Bastian and I'm a Swede born in Syria.

When I was 19 year-old my family moved to the United Arab Emirates to work and live there. The work culture in Dubai is quite different from Sweden. The workload is very heavy and company rules are more strict. I have learned early that personal relationships and connections are fundamental for your career path and key to successfully collaborating with colleagues. You need to invest time to grow your network of personal contacts. As you can imagine that also includes a lot of socialising during evenings, eating out and spending very little time at home.

Joining a company during the pandemic can be tough since people are working remotely. It's not easy to take the floor on zoom calls and share different perspectives. It's more natural when you sit together. At Readly, people have so many varying backgrounds with different skills and experiences. Now that we are returning to the office we can also go back to more spontaneous conversations where we can seize the benefits of diversity better.

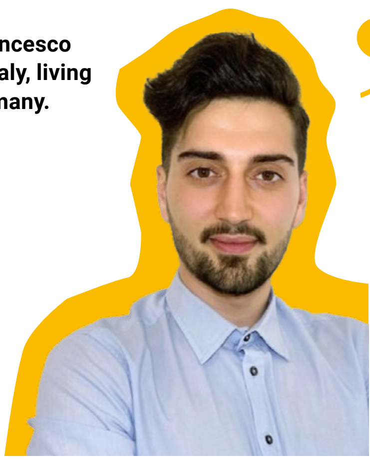
I really enjoy our multicultural team, but I also have to admit that I've failed to maintain the Dubai culture of socialising after work. I guess I'm a true Swede now, so when I leave work I wave 'bye bye – see you tomorrow!' "

When I'm asked where I'm from, I have a short answer and a long answer, depending on context and who is asking. I'm ½ Swedish ½ Icelandic, but had an unusual childhood. Because of my father's job as an electrical engineer, my family moved across the world depending on where his next project was. By the time I graduated high school I had lived in 8 countries.

Cultural diversity to me is a group of people with different backgrounds (values, customs, language) and lived experiences. Besides typical diversity aspects like gender, age, ethnicity etc, I really believe that it is our whole background that shapes and differentiate us. Where you were brought up, places you have travelled to, people you know, interests you have. At work you often get to know colleagues on a professional level like their role and competencies. But there is so much more to learn about each other. I've been so surprised and impressed by people in this organisation that have done so many exciting things in their lives and sit on so much knowledge, perspectives and experiences."

My name is Charlotte, and I'm a classic 3rd Culture kid!

I'm Francesco from Italy, living in Germany.



I moved to Germany, seven years ago, as a 19 year old. I started studying journalism at the university and had to learn the German language fairly quickly. Now I'm not only fluent in German but also have adapted to German culture.

One thing I noticed in the beginning was how calm Germans are. Italians, stereotypically speaking, are much more hot-tempered and even everyday conversations are very lively. I'm now being a bit of both. That's the beauty of diversity – learning about different perspectives and behaviours and bringing the best of different cultures together.

I have only worked a few months for Readly and I have already reflected on how diverse the team is. Half of the team based at the Berlin office actually speaks Italian but only a few are indeed native Italian. That is such a cool coincidence. And I got a very good impression of Readly as a Swedish company in terms of inclusion and corporate culture. I love that company meetings don't have to be very formal. The leadership has a personal touch and a lot of trust is placed in people regardless of background, age or title. Anyone and everyone has an opinion worth listening to."

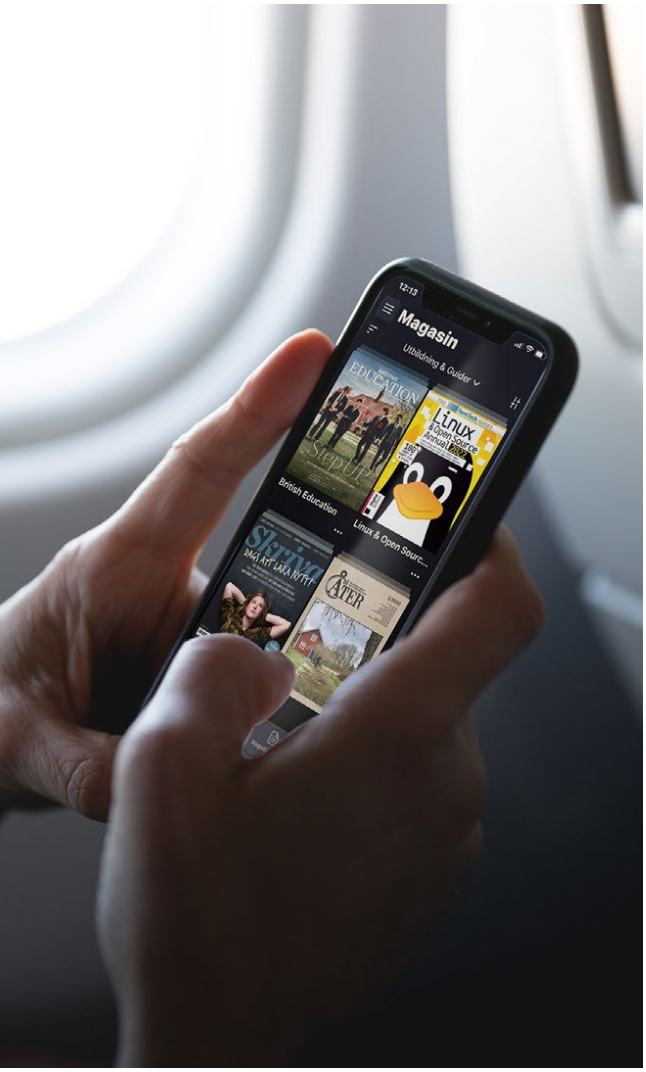
We safeguard strong and ethical relations

We take measures to maintain good relationships with all of our stakeholder groups, since they are a key part of our success. We collaborate with hundreds of publishers and have hundreds and thousands of subscribers around the world, which means that contracts and data processing must be done in a responsible way.

UPHOLDING HIGH BUSINESS ETHICS AND COUNTERING CORRUPTION

At Readly, we always conduct business in the utmost professional manner that fosters long-term relationships. The way we do business is stipulated in our Code of Conduct. In 2021, we've updated the anti-corruption part of our Code of Conduct to further exemplify conduct where Readly shows zero tolerance.

To make sure that our suppliers and business partners uphold the same standards that we do, the Supplier Code of Conduct stipulates ethical conduct for suppliers as well. The Supplier Code of Conduct was established in 2020, and implementation within the supplier base will be carried out during 2021. In 2021 we had zero registered cases of corruption or breaches of the Code of Conduct.



DATA SECURITY ON READLY'S PLATFORM

Readly has a responsibility to every user to protect sensitive data such as log-in credentials, payment information and personal data both from intrusions and incidents. An incident involving loss of data would imply negative impacts both for our readers and for Readly and is therefore an area of high priority at Readly. In addition to responsible handling of sensitive information, our readers also expect access to the service on all types of devices we support, 24 hours a day. To ensure this we have established routines for minimising any operational outages, and we are well prepared for unforeseen events. The routines and measures we take are based on selected parts of the ISO 27001 information security standard and other relevant industry practice.

CAREFUL HANDLING OF PERSONAL INFORMATION

With respect to customer integrity and collection of personal data and user habits, our position is that our readers should be able to trust that their integrity is always respected and that their personal information is handled with care. Our privacy policy, which all users receive when they register an account for the service, describes which information is stored and for what purposes. The latest version of the privacy policy is always available on the website. For example, we collect and store information in order to be able to provide the service, including to offer the best possible experience, since understanding our readers and their habits can enable us to personalise tips and lists. At the request of users, or when information no longer serves the purpose it was collected for, information is erased or anonymised. We never sell personal data, but we do share aggregated and anonymised information with a limited number of recipients in accordance with the terms of our privacy policy. We have internal routines in place to respect users' rights, e.g., to respond to requests for access for personal data. To protect personal data and prevent unauthorised use, agreements (Data Processor Agreement) are entered into with all types of subcontractors that have access to our customer data. Our technical solutions and internal routines are updated continuously to ensure that handling of information is done in accordance with the EU's General Data Protection Regulation (GDPR) and complementary data protection rules. Our privacy policy is reviewed regularly. In 2021 foundation training sessions on GDPR were introduced, to be given to all Readly managers. The foundation training sessions will be an ongoing feature going forward, ensuring that the Readly managers maintain the necessary knowledge and awareness of GDPR to safeguard compliance within their respective fields as the business grows and develops.

ENSURE A SUSTAINABLE SUPPLY CHAIN

Our supply chain is made up of physical suppliers (mainly of office equipment and IT equipment), cloud and other software services, digital marketing platforms, and publishers that provide us with content.

In 2021 the Supplier Code of Conduct was incorporated in all new contracts and contract renewals with our publishers. As for other suppliers and partners, we have either incorporated the Supplier Code of Conduct in all new agreements or ensured that the suppliers have their own policies and codes of conduct that are of similar standards as ours.

In 2022, our aim is to update our contract templates with more detailed information about our SCoC and aim to have our ten biggest suppliers signing the SCoC.

OUR SUPPLY CHAIN

Sustainability governance

The aim of our sustainability governance model is to be able to conduct effective sustainability efforts and deliver long-term sustainable results to our stakeholders.

The Board is the governing body of Readly's sustainability work and responsible for implementing effective governance practises. That includes, but is not limited to, promoting responsible decision-making, monitoring the performance and the delivery of Readly's sustainability strategy and outcomes. We believe that an efficient Board is diverse and in 2021, a Board of Diversity policy was developed and implemented to further reinforce this.

The Senior Leadership Team (SLT) has formed a steering group which will report to the Board and is responsible for the implementation of the sustainability strategy in the company including long term ambitions and targets. The sustainability committee will take initiatives and ensure that targets are met with the help of departments and teams across the company.

During the IPO process in 2020, Readly's governance models were reviewed by the company's auditors, who certified that Readly has a satisfactory system of governance and control. A thorough policy structure is in place, and several company policies have been further developed or updated during 2021. Where appropriate, certain of these are obligatory for all employees and consultants to read and confirm they have read and understood the information. Read more under Policies & documentation.

SUSTAINABILITY GOVERNANCE — FOR EFFECTIVE WORK AND LONG-TERM RESULTS

READLY BOARD OF DIRECTORS

Ultimate responsibility for sustainability governance and approval of policies.

SLT STEERING GROUP

Responsible for overarching sustainability strategy, targets and follow-up.

SUSTAINABILITY COMMITTEE

Follows up the sustainability efforts and prepares the sustainability activity related to policies, guidelines and strategy.

DEPARTMENTS AND TEAMS

Implementing strategy and activities, ideation and project management.

STRONGER BUSINESS RESILIENCE

With the ongoing pandemic, 2021 was – like 2020 – a challenging year globally. For most of the year our employees worked from home. Being a tech company, we were fortunate to be able to do so fairly easily and without too much negative impact whilst continuing working on executing on our strategy and growing. Having said that, it was great to be able to welcome our employees back to the offices (in accordance with local regulations and recommendations) towards the end of the year.

To ensure proper handling and delegation of responsibility in the event of a crisis, such as a pandemic, fire or threat, Readly has a Crisis Management Plan. Readly also has a Business Continuity Plan to ensure that operational disruptions or similar challenges have as little impact on the business as possible.

POLICIES & DOCUMENTATION

Readly's structure for policies and governance documents is highly developed and covers all sustainability areas, with policies for IT, crisis management, Codes of Conduct, workplace routines and much more. All our governance documents are revised on a regular basis, and approved by either the Board or our Executive Management team. During 2021, apart from regular revisions, we've strengthened the anti-corruption part of the Code of Conduct, as well as developed Environmental and Board Diversity policies.

Our Code of Conduct, which includes guidance on all sustainability areas – human rights, labour rights, the environment and anti-corruption. Reading and understanding the Code is required of all employees and is part of our new employee orientation process. During 2021 94 per cent of all employees confirmed that they had done so.

Readly has implemented the COSO[4] internal audit framework to ensure reliable reporting, compliance, risk minimisation and prevention of fraud.

About this report and its content

This report has been prepared based on the materiality analysis that was conducted in 2020. The stakeholder dialogue was conducted in accordance with the AA1000SES stakeholder engagement standard, which is the global benchmark for conducting stakeholder dialogues.

The stakeholder groups consisted of subscribers, publishers, employees including Readly's Senior Leadership Team (SLT), the Board of Directors, investors and equity analysts. By combining the stakeholder groups' expectations and the SLT's joint assessment of long-term commercial value, three aspects were singled out as having particularly material importance, where we have the greatest potential to make a difference. The prioritisation serves as the basis for Readly's strategic sustainability work, including the setting of KPIs, targets and action plans. Readly's Senior Leadership Team adopted the materiality analysis in 2020 and the Sustainability Strategy in 2021.

Sustainability data has been collected through internal systems and suppliers. Employee data is presented per FTE. Environmental data has been calculated according to the GHG protocol[5] based on information from suppliers and estimates. This is Readly's second annual sustainability report.

4) www.coso.org
5) www.ghgprotocol.org

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Readly International AB, corporate identity number 556912-9553

Engagement and responsibility
It is the board of directors who is responsible for the statutory sustainability report for the year 2021 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report.

This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm
31 March 2022

Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

Directors' Report

The Board of Directors and the CEO of Readly International AB (publ) hereby present the annual report and consolidated financial statements for the 2021 financial year. The annual report is prepared in Swedish kronor (SEK), and all amounts presented are in thousands of Swedish kronor (SEK k), unless otherwise stated. Readly International AB is the parent company of the Group which includes the following subsidiaries; Readly AB, Readly Financial Instruments AB, Readly Books AB, Readly UK Ltd, Readly GmbH, Readly LLC and Toutabo SA (collectively referred to herein as Readly). The Group is headquartered in Stockholm and has local offices in Växjö, Berlin (Germany), London (UK) and Paris (France).

Information on the business

Readly's purpose is to bring inspiration and insight to people's daily lives and unlock meaningful moments of relaxation. The Company was established in 2012 and is the market leader in its category in Europe with respect to digital magazine services. Readly is available in more than 50 countries.

Readly offers customers a digital subscription service in the market for digital magazines with content from third-party publishers. The subscription model is what's referred to in the industry as an "all-you-can-read" service and reflects the distinction compared to other actors, which offer, for example, purchases of individual digital articles or unlimited reading from one and the same digital magazine. For a fixed monthly fee, Readly's subscribers have unlimited access to quality content from 1,200 publishers and editors. The product can be accessed online or via an app that can be downloaded from Apple App Store, Google Play, Amazon AppStore and Huawei App Gallery.

Sales in the global magazine market consist of sales of editions as well as advertising space in each edition. The market is further broken down into two separate subsets – printed magazines and digital magazines. Readly addresses primarily the market for sales of digital editions. Owing to financial challenges and emerging digital trends, publishers are having to seek revenue streams from other sources than printed magazines. Digital magazines allow the collection of large volumes of data, which publishers are interested in obtaining to gain deeper insights into reading behaviours, which is not possible to the same degree with printed magazines. Moreover, it is possible to measure the result of advertisements placed in digital magazines to a considerably greater extent than ads in printed magazines, which makes it possible for publishers to optimise advertising space.

Providers of "all-you-can-read" subscriptions, like Readly, also help publishers reach a wider audience, which can lead to higher advertising revenue in pace with increased reach. The large base of subscribers of printed magazines also allows publishers to reach out to new target groups outside of the audience that normally reads their magazines, including to people who are in a geographic location where the publisher's magazines are not physically available.

SIGNIFICANT EVENTS DURING THE YEAR

JAN

Through the exercise of warrants, the number of outstanding shares and votes in the Company, as of 29 January 2021, has increased by 195,169, from 37,031,448 to 37,226,617. Readly's registered share capital has increased by SEK 5,855, from SEK 1,110,943.44 to SEK 1,116,798.51.

MAY

On 11 May 2021, the Annual General Meeting resolved to re-elect Patrick Svensk, Viktor Fritzén, Nathan Medlock, Malin Stråhle and Alexandra Whelan as members of the Board of Directors. It was also decided to elect Stefan Betzold as a new Board member. Patrick Svensk was re-elected as Chairman of the Board. Joel Wikell declined re-election.

MAY

On 27 May 2021, Readly announced the appointment of Tomas Montan as new Chief Product Officer and member of the Group Executive Board. Tomas Montan succeeded Nima Boustanian, whose consultancy contract ended in the second quarter.

OCT

On 5 October 2021, Readly entered into an agreement to acquire 98.4 per cent of the outstanding shares of Toutabo SA ("Toutabo"). The acquisition represents the next step in Readly's growth journey and will contribute to Readly's financial targets over time.

NOV

On 2 November 2021, the acquisition was completed and on that date Toutabo SA was consolidated. Read more about the acquisition in Note 29 on page 116.

DEC

Joe Armstrong, Chief Operating Officer, and member of the senior management team, announced his resignation and will leave Readly in the first quarter of 2022. His role will not be replaced and responsibility will be assumed by Readly's CFO Johan Adalberth.

Revenue, expenses and profit

Total revenue amounted to SEK 466.3 (352.6) million for the year January–December 2021, an increase of 32.2 per cent compared with the previous year. The increase was mainly related to growth in the number of fully paying subscribers. The number of fully paying subscribers increased by 29.4 per cent to 478,362 (369,764) driven by good growth in the core markets as well as in other markets which continues to develop according to plan. Growth in both revenue and fully paying subscribers are further driven by our acquisition of Toutabo. The organic revenue growth during the year (excluding Toutabo) amounted to 28.9 per cent, adjusted for VAT and currency effects organic growth was 29.3 per cent. Total operating expenses increased by 24.6 per cent and amounted to SEK -675.8 (-542.4) million. The increase is mainly attributable to costs for marketing together with increased publisher costs, which is driven by growth in revenue.

Liquidity and financial position

Cash and cash equivalents amounted to SEK 306.2 (521.6) million. The change compared to the preceding year is attributable primarily to increased marketing costs and publisher costs, and attributable to financing of acquisition of subsidiary. Equity for the Group as at 31 December 2021 amounted to SEK 201.7 (381.9) million, which represented equity per share of SEK 5.4 (12.5). The decrease in equity has been mainly related to increased costs for marketing activities but also to publisher costs driven by growth in revenues.

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK -204.1 (-182.2) million. The change in working capital of SEK 38.6 (28.2) million was impacted by higher operating liabilities attributable to the publishers as well as accrued marketing costs associated with Readly's growth initiatives. Cash flow from investing activities was SEK -30.6 (-10.9) million, of which SEK -21.7 (-8.3) million pertained to capitalized product development costs. Acquisitions of subsidiaries, after deduction for acquired cash funds, amounted to SEK -7.3 million. Cash flow from financing activities was SEK -20.2 (564.0) million. The decrease in cash flow was attributable primarily to issue proceeds of SEK 450 million related to the listing of Readly in the third quarter of the preceding year and a loan secured with Kreos Capital. Amortisation of principal totalled SEK 19.6 million (9.6) as per 31 December 2021, while interest paid (recognised as cash flow from operating activities) amounted to SEK 3.5 million (3.0).

Research and development

Readly has continued to develop its app with the aim of offering subscribers the best possible reading experience on the market. Today Readly is a market leader in digitalisation of the magazine sector, and to maintain this position, the Group will continue to invest in research and development (R&D). R&D has always been an area of priority for Readly, and as an expression of this, in 2021 the Group invested the equivalent of 3.2 per cent of its total operating expenses in R&D.

Important KPIs

Readly uses certain performance measures that are not defined by IFRS. Readly believes that these performance measures provide valuable information to readers of the financial reports as they allow evaluation of Readly's performance. The key ratios that Readly has chosen to present are relevant taking into account the Company's operations and with respect to the financial targets for growth, margins and capital structure. The Alternative Performance Measures are not always comparable with measures used by other companies, since other companies may have calculated them in a different way. The definitions on page 119 set out how Readly defines its KPIs and the purpose of each KPI. Pages 120–121 provides additional information from which to derive all KPIs.

Employees

The average number of persons employed, including consultants, was 124 (104), of which the average number of employees was 89 (71).

Significant risks and uncertainties

Readly's activities, like all business activities, are associated with risks in various areas. Readly's risks are described on pages 61–67, together with the risk management process.

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 Group'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

MULTI-YEAR OVERVIEW

Group (SEK k)	2021	2020	2019	2018	2017
FPSs (full-paying subscribers), number	478,362	369,764	278,555	213,910	155,973
Total revenues	466,308	352,604	264,739	195,950	126,972
ARPU (average revenue per user), SEK	92	93	87	86	84
Gross profit	156,127	117,059	82,773	58,319	33,288
Gross profit margin, %	33.5	33.2	31.3	29.8	26.2
Contribution	-33,780	-38,155	-16,303	-15,439	-14,763
Gross contribution margin, %	-7.2	-10.8	-6.2	-7.9	-11.6
Operating profit/loss	-209,528	-189,775	-142,539	-106,976	-69,252
Operating margin, %	-44.9	-53.8	-53.8	-54.6	-54.5
Adjusted operating profit/loss	-204,943	-170,311	-138,123	-106,976	-69,252
Adjusted operating margin, %	-44.0	-48.3	-52.2	-54.6	-54.5
Profit for the year	-219,601	-197,424	-146,565	-107,980	-69,829
Earnings per share before and after dilution [1]	-5.9	-6.5	-5.9	-5.5	-4.2

The earnings per share have been adjusted in the comparison period to the number of shares after the 1:5 share split. See Definitions of KPIs and calculations, page 119.

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.

On 17 September 2020, Readly International AB (publ)'s ordinary shares were listed on Nasdaq Stockholm. The offering was fully subscribed for, generating issue proceeds of SEK 450 million before transaction costs. During the past year, capital was raised, which means that the Group has secure financing for the coming years. 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 concern assumption to be considered to have been met.

Anticipated future development

The Group's growth is expected to remain good, however slightly lower than historical levels as investments in marketing will be adapted to the increasing marketing prices in order to maintain sound unit economics and promote cost-effective growth. Growth in the near future is expected to come primarily from new users in existing markets but the Group also see good opportunities to generate further growth in new markets through acquisitions or other strategic growth initiatives. To support the Group's continued growth Readly will continue to invest in product development and innovation, the brand and in collaboration with existing and new publishers continue to expand the range of titles that users can enjoy anywhere and anytime.

Proposal for the appropriation of profit or loss

At the disposal of the Annual General Meeting:

Loss brought forward	-177,988,401
Share premium reserve	1,180,636,899
Profit for the year	-436,504,376
SEK	**566,144,122**

The Board of Directors proposes that profits be appropriated as follows:

to be carried forward, SEK	**566,144,122**

The Group's and the parent company's performance and position in general are presented by the following income statements, balance sheets and cash flow statements with notes.

Risks and Risk Management

Risk is a natural part of all business activities, and a certain level of risk-taking is necessary for financial growth. Suitable risk management is therefore fundamental for conducting and developing a sustainable and profitable business. Readly's risk management aims to ensure good control of the Group's aggregate risk exposure and to ensure effective, systematic and value-creating management of opportunities and risks in the business activities. This improves the Group's decision-making and enhances its ability to achieve its strategic, financial, operational and legal and regulatory compliance objectives.

Readly's Group-wide risk management process is integrated in the operations, and all employees are responsible for keeping themselves updated and informed on Readly's Risk Policy, as well as on other events and changes in this area. Risk is defined as a future, uncertain event that may have a negative impact on Readly's ability to achieve the Group's strategic, financial and operational objectives while complying with laws, rules and regulations.

The process consists of four main activities: (i) identification (planning), (ii) assessment and prioritisation, (iii) management, and (iv) monitoring and reporting.

Identification
During the 2021 financial year, risk meetings were held with the Group management to identify the most significant risks for the respective areas. The results of these were then coordinated, complemented and analysed in order to thereafter decide which risks and measures will be prioritised.

All risks are classified into one of the following four categories: strategic, operational, financial and legal/regulatory. This breakdown provides support in choosing a suitable method for identifying existing, new and emerging risks as well as their interconnection and management.

Assessment and prioritisation
The size of identified risks is estimated with the help of risk tools that take into account the risks' potential impact on operations and the likelihood that a risk will arise over a defined period of time. This provides support in the decision on the risk's significance and prioritisation as well as on the response it receives.

Management
The choice of management is determined with support of the risk assessment and existing controls. This can involve, for example, methods for overseeing, implementing additional controls to reduce the risk, or changing procedures and processes. An important part of Readly's risk management is the appointment of risk owners for prioritised risks. Risk owners are responsible

for ensuring that measures for managing the respective risks are conducted within a reasonable amount of time and with a high level of quality.

Reporting and oversight

The respective risk owner monitors the existing risk and reports to the Chief Operations Officer. They comply, coordinate and develop the Group's risk management, after which reporting is made to the Group Executive Board and the Board of Directors. The Group's most significant risks and measures for managing these are reported at least twice a year to the Audit Committee.

IDENTIFICATION

The strategic risks are linked to overall objectives aimed at complying with and supporting the Group's mission or vision. These risks are commonly identified in discussions coupled to the Company's strategic plan or strategic initiatives. Risks are managed through measures that limit both the impact and the likelihood of risks occurring.

Operational risks are linked to the effectiveness of the operating activities, which also includes earnings and profitability. Such risks are identified mainly in process reviews and business follow-up. Management of operational risks is focused mainly on limiting the likelihood that a risk will arise, such as through internal controls as well as guidelines and instructions for internal processes.

Financial risks are associated with the reliability of internal and external reporting, as well as with securing the Group's holdings and resources. This responsibility lies with the Group's finance department, which identifies risks through testing and evaluation of controls, together with forecasting and cash flow analysis.

Legal and compliance risks are linked to uncertainties outside of the Group's direct control, such as regulatory changes or changing market conditions. External risks are managed through, among other things, continuous monitoring of regulatory changes.

Strategic risks

HIGH PACE OF TECHNOLOGICAL CHANGE

Description of risk:	Risk management:
The market for digital magazines is characterised by a high pace of technological change. The Group's ability to foresee technological development and the market's need, and to adapt its products accordingly, is therefore of central importance for the Group's continued development. There is a risk that Readly's product development initiatives will not live up to customers' high expectations, which by extension could curb growth.	To adapt Readly's strategy to the dynamic market it works in, the Group Executive Board closely monitors changes in the market, expectations from publishers and subscribers, and technological development. Product development is a central part of Readly's strategy, and therefore the Board of Directors and management are careful to ensure that decisions on product development are based on data and the key indicators that the initiatives are intended to improve.

MARKET AND COMPETITION

Description of risk:	Risk management:
Readly is dependent on its ability to offer varied and compelling content to its subscribers and therefore competes with other digital magazine providers to gain access to the content. There is a risk of Readly's competitors entering into exclusive agreements with magazine publishers, which would prevent Readly from gaining access to certain content in current and new markets. The publishers themselves can develop technologies, products or services to provide content exclusively to their customers and not through Readly's platform. This could have an adverse impact on the number of subscribers and lead to loss of market share for Readly. Competitors to Readly may adopt an aggressive pricing strategy to capture market shares. There is also a risk of Readly misjudging the competitors' pricing strategies, which could lead to Readly failing to optimise its own pricing and thereby losing out on revenues.	Readly is working intensively on developing new, compelling offerings to subscribers as well as publishers. The Group regularly follows up its offerings to publishers and subscribers' views of the product's accessibility and offering to ensure high customer satisfaction. In cases where results do not reach the expected level, measures are taken to increase both customer satisfaction and loyalty. Readly is active in multiple markets, which reduces the risk of encountering increased competition in an individual market with price pressure as a result. Readly also analyses the consequences of competitors' price strategies and adapts its offering accordingly if deemed necessary. The "all-you-can-read" concept whereby subscribers – for a fixed monthly fee – gain access to unlimited content has also proved to be successful in other industries such as film and music, where consumers prefer to have a single provider for all content. Readly's offering encompasses thousands of titles from hundreds of publishers, which is a clear advantage over offerings from individual actors.

PRODUCT DEVELOPMENT

Description of risk:	Risk management:
If Readly fails to establish a sustainable and effective product development strategy, it could lead to a misallocation of resources to such solutions that lack appeal in the market.	Product development is steered by subscribers' reading time, which is measured to both retain subscribers and create higher product value for the end customer.

Operational risks

DEPENDENCE ON BUSINESS PARTNERS

Description of risk:

Within the Readly Group there is extensive experience and expertise among senior executives and other key personnel. The right expertise is crucial for ensuring the Group's current as well as future growth initiatives. Should such resources be lacking, it could have adverse effects on the Group's growth and pace of innovation. It is therefore highly important that the Group is able to recruit and retain qualified and competent employees.

Risk management:

Readly works continuously with skills development in order to develop its business and achieve set goals. Readly works through its Remuneration Committee on a continuous basis to establish long-term incentives for key personnel and to offer remuneration to management and other employees that is in line with the going rate in the market. The Company also conducts regular employee surveys to identify focus areas for increasing employee satisfaction.

DEPENDENCE ON PARTNERS

Description of risk:

In conducting its business the Group relies on services provided by third parties, including magazine publishers that arrange with Readly to make their titles available on Readly's platform. Being able to offer its subscribers the most compelling content possible is crucial for Readly's continued development. A key factor for retaining and expanding the number of partner publishers is a growing user base, which generates growing publisher revenues and provides access to data analysis.

Other key suppliers include, for example, providers of systems, infrastructure and databases for IT operations. The use of such third-party services exposes the business to a number of risks. There is a risk of critical suppliers being unable to deliver as agreed or being subject to data intrusion which, by extension, could negatively impact the Group's business, earnings and financial position.

Risk management:

Readly is working continuously on developing and strengthening its offering to publishers. Readly has a long-term goal to be a reliable source of revenue for publishers and to offer first-class, data-based insights to enable the continued development of quality content that consumers are interested in.

By being a digital actor with customers in multiple markets both in and outside of Europe, Readly is increasing the geographic diversity of publishers. New customers can be reached in parts of the world where the publishers themselves do not have reach via their own distribution.

Readly is investing continuously in developing its data analytics and new interfaces that publishers can more easily access for their own analyses of reader behaviours. Towards the end of 2020, Readly Insight was launched, providing publishers with new opportunities to offer content tailored to their respective target groups.

MARKETING

Description of risk:

Marketing is crucial for Readly's ability to attract new subscribers and increase brand awareness. Readly has historically invested large sums in marketing activities to enable and support continued growth, and this is expected to continue in the years ahead. Marketing is an area that is undergoing rapid changes. There is a risk of Readly failing to use the most suitable marketing methods, which could lead to marketing campaigns not having the desired outcome. This could affect the number of subscribers, interest from the capital market and publishers, Readly's message to the market, and the Group's sales and earnings.

Risk management:

Readly is working continuously on testing and optimising new and existing channels, advertising space, target groups and offerings. Close collaboration between product, marketing and analysis departments promotes effective use of resources and contributes to long-term growth in value.

Readly is also working on broadening its channels in an effort to reduce its dependence on individual marketing channels. This entails in particular a stronger focus on partnerships aimed at reaching new target groups and broadening the base of new customers acquired. Continued investments in higher brand awareness are contributing to higher organic growth, which further reduces dependence on individual channels. As Readly continues to grow, resources are also being added in the form of new employees with vital skills for this purpose.

Financial risks

LIQUIDITY RISK

Description of risk:	Risk management:
Liquidity risk is the risk of the Group being unable to meet its continuing financial obligations in time. Readly reports significant losses and negative cash flow as a consequence of the Group's continued substantial investments in marketing activities and other activities aimed at generating growth. Careful planning and control of Readly's capital requirements are needed to reduce this risk. If the Group does not succeed with its growth strategy or achieve its financial targets, a need for capital could arise. If this occurs, a shareholder base with available financial resources will be required to support further growth through additional capital injections. Should new share capital or external borrowing not be available to Readly if needed in the future, this could affect growth and the Company's ability to meet its obligations.	Following the listing of shares of Readly on 17 September 2020, which raised issue proceeds of SEK 450 million before transaction costs, the Group has sufficient financial resources to support its growth strategy in the coming years. Cash flow forecasts for the Group are prepared by the Company's finance function, which carefully monitors rolling forecasts of the Group's liquidity reserve to ensure that the Group has sufficient liquidity to meet the needs of its continuing operations. This is combined with a sharper focus on effective marketing activities where insights into customers' lifestyle values are weighed against the customer acquisition cost in an effort to create long-term value.

CURRENCY RISK

Description of risk:	Risk management:
Readly is active internationally and is thereby subject to currency exposures, primarily in Euros (EUR) and pounds sterling (GBP), but also in US dollars (USD), Australian dollars (AUD) and Swiss francs (CHF). The Group's sales to external customers are made in local currency at the same time as the Group has costs in the form of remuneration to publishers, often in the corresponding currencies, which creates a natural hedge for transactions in the continuing operations. The Group's significant currency risks arise in the translation of balance sheet items in foreign currency.	Currency risk is managed by Readly's central finance department, which monitors and forecasts currency movements in the market. Each year the Board of Directors adopts a Treasury Policy that the finance function adheres to in order to reduce currency risk.

VALUATION OF SHARES IN SUBSIDIARIES

Description of risk:	Risk management:
Readly's business is in a phase of growth, whereas Readly AB continues to report significant losses. During the year, Readly's share price fell by 74 per cent. There is a risk related to valuation of shares in subsidiaries.	As per 31 December 2021 shares in subsidiaries were impaired to an amount of SEK 242.2 million. Readly is continuously monitoring the development of the share price and the company's financial performance. Impairment of shares is performed annually or more frequently if there is an indication of possible impairment.

Legal and Compliance Risks

RISKS RELATED TO PERSONAL DATA AND ANONYMISED DATA

Description of risk:

As Readly handles large volumes of personal data, mismanagement of data or data leaks may affect many data subjects, which may result in high penalties such as civil and/or criminal actions by the Swedish Authority for Privacy Protection (IMY) or other data protection authorities. This could affect Readly's reputation among subscribers, partners and publishers in the digital magazine market. Readly shares anonymised and aggregated data with publishers consisting of, for example, the age, gender and country of domicile of users, when and what magazines users read and what types of devices users use. Anonymisation must prevent any party from identifying an individual person; otherwise the data is not considered to be anonymised and thus falls within the definition of personal data according to General Data Protection Regulation (GDPR) 2016/679. The sharing of anonymised data with publishers is included in the agreements with the publishers and is thus important for maintaining continued cooperation with publishers.

There is a risk that anonymised data can be used in combination with other data to identify a natural person and thus constitute personal data. If such risk were to materialise, there is a risk that Readly handles or has handled personal data incorrectly, which could lead to hefty administrative penalties such as civil and/or criminal action taken by the Swedish Data Protection Authority and other data protection authorities. This could affect Readly's reputation among subscribers, partners and publishers in the digital magazine market.

In addition, Readly occasionally provides specific data to certain publishers, including names and home addresses for such strictly limited purposes as disclosed in Readly's Data Protection Policy. Further, there is a risk that Readly may be adversely affected by changes to the GDPR, interpretations of the GDPR or government policies in relation to anonymised data. Stricter or changed regulatory regimes, government guidelines and legislation in any of the markets in which Readly operates could prohibit the sharing of anonymised data with publishers, which could impair Readly's ability to offer its services to publishers and its relationships with publishers.

Risk management:

Readly's work is governed by established guidelines for the processing of personal data, which stipulate principles for collection, processing and storage of personal data, security and customers' rights. This includes ensuring risk management, making strategic decisions and making sure that processing of personal data is in compliance with laws and internal requirements.

Various functions in the Group work actively to continuously improve systems and processes, update security and ensure thorough incident response and thereby ensure that customers' personal data is processed and protected in a responsible manner. Continuous reporting is done on the subject with the support of a framework for internal controls of data protection work, among other things.

Legal and Compliance Risks

TAX RISKS	
Description of risk:	**Risk management:**
Readly has substantial unutilised tax loss carry forwards for which no deferred tax asset has been reported. There is a risk that future transactions and/or events may reduce the opportunity to utilise these loss carry forwards. The parent company invoices the subsidiaries in the Group based on actual use of resources. During certain prior financial years through 2018, such resource use and thus invoicing did not pertain to all subsidiaries in the Group. The Swedish Tax Agency has expressed in a position statement that a parent company shall invoice all subsidiaries in a group in order for full VAT deduction to be allowed. However, legal precedence from the Administrative Court of Appeal suggests that resource-based invoicing shall be accepted. It cannot be entirely ruled out that the Swedish Tax Agency could question certain parts of the Company's deductions for losses or VAT, which by extension could give rise to significant negative effects on the Group's earnings and financial position. The parent company's total deductions for incoming value-added tax during the financial years in question amount to approximately SEK 25 million in total.	Readly monitors regulatory developments in the markets in which it operates in order to proactively manage change.

The Readly share and shareholders

Share capital
The Readly share has been listed on Nasdaq Stockholm since 17 September 2020 in the Mid-cap segment. As per 31 December 2021, the share capital amounted to SEK 1,137,142 million, divided into 37,904,738 shares. Each share is entitled to one vote, and at the Annual General Meeting each shareholder entitled to vote may vote for the full number of shares they own and represent, without any restriction on their voting rights.

Shareholders
The number of shareholders at the end of the year was 9,080 (10,189). The largest owner in Readly was Swedbank Robur Fonder. The ten largest shareholders controlled as of December 31, 2021 a total of 38.4 per cent of the capital and votes.

Developments during the year
During the year, Readly's share price fell by 74 per cent compared to the OMXSPI, which rose by 34 per cent during the same period. The closing price on 31 December 2021 was SEK 17.95 per share, corresponding to a market capitalisation of SEK 680 million. The average daily share turnover during the year was 202,458.

Dividend policy
Readly's Board of Directors does not intend to propose a dividend in the short- or medium term, but instead intends to use the cash flow that is generated for continued investments in growth. Each year the Board of Directors will evaluate the possibility of proposing a dividend after taking into consideration development of the business as well as its operating profit/loss and financial position.

Shareholder information
The Annual General Meeting of Readly International AB (publ) will be held on 10 May 2022 at 3 p.m. A notice is published in Dagens Industri and the Swedish Official Gazette. The notice and information published prior to the meeting is available at corporate.readly.com

FAST FACTS

Trading venue
Nasdaq Stockholm

Segment/sector
Technology

Market capitalisation 31 Dec 2021
680 SEK m

ISIN
SE0014855292

Ticker
READ

FINANCIAL CALENDAR

Interim report Jan–Mar 2022
5 May 2022

Annual General Meeting 2022
10 May 2022

Interim report Jan–June 2022
11 August 2022

Interim report Jan–Sep 2022
11 November 2022

Year-end report Jan–Dec 2022
16 February 2023

Read more about the share at https://corporate.readly.com/investors/the-share/

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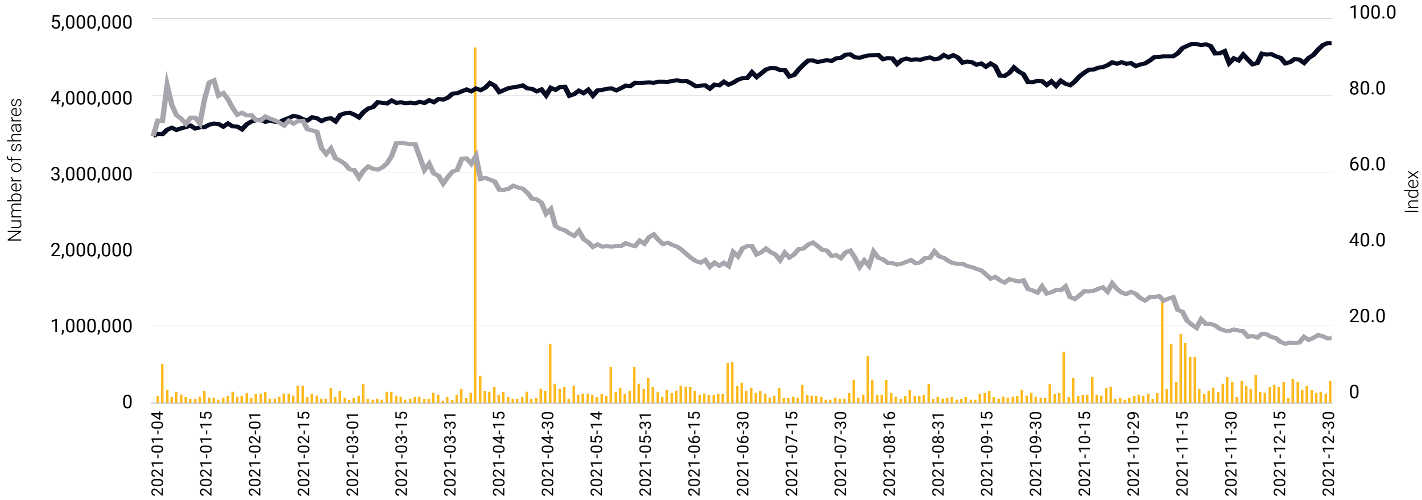
SHARE PRICE PERFORMANCE



LARGEST SHAREHOLDERS

As per 31 Dec. 2021 Shareholders	Total no. of shares	% of total number of shares
Swedbank Robur Fonder	3,395,493	9.0
Tredje AP-Fonden	2,264,535	6.0
Zouk Capital	1,765,177	4.7
C WorldWide Asset Management	1,186,441	3.1
TIN Funds	1,179,162	3.1
Avanza Pension	1,110,985	2.9
Bengtssons Tidnings AB	1,031,401	2.7
Joel Wikell	951,050	2.5
Handelsbanken Fonder	912,573	2.4
Handelsbanken Liv Försäkring AB	765,300	2.0
Subtotal 10 largest shareholders	**14,562,117**	**38.4**
Others	23,342,621	61.6
Total no. shares	**37,904,738**	**100**

NUMBER OF SHARES PER COUNTRY

Country	Number of shares	Share of votes and capital, %
Sweden	22,117,873	58.4
UK	2,066,941	5.5
Denmark	1,190,447	3.1
UAE	304,995	0.8
Germany	137,456	0.4
Total	**25,817,712**	**68.2**

Source: Data compiled by Monitor. Sources: Euroclear, Morningstar, the Swedish Financial Supervisory Board, Nasdaq, Millistream.

CHANGES IN SHARE CAPITAL

		Number of shares		Share capital (SEK)		
Registration date	**Event**	**Change**	**Total**	**Change**	**Total**	**Subscription price (SEK)**
12/06/2017	Set-off issue [1]	629,902	3,521,235	62,990	352,124	155.00
12/06/2017	New issue [2]	43,686	3,564,921	4,369	356,492	0.10
14/06/2017	New issue [3]	47,940	3,612,861	4,794	361,286	155.00
31/10/2017	New issue [4]	193,547	3,806,408	19,355	380,641	155.00
25/05/2018	New issue (exercise of warrants) [5]	3,750	3,810,158	375	381,016	86.00
05/06/2018	Set-off issue [6]	5,849	3,816,007	585	381,601	155.00
21/09/2018	Bonus issue [7]		3,816,007	190,800	572,401	0.00
26/09/2018	New issue [8]	365,853	4,181,860	54,878	627,279	164,00
12/10/2018	New issue [9]	222,560	4,404,420	33,384	660,663	164,00
25/10/2018	New issue [10]	28,080	4,432,500	4,212	664,875	164,00
30/11/2018	New issue [11]	32,220	4,464,720	4,833	669,708	164,00
02/07/2019	New issue [12]	934,518	5,399,238	140,178	809,886	0.15
08/08/2019	New issue [13]	8,908	5,408,146	1,336	811,222	168.00
25/09/2019	Set-off issue [14]	41,086	5,449,232	6,163	817,385	155.00
03/04/2020	New issue (exercise of warrants) [15]	22,100	5,471,332	3,315	820,700	155.00
03/04/2020	New issue (exercise of warrants) [16]	1,000	5,472,332	150	820,850	86.00
03/04/2020	New issue (exercise of warrants) [17]	350	5,472,682	53	820,902	130.00
26/06/2020	New issue [18]	104,817	5,577,499	15,723	857,707	268.00
24/07/2020	New issue [19]	245,367	5,822,866	36,805	873,430	268.00
07/09/2020	Share split	23,291,464	29,114,330	–	873,430	–
21/09/2020	New share issue in connection with IPO [20]	7,627,118	36,741,448	228,814	1,102,243	59.00
19/10/2020	New share issue (exercise of warrants) [21]	50,000	36,791,448	1,500	1,103,743	39.80
14/12/2020	New share issue (exercise of warrants) [22]	190,000	36,981,448	5,700	1,109,443	50.00
29/12/2020	New share issue (exercise of warrants) [23]	50,000	37,031,448	1,500	1,110,943	50.00
11/01/2021	New share issue (exercise of warrants) [24]	75,000	37,106,448	2,250	1,113,193	31.00
26/01/2021	New share issue (exercise of warrants) [25]	120,169	37,226,617	3,605	1,116,799	33.60
02/11/2021	New issue [26]	678,121	37,904,738	20,344	1,137,142	31.48

1) The Extraordinary General Meeting decided on 4 May 2017 to issue a maximum of 629,902 class B preference shares.

2) The Extraordinary General Meeting decided on 4 May 2017 to issue a maximum of 43,686 ordinary shares.

3) On 15 May 2017, the Board of Directors decided to issue a maximum of 47,940 Class B preference shares pursuant to the authorisation granted by the Extraordinary General Meeting on 4 May 2017.

4) The Extraordinary General Meeting decided on 4 May 2017 to issue a maximum of 193,547 class B preference shares.

5) The Company's share capital was increased through the exercise of warrants. A total of 3,750 warrants were exercised for new ordinary shares in the Company. The warrants were issued by the Board of Directors on 19 February 2016.

6) On 11 May 2018, the Board of Directors decided to carry out a set-off issue of 5,849 ordinary shares pursuant to the authorisation granted by the General Meeting on 13 June 2017.

7) An Extraordinary General Meeting on 14 September 2018 resolved to increase the Company's share capital through a bonus issue, without issuing new shares, by allocating capital from the Company's share premium reserve.

8) An Extraordinary General Meeting resolved on 14 September 2018 to issue a maximum of 588,413 shares, and a maximum of 365,863 ordinary shares were subscribed.

9) An Extraordinary General Meeting resolved on 14 September 2018 to issue a maximum of 588,413 shares, and a maximum of 222,560 Class C preference shares were subscribed.

10) On 28 September 2018, the Board of Directors resolved to issue a maximum of 28,080 Class C preference shares pursuant to the authorisation granted by the Extraordinary General Meeting on 14 September 2018.

11) On 6 November 2018, the Board of Directors resolved to issue a maximum of 32,220 Class C preference shares pursuant to the authorisation granted by the Extraordinary General Meeting on 14 September 2018.

12) On 18 June 2019, the Board of Directors decided to issue a maximum of 954,918 ordinary shares pursuant to the authorisation granted by the Extraordinary General Meeting on 14 September 2018.

13) On 15 July 2019, the Board of Directors decided to issue a maximum of 8,908 ordinary shares pursuant to the authorisation granted by the General Meeting on 18 June 2019.

14) An Extraordinary General Meeting resolved on 2 May 2019 to make a set-off issue of a maximum of 41,086 class B preference shares.

15) The Company's share capital was increased through the exercise of warrants. A total of 350 warrants were exercised for new ordinary shares in the Company.

16) The Company's share capital was increased through the exercise of warrants. A total of 22,100 warrants were exercised for new ordinary shares in the Company.

17) The Company's share capital was increased through the exercise of warrants. A total of 1,000 warrants were exercised for new ordinary shares in the Company.

18) The Board of Directors decided on 3 June 2020, pursuant to the authorisation of the Annual General Meeting of 25 May 2020, to issue a maximum of 268,357 units, corresponding to a maximum of 268,357 ordinary shares, of which 245,367 ordinary shares were subscribed.

19) The Board of Directors decided on 25 June 2020, pursuant to the authorisation granted by the Annual General Meeting on 25 May 2020, to issue a maximum of 104,817 units, corresponding to a maximum of 104,817 ordinary shares.

20) After completion of the IPO.

21) The Company's share capital was increased through the exercise of warrants. A total of 10,000 warrants were exercised for 50,000 new ordinary shares in the Company.

22) The Company's share capital was increased through the exercise of warrants. A total of 38,000 warrants were exercised for 190,000 new ordinary shares in the Company.

23) The Company's share capital was increased through the exercise of warrants. A total of 10,000 warrants were exercised for 50,000 new ordinary shares in the Company.

24) The Company's share capital was increased through the exercise of warrants. A total of 15,000 warrants were exercised for 75,000 new ordinary shares in the Company.

25) The Company's share capital was increased through the exercise of warrants. A total of 69,552 warrants were exercised for 120,169 new ordinary shares in the Company.

26) The Company's share capital was increased through an issue in connection with an acquisition. 678,121 new ordinary shares in the Company.

Corporate Governance Report

General
Readly International AB (publ), "Readly", is a Swedish public limited liability company with registered office in Stockholm, Sweden. Governance of the company is grounded in the Swedish Companies Act, the Articles of Association, the obligations that follow by being listed on Nasdaq Stockholm, the Swedish Corporate Governance Code (referred to herein as "the Code"), and other applicable laws and regulations. Readly applies the Code as from 1 January 2020. Corporate governance encompasses a set of rules and decision-making hierarchy for leading the operations of a company effectively and in a controlled manner for the purpose of meeting the owners' requirement for a return on their invested capital.

Readly strives for a high standard by ensuring clarity and simplicity in management systems and governance documents. Governance, management and control of Readly are delegated among the shareholders at the Annual General Meeting (AGM), the Board of Directors and the CEO as well as the auditors in accordance with the Swedish Companies Act, the Articles of Association, the Board's Rules of Procedure, the instructions for the CEO and committees, and other policies, instructions, procedures and values. Through enhanced openness and transparency, good insight is provided into the company's operations, which contributes to effective governance.

Shareholders
Readly's shares have been listed on Nasdaq Stockholm since 17 September 2020. At year-end that share capital in Readly amounted to SEK 1,137,142 million, apportioned among 37,904,738 shares with share quota value of SEK 0.03. Readly shares exist in one share class. At year-end, the Company had 9,080 shareholders. The share of foreign ownership was 41.6 per cent. At year-end, the largest shareholder was Swedbank Robur Fonder. On the 31 December 2021, the ten largest shareholders controlled 38.4 per cent of the capital and votes. For further information on Readly's shares, see "The Readly share" section on pages 68–70.

General meeting and Annual General Meeting
According to the Swedish Companies Act, the general meeting of shareholders is the Company's highest decision-making body. At the Company's Annual General Meeting (AGM), the income statement and balance sheet are adopted, the Board of Directors and auditors are elected, their fees are set and other statutory matters of business or matters prescribed by the Code are conducted. At the Annual General Meeting, shareholders have the opportunity to ask questions to the Board of Directors, management and auditors.

All shares carry entitlement to one vote each.

2021 Annual General Meeting
The Annual General Meeting was held on 11 May 2021 in Stockholm. At the AGM, 28 per cent of the votes were represented. Patrick Svensk was elected chairman of the meeting. The AGM resolved to re-elect Nathan Medlock, Alexandra Whelan, Viktor Fritzén and Malin Stråhle. It was also decided to elect Stefan Betzold as a new director. Patrick Svensk was re-elected as Chairman of the Board. The accounting firm Öhrlings PricewaterhouseCoopers AB was elected as auditor, with Aleksander Lyckow as auditor-in-charge.

It was resolved to adopt the nomination committee's proposal of remuneration to members of the board of directors and the principles for appointment of nomination committee. The board of director's proposal regarding guidelines for remuneration to senior executives was adopted.

The Board of Directors was authorised to decide, on one or more occasions up until the next Annual General Meeting, on a new issue of ordinary shares, convertible bonds and/or warrants with the right to convert into and subscribe for ordinary shares, with or without derogation from shareholders' preferential rights, corresponding to a maximum of five per cent of the total number of shares in the Company at the time the authorisation is first used, to be paid in cash, by contribution and/or by set-off. The Board's ability to decide on a new issue without preemptive rights for shareholders as described above is primarily for the purpose of raising new capital to increase the Company's flexibility or in connection with acquisitions.

It was resolved to introduce an incentive programme through the issue and transfer of warrants to senior executives and employees in accordance with the proposal submitted by the Board of Directors. It was furthermore resolved to introduce an employee options programme through the issue and transfer of warrants in accordance with the proposal submitted by the Board of Directors.

New Articles of Association were adopted in accordance with the Board's proposal to amend the Company's Articles of Association, including the article stating that Readly shall only be able to issue ordinary shares.

It was further resolved to approve the remuneration report.

2022 Annual General Meeting
The 2022 Annual General Meeting will be held at 3 p.m. on Tuesday 10 May 2022 in Stockholm. Shareholders will be offered the opportunity to participate in person and via link.

Nomination Committee
The 2021 Annual General Meeting resolved that the following principles for appointing a nomination committee and the Nomination Committee's assignment shall apply until another resolution is made by a general meeting of shareholders.

The Nomination Committee, which shall be appointed for the time until a new nomination committee has been appointed, shall consist of four members, of whom three shall be appointed by the Company's three largest shareholders in terms of votes and the fourth shall be the Chairman of the Board. The Chairman of the Board shall – as soon as it can be reasonably conducted after the end of the third quarter – in a suitable manner contact the three largest owner-registered shareholders in the shareholder register maintained by Euroclear at this point and instruct them to – within a reasonable period of time considering the circumstances, which may not exceed 30 days – submit to the Nomination Committee in writing the name of the person the shareholder wishes to appoint as a member of the Nomination Committee.

If one of the three largest shareholders refrains from exercising its right to appoint a member of the Nomination Committee, the next shareholder in succession shall be offered the right to appoint a member of the Nomination Committee. In the event several shareholders refrain from their right to appoint a member of the committee, the Chairman of the Board shall not be required to contact more than eight shareholders, insomuch it is not necessary to ensure appointment of a nomination committee consisting of at least three members.

Unless otherwise agreed upon by the members, the member appointed by the largest shareholder shall be appointed as chair of the Nomination Committee. A Board member shall never serve as chair of the Nomination Committee.

If a shareholder that has appointed a member of the Nomination Committee during the year ceases to be one of the Company's three largest shareholders, the member appointed by such shareholder shall resign from the Nomination Committee. In that person's place a new shareholder among three largest shareholders shall have the right to independently and at its own discretion appoint a member of the Nomination Committee. However, no marginal differences in shareholdings and changes in shareholdings that take place later than two months before the Annual General Meeting shall lead to any changes in the composition of the Nomination Committee, insomuch as special circumstances do not exist.

If a member of the Nomination Committee resigns before the Nomination Committee has completed its assignment, due to reasons other than those described in the preceding paragraph, the shareholder that appointed the member shall have the right to independently and at its own discretion appoint a substitute member. If the Chairman of the Board resigns from the Board of Directors, the replacement for this person shall also replace the Chairman of the Board serving on the Nomination Committee.

The Nomination Committee's composition shall be made public not later than six months before the Annual General Meeting. In this context, all shareholders shall also be informed about how the Nomination Committee can be contacted. Changes in the Nomination Committee's composition shall be made public immediately.

The Nomination Committee shall conduct preparatory work and submit recommendations to the forthcoming Annual General Meeting on the following: election of a person to serve as Annual General Meeting chairman, election of the Chairman of the Board and other directors, the amount of directors' fees broken down by the Chairman and other directors plus any fees for committee work, and election of the auditor and the auditor's fees. No fees shall be paid to members of the Nomination Committee. The Nomination Committee shall have the right, after receiving approval from the Chairman of the Board, to charge the Company with costs for e.g., recruitment consultants or other costs needed for the Nomination Committee to be able to fulfil its assignment.

The members of the Nomination Committee ahead of the 2022 AGM are:
- Patrick Svensk, Chairman of the Board of Readly
- Caroline Sjösten, appointed by Swedbank Robur Fonder AB
- Frank Larsson, appointed by Handelsbanken Fonder
- Magnus Tell, appointed by Tredje AP-Fonden

All shareholders have been given the opportunity to submit proposals to the Nomination Committee for e.g., directors, for further evaluation within the framework of the Nomination Committee's work. It shall be noted that Handelsbanken Fonder divested shares during the year to the extent that they are no longer one of the three largest shareholders. After contacts with the next shareholders in terms of ownership it was decided that appointed member from Handelsbanken Fonder, Frank Larsson, should continue the ongoing work as chairman.

The Nomination Committee has met six times between 26 October 2021 and 1 February 2022. As documentation for its evaluation of the Board of Directors' composition, the Nomination Committee has had access to an evaluation conducted by the Board of Directors and also had the opportunity to meet with the Board members individually. Based on this evaluation and the opportunity to consider recommendations for new directors, the Nomination Committee drafts a recommendation for a new board that is presented in connection with the notice of the next Annual General Meeting. The Nomination Committee reports on its work at the Annual General Meeting.

The Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code, i.e. "The board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is to strive for gender balance on the board." The Board has also adopted on 14 December 2021 a Diversity Policy which is applied by the Nomination Committee for the composition of the Board.

In the opinion of the Nomination Committee, the Company's Board has satisfactory diversity with respect to the members' experience, age and gender. The proportion of women on the Board in 2021 was 33 per cent.

The Board of Directors' responsibilities and duties

The Board of Directors has overarching responsibility for administration of Readly's affairs conducted on behalf of the shareholders. At the statutory Board meeting, the Board of Directors decides on the Rules of Procedure and forms of work for the Board and for the CEO as well as for the other bodies established by the Board. In addition, the Board sets the frameworks for the financial reporting and the instructions and policies that regulate duties and authorisations.

The Board of Directors' composition

The Articles of Association set out stipulations on the appointment and dismissal of Board members, as well as on amendments to the Articles of Association. According to the Articles of Association, the Board of Directors shall have a minimum of three and a maximum of ten members. The composition of the Board of Directors', with members who have different backgrounds and a breadth of combined experience, ensures that the Board of Directors' members together have the knowledge required for the Board work, including issues pertaining to strategy, company management and expansion, both organically and through structural deals. The members' ages, main educational backgrounds, professional experience, significant assignments, year elected and shareholdings in Readly are included in the biographical presentation of the Board members on pages 76–77.

The Company's CEO is not a Board member but participates in Board meetings, except for when the Board of Directors addresses matters pertaining to the Board of Directors' work or evaluation of the CEO. The Group CFO is the Secretary of the Board. The Board has established an audit committee and a remuneration committee.

The committees mainly have a preparatory role and do not release the directors from their obligations and responsibilities.

Chairman of the Board

The Chairman of the Board is responsible for leading the Board of Directors' work and for ensuring that the Board of Directors fulfils its obligations in accordance with the Companies Act and the Board of Directors' Rules of Procedure. Through continuing contacts with the CEO, the Chairman has monitored the Company's development and ensured that the Board of Directors receives the information required of the Board to be able to fulfil its obligations. The Chairman of the Board shall also represent the Company on ownership matters. Patrick Svensk has been Chairman of the Board since January 2020.

Directors' fees

The Directors' fees approved by the 2021 AGM amount to SEK 1,925,000 in total. Of this amount, SEK 500,000 pertains to the fee for the Chairman of the Board and SEK 250,000 pertains to the fee for each of the other directors. The total amount of SEK 1,925,000 also includes a fee of SEK 65,000 to the Chair of the Audit Committee, SEK 25,000 to each of two members of the Audit Committee, SEK 30,000 to the Chair of the Remuneration Committee and SEK 15,000 to each of two paid members of the Remuneration Committee.

The Board's work during the year

In 2021, the Board held 12 ordinary meetings and 10 meetings by written resolution. The directors' attendance to these meetings is shown in the table on page 74. All directors attended all written resolution meetings. The minutes of these meetings are records of decisions made and are recorded by the Company CFO, who is also secretary of the Board. Preparatory work ahead of the Board of Directors' regular meetings is conducted by the Chairman of the Board together with the Company's CEO. Ahead of every Board meeting the directors receive written material as documentation for the discussions and decisions that will be taken up for consideration. In connection with certain Board meetings, representatives from company management may attend to report on matters in their respective areas. The Company's auditor attends the Board meeting that addresses the annual accounts. The Board of Directors and auditor had opportunities to discuss operations, reports and the audit work, also without members of management being present. Remuneration matters were addressed in connection with the Remuneration Committee's meetings (see also under "Remuneration Committee").

The Board receives the Group CEO report on a monthly basis. This report addresses financial development, development in the number of subscribers and brief information on business performance. These reports are compiled by the CEO and CFO.

Audit Committee

In 2021 the Audit Committee consisted of Viktor Fritzen, Patrick Svensk and Alexandra Whelan. Viktor Fritzen is chair of the Audit Committee. The Audit Committee has met 5 times in 2021. The Audit Committee also met with the Company's auditors. Matters addressed in 2021 included governance documents, quarterly reports, internal financial reporting, evaluation of the audit, a review

DIRECTORS' ATTENDANCE AT REGULAR BOARD MEETINGS

	16/2	17/2	25/2	5/5	22/6	11/8	9/9	10/9	28/10	14/12
Viktor Fritzén	●	●	●	●	●	●	●	●	●	●
Nathan Medlock	●	●	●	●	●	●	●	●	●	●
Malin Stråhle	●	●	●	●	●	●	●	●	●	●
Patrick Svensk	●	●	●	●	●	●	●	●	●	●
Alexandra Whelan	●	●	●	●	●	●	●	●	●	●
Stefan Betzold					●	●	●	●	●	●
Joel Wikell	●	●	●	●						

of the outcome of the AGM-elected auditor's review of operations, and matters related to internal control.

Remuneration Committee
In 2021 the Remuneration Committee consisted of Patrick Svensk, Nathan Medlock and Stefan Betzold, who replaced Joel Wikell who was part of the Remuneration Committee in the beginning of 2021. Patrick Svensk is chair of the Remuneration Committee. The Remuneration Committee met 2 times in 2021. The Remuneration Committee's duties include, among other things, conducting preparatory work for the Board of Directors' decisions on matters related to remuneration principles, remuneration and other terms of employment for members of company management, monitoring and evaluating programmes for variable remuneration of members of company management, and monitoring and evaluating general remuneration structures and remuneration levels within the Company.

Further, the committee assists the Board of Directors on formulating the proposed guidelines for remuneration of senior executives, which the Board of Directors presents to the AGM, and on monitoring and evaluating the application of these guidelines. The CEO normally attends the committee's meetings except for matters regarding remuneration to the CEO. Matters addressed during the year include terms of employment and incentives for senior executives.

Evaluation of the Board of Directors' work
In accordance with the instructions in the Board of Directors' Rules of Procedure, the Board of Directors continuously evaluates its work through open discussions within the Board of Directors and through a yearly Board evaluation questionnaire. The result of the yearly evaluation is presented to the Nomination Committee. The Nomination Committee also held a meeting with the Board members to be able to put questions to individual directors about how the Board of Directors' and CEO's work has progressed. The CEO also receives and responds to the questionnaire in the Board of Directors' yearly evaluation.

Attendance of Board members at committee meetings
Viktor Fritzén, Patrick Svensk and Alexandra Whelan all attended 5/5 meetings of the Audit Committee during the year. Nathan Medlock attended 2/2 meetings of the Remuneration Committee during the year. Joel Wikell attended the first meeting of the year with the Remuneration Committee and was then replaced by Stefan Betzold and Patrick Svensk who both attended the second meeting of the year with the Remuneration Committee.

CEO and Group Executive Board
The CEO is responsible for the continuing administration of the Company in accordance with the Companies Act and Readly's CEO instructions, which are established by the Board of Directors. The CEO is responsible for keeping the Board of Directors informed about the Company's operations and for ensuring that the Board of Directors has the necessary and most complete decision-making documentation possible. In addition, the CEO keeps the Chairman of the Board continuously informed about the Group's performance.

Readly's Group Executive Board consists of the interim Chief Executive Officer, Chief Financial Officer, Chief Content Officer interim Chief Technology Officer, Chief Growth Officer, Chief People Officer and Chief Product Officer.

Further information about the members of the Group Executive Board is provided on page 78–79. The Group Executive Board holds regular management meetings, on a weekly basis or more often when needed.

Auditors

The Company's auditor, Öhrlings PricewaterhouseCoopers AB, was elected at the Annual General Meeting in May 2021. Aleksander Lyckow is auditor-in-charge. During the year, in addition to auditing the Company's accounts, the auditor also reviewed the interim report for the period January–September 2021.

As described under the heading "The Board of Directors' work during the year", the Company's auditor also attended the Board meeting that addressed the annual financial statements. The Company's auditor also attended 5 meetings of the Audit Committee during the year. Information on auditors' fees for the 2021 financial year is provided in Note 7.

Internal audit of the financial reporting

Internal control over financial reporting is based on the control environment established by the Board of Directors and company management. By control environment is meant, among other things, the organisational structure, responsibility and authority that has been defined and communicated to all pertinent persons in the Company as well as the values and the culture that exist in Readly. In addition, it includes matters such as the competence and experience of employees and a number of governance documents, such as policies, manuals, process descriptions, self-test procedures and the established attestation instructions.

Control environment

The Board of Directors has established Rules of Procedure that are adopted yearly at the statutory Board meeting. They form the basis of the Board of Directors' work and for effective management of the risks that the business is exposed to. Each year the Board of Directors updates and adopts its Rules of Procedure and the CEO's instructions. According to Readly's policy for internal control, a number of governance documents shall be accessible for all employees.

These governance documents include, among others, the IR & Communication Policy, the Insider Policy, a crisis plan and the Code of Conduct. The policies and other governance documents that Readly has are considered to form the foundation for good internal control. Internal governance documents for ensuring good quality of the financial reporting consist of the Group's financial manual, the IR & Communication Policy, ICFR and the established attestation instructions. In addition, Readly has policies for handling personal data in accordance with the GDPR rules.

The Board of Directors is responsible for continuously monitoring compliance with overarching policies and other governance documents that exist and continuously assessing the Company's financial situation and results of operations.

Information and communication

Information about Readly's governance documents such as policies, guidelines and procedures is conveyed to pertinent persons. Essential policies and guidelines are updated as needed, but at least yearly, and are communicated to pertinent employees. In addition, matters concerning the financial reporting are discussed in connection with meetings at which the Group's finance employees meet. For external communication, Readly adheres to the established IR & Communication Policy, which in turn takes into account the rules for, among other things, communication and the handling of insider information that is obligatory for companies listed on Nasdaq.

Follow-up

Readly prepares a complete income statement and balance sheet as well as selected key performance indicators (KPIs) for the Group every month. In addition, various relevant KPIs are monitored daily or weekly. Every month a consolidation is done of the entire Group, where the outcome is followed up in relation to budget. On top of the strictly financial follow-up, the internal controls are followed up and a risk inventory is taken in accordance with a plan established by the Board of Directors that extends over a 12-month period, which is then evaluated and subsequently executed over the following 12-month period. The Board conducts a monthly update of the financial outcome.

Issuance of information for the stock market

In accordance with the obligations that follow from Readly being a listed company, Readly provides the stock market with information about the Group's financial position and development. Information is provided in the form of interim reports and an annual report, which are published in Swedish and English. On top of strictly financial information, Readly also publishes press releases about news and events, and holds presentations for shareholders, financial analysts and investors. Published information is also posted on the Company's website, https://corporate.readly.com.

Opinion

Against the background of the Company's size, processes and structure and the minimum complexity of these, in accordance with the above, the Board of Directors is of the opinion that there is no need for a special internal review function for the financial year – internal audit. The Company's financial controller has appointed coordinator for internal audit who is responsible for coordinating, reporting on and overseeing internal audit activities within the entire organisation.

Board of Directors

PATRICK SVENSK
Chairman of the Board
Board member since: 2020
Current assignments: Co-founder & Executive Director of PodX Group and Chairman of Scrive.
Experience and previous positions: CEO at Bright Group OY and several leading positions at entertainment companies such as Kanal 5, Zodiak Television and MTG in Sweden. Patrick has also held the position as chairman for the news app Squid.
Education: Master of Science in Business Administration, Finance and Marketing from Stockholm School of Economics.
Holdings in the company: Owns 45,180 shares.
Independent in relation to the company/major shareholders: Yes/Yes

STEPHAN BETZOLD
Director of the Board
Board member since: 2021
Current assignments: Managing Director at proptech Evernest.com
Experience and previous positions: Managing Director at Axel Springer, digital news media division, being responsible for the digital product portfolio, monetization and subscription strategy in Germany until 2020. Managing Director Digital at BILD Group. Director Product & Paid Services at AOL Germany. Overall 20 years of experience in digital media industry.
Education: Master of business administration and marketing at University of Hamburg
Holdings in the company: Owns 6,000 shares
Independent in relation to the company/major shareholders: yes/yes

VIKTOR FRITZÉN
Director of the Board
Board member since: 2020
Current assignments: Board member of Avanza Bank Holding AB, Avanza Bank AB, Försäkringsaktiebolaget Avanza Pension, CoinShares International Ltd, Appjobs Sweden AB and StickerApp Holding AB.
Experience and previous positions: Group CFO at LeoVegas for six years working on strategic topics relating to growth, analytics, M&A and listing on the Stockholm stock exchange.
Education: Master of Science in Finance from Stockholm School of Economics
Holdings in the company: Owns 23,315 shares
Independent in relation to the company/major shareholders: Yes/Yes

NATHAN MEDLOCK
Director of the Board
Board member since: 2014
Current assignments: Partner at Zouk Capital, Board member of Workable and Taulia.
Experience and previous positions: Board member of iZettle AB and Huddle, Partner at Galaxis Capital active in operational roles with private equity backed companies, including that of CEO in a Swedish listed mining company and CFO of a private US biotech company. Prior, he worked at Warburg Pincus in a direct investment role.
Education: Master of Business Administration with Honours from The Wharton School of the University of Pennsylvania, and a Masters of Engineering and a Bachelor of Science in Mechanical Engineering and Energy Systems (Nuclear) from the University of Manchester.
Holdings in the company: Owns no shares.
Independent in relation to the company/major shareholders: Yes/Yes

MALIN STRÅHLE
Director of the Board
Board member since: 2020
Current assignments: Senior Vice President and Head of Digital Delivery at Volvo Group DIGITAL & IT
Experience and previous positions: Director of strategy operations at Spotify, CTO of Schibsted Publishing Sweden, Director of Business Development at Bonnier Digital, Head of Products and Platform for the Maria brand within the Unibet Group. Board member in Steni Group AS, Lets deal AB, Venture Cup Sweden and Hööks Hästsport AB.
Education: Master of Architecture, Faculty of Engineering from Lund University.
Holdings in the company: Owns 15,000 shares.
Independent in relation to the company/major shareholders: Yes/Yes

ALEXANDRA WHELAN
Director of the Board
Board member since: 2019
Current assignments: Senior Vice President, Strategy and Growth at IMG Media
Experience and previous positions: Vice President Marketing at Time Warner Cable, Consultant at McKinsey & Company and Senior Communication Planner at DDB UK.
Education: Bachelor of Arts and Master of Studies from the University of Oxford, Master of Business Administration from The Wharton School of the University of Pennsylvania, Financial Times Non-Executive Director Diploma.
Holdings in the company: Owns no shares and 45,000 warrants.
Independent in relation to the company/major shareholders: Yes/Yes

AUDITOR

Öhrlings PricewaterhouseCoopers AB was elected for a one-year period at the AGM 2021. Öhrlings PricewaterhouseCoopers AB has announced that Authorised Public Accountant Aleksander Lyckow is the auditor-in-charge.

Group Executive Board

MATS BRANDT
Interim CEO
Born: 1964
Employed since: January 2022
Experience and previous positions: Mats has a broad experience from executive leadership positions across several different industries and markets. He was previously CEO at Euroflorist – an e-commerce company with operations in 12 European countries and CEO at Hemnet – Sweden's leading property platform. Before that he held several executive roles for Live Nation Entertainment and Ticketmaster in Sweden and in Asia. He has also had several executive roles for start-up companies within e-commerce and mobile marketing and served as Board Member at Dirac Research – an industry leader within audio technology.
Education: Stockholm School of Economics, IMD
Holdings in the company: –

JOHAN ADALBERTH
Chief Financial Officer
Born: 1979
Employed since: September 2019
Current assignments: Owner and board member in Ceqada AB.
Experience and previous positions: Johan brings finance experience from tech companies like Klarna and Kry. Johan also worked several years at Attendo where he played a big part in the successful stock exchange listing in 2015. Before that he worked as an auditor.
Education: Master of Business administration, Uppsala University, Mechanical Engineering, Lund University.
Holdings in the company: Owns 9,500 shares and 65,000 warrants.

RANJ BEGLEY
Chief Content Officer
Born: 1972
Employed since: January 2014
Current assignments: –
Experience and previous positions: Ranj set-up and grew Readly in the UK to its current position. Prior to Readly, Ranj held a number of senior management positions in publishing and fulfilment companies such as Dovetail, Highbury House, CDS Global and United Business Media Plc.
Education: Heston School & College Business Administration.
Holdings in the company: Owns 6,100 shares and 36,500 warrants.

FREDERIK BLAUENFELDT JEPPSSON
Interim Chief Technology Officer
Born: 1985
Employed since: January 2022
Current assignments: Consultant at Netlight Consulting
Experience and previous positions: Frederik has a broad background from the tech sector from his many years at Netlight Consulting, an IT and management consulting company within the digital industry. He has helped companies such as Ringier, JP/Politiken and eMarketeer to create both the technical and organisational conditions for user-centric product development, both as an advisor and in hand-on roles. He also has a deep technical hands-on experience, for example from his role as Development and Integration specialist at SEB.
Education: Master of Science, Computer Engineering from Lund's Faculty of Technology.
Holdings in the company: –

CECILIA VON KRUSENSTIERNA
Chief Growth Officer
Born: 1975
Employed since: September 2019
Current assignments: –
Experience and previous positions: Cecilia has 18 years' experience in marketing, online sales and strategy, business development and customer operations. Her experience reaches from small start-ups to large international corporations such as search company Eniro and telecoms operator Telia Company.
Education: Master of Science in Media & Communication from Uppsala University.
Holdings in the company: Owns 0 shares and 37,000 warrants.

TOMAS MONTAN
Chief Product Officer
Born: 1979
Employed since: May 2021
Experience and previous positions: Montan has an impressive track record of leading product innovation and initiatives that drive customer growth. Most recently Montan was Chief Product Officer of Adlibris, overseeing technology roadmap, product strategy and user experience. Prior to joining Adlibris, he was Chief Product Officer at MTG, creating a cutting edge user experience, including product strategy, product management, client development and product design. During his leadership, he and his team successfully scaled Viaplay's paid streaming subscription product from a few thousand users to millions of paying users.
Education: Lund University; Master of Science. Major: Informatics Master of science, specialisation systems analysis. Major: Informatics. Master year specialisation was in interaction design.
Holdings in the company: Owns 0 shares and 27,000 warrants.

FRIDA SVENSSON
Chief People Officer
Born: 1983
Employed since: August 2020
Current assignments: Advisor to LucyTech.
Experience and previous positions: Frida Svensson has ten years of experience from different HR roles in growth companies. She was HR manager at Betsson and Head of HR at LeoVegas. Before joining Readly, she was HR Director and Senior HR Advisor at Goodbye Kansas as part of the management team and responsible for the global HR strategy.
Education: Frida Svensson holds a bachelor's degree within Human Resource Management from Stockholm University.
Holdings in the company: Owns 1,000 shares and 35,000 warrants in the Company.

Financial information

All amounts are in SEK thousand unless otherwise stated.

Consolidated income statement

SEK thousand	Note	2021	2020
Net sales	4	460,727	349,828
Other operating income	5	5,581	2,776
Total revenues		**466,308**	**352,604**
Publisher cost		-310,181	-235,545
Other external costs	6	-252,769	-220,224
Personnel costs	7	-94,977	-76,022
Depreciation and amortisation	8, 14, 15	-12,155	-9,905
Other operating expenses	9	-5,754	-682
Total operating expenses		**-675,836**	**-542,378**
Operating profit/loss		**-209,528**	**-189,775**
Profit/loss from financial items			
Financial income	10	11,291	13,466
Financial expenses	8, 10	-21,162	-20,813
Net financial items		**-9,871**	**-7,347**
Profit/loss before tax		**-219,399**	**-197,122**
Tax	11, 23	-202	-303
Profit for the year		**-219,601**	**-197,424**
Net result for the year attributable to the parent company shareholders		**-219,594**	**-197,424**
Net result for the year attributable to non-controlling interests		**-7**	**–**
Earnings per share before and after dilution [1]		-5,9	-6.5
Basic and diluted average number of shares[1]		37,327,803	30,466,591

1) Earnings per share for the comparison periods have been adjusted to the number of shares after the 1:5 share split.

Consolidated statement of comprehensive income

SEK thousand	Jan–Dec 2021	Jan–Dec 2020
Profit for the year	-219,601	-197,424
Items that may be reclassified to profit or loss		
Exchange rate differences on translating foreign operations	2,983	73
Other comprehensive income for the year	**2,983**	**73**
Total comprehensive income for the year	**-216,618**	**-197,352**
Total comprehensive income attributable to the parent company shareholders	**-216,655**	**-197,352**
Total comprehensive income attributable to the non-controlling interests	**37**	**–**

Consolidated balance sheet

SEK thousand	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	13	70,744	–
Other intangible assets	14	80,678	21,925
Total intangible assets		**151,422**	**21,925**
Property, plant and equipment			
Property, plant and equipment	15	997	1,364
Total property, plant & equipment		**997**	**1,364**
Right of use assets			
Right of use assets	8	11,244	4,542
Total right of use assets		**11,244**	**4,542**
Financial assets			
Other non-current assets	16	9,297	7,677
Total financial assets		**9,297**	**7,677**
Total non-current assets		**172,961**	**35,508**
Current assets			
Trade receivables	18	6,615	3,242
Other receivables	18	3,037	584
Prepaid expenses and accrued income	18, 19	18,684	15,220
Cash and cash equivalents	20	306,209	521,574
Total current assets		**334,546**	**540,619**
TOTAL ASSETS		**507,507**	**576,127**

Consolidated balance sheet *cont.*

SEK thousand	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,137	1,111
Other contributed capital		1,182,091	1,147,373
Translation difference		3,077	141
Retained earnings (including net result for the year)		-986,295	-766,701
Total equity attributable to the parent company shareholders		**200,010**	**381,904**
Total equity attributable to non-controlling interests		**1,704**	**–**
Total equity	21	**201,714**	**381,904**
LIABILITIES			
Non-current liabilities			
Leasing liabilities	17, 22	7,107	424
Other financial liabilities	17	8,090	–
Long-term borrowings	17,22	16,721	19,001
Deferred tax liabilities	23	10,632	–
Derivatives	22	–	5,477
Provisions		3,488	–
Total non-current liabilities		**46,039**	**24,903**
Current liabilities			
Leasing liabilities	17, 22	3,266	3,359
Other financial liabilities	17	33,134	–
Short-term borrowings	17, 22	24,476	16,248
Trade payables	17	41,697	24,780
Current tax liabilities		1,097	1,209
Other current liabilities	24	5,955	14,367
Accrued expenses and deferred income	25	150,129	109,356
Total current liabilities		**259,753**	**169,320**
Total liabilities		**305,792**	**194,223**
TOTAL EQUITY AND LIABILITIES		**507,507**	**576,127**

Consolidated statement of changes in equity

SEK thousand	Share capital	Other contributed capital	Translation difference	Retained earnings (including net result for the year)	Total	Non-controlling interests	Total equity
Opening carrying amount 1 January 2021	**1,111**	**1,147,373**	**141**	**-766,701**	**381,904**	–	**381,904**
Profit for the year	–	–	–	-219,594	**-219,594**	-7	-219,601
Other comprehensive income	–	–	**2,939**	–	2,939	44	2,983
Total comprehensive income	–	–	**2,939**	**-219,594**	**-216,655**	**37**	**-216,618**
Transactions with shareholders in their role as owners							
Issue of shares upon acquisition, net of transaction costs	20	21,188	–	–	21,208	–	21,208
Non-controlling interests that arose on acquisition of subsidiary	–	–	–	–	–	1,667	1,667
Warrants	–	1,629	–	–	1,629	–	1,629
Redemption of warrants	6	11,749	–	–	11,755	–	11,755
Share-based remuneration – value of employees' service	–	151	–	–	151	–	151
Sum of transactions with shareholders in their role as owners	**26**	**34,718**	–	–	**34,744**	**1,667**	**36,408**
Closing balance as per 31 December 2021	**1,137**	**1,182,091**	**3,077**	**-986,295**	**200,010**	**1,704**	**201,714**

SEK thousand	Share capital	Other contributed capital	Translation difference	Retained earnings (including net result for the year)	Total	Non-controlling interests	Total equity
Opening carrying amount 1 January 2020	**818**	**623,184**	**68**	**-569,276**	**54,773**	–	**54,773**
Profit for the year	–	–	–	-197,424	-197,424	–	-197,424
Other comprehensive income	–	–	73	–	73	–	73
Total comprehensive income	–	–	**73**	**-197,424**	**-197,352**	–	**-197,352**
Transactions with shareholders in their role as owners							
New share issues	285	508,675	–	–	508,960	–	508,650
Warrants	–	18	–	–	18	–	18
Redemption of warrants	9	13,981	–	–	13,990	–	13,990
Share-based remuneration – value of employees' service	–	1,515	–	–	1,515	–	1,515
Sum of transactions with shareholders in their role as owners	**294**	**524,189**	–	–	**524,483**	–	**524,483**
Closing balance, 31 December 2020	**1,111**	**1,147,373**	**141**	**-766,701**	**381,904**	–	**381,904**

See note 21.

Consolidated cash flow statement

SEK thousand	Note	Jan–Dec 2021	Jan–Dec 2020
Operating profit/loss (EBIT)		-209,528	-189,775
Depreciation and amortisation		12,155	9,548
Other non-cash items	28	-2,120	1,872
Interest paid		-4,126	-4,406
Paid tax		-484	536
Cash flow before changes in working capital		**-204,101**	**-182,225**
Changes in trade receivables		9,106	-654
Changes in operating receivables		-2,298	-2,275
Changes in trade payables		-2,064	-4,177
Changes in operating liabilities		33,887	35,287
Cash flow from operating activities		**-165,470**	**-154,044**
Acquisition of subsidiary, after deduction for acquired cash and cash equivalents	29	-7,314	–
Investments in intangible assets and in property, plant & equipment	14, 15	-22,123	-9,461
Investments in financial assets	16	-1,175	-1,416
Cash flow from investing activities		**-30,612**	**-10,877**
Share issues (net of transaction costs)		–	508,960
Transaction costs for issues		-156	–
Warrants in connection with share issues		1,629	6,762
Redemption of warrants		2,329	13,990
Loans raised (net of transaction costs)	22	–	43,963
Warrants in connection with loans raised	22	–	3,489
Repayment of lease liabilities		-4,378	-3,547
Repayment of loans		-19,576	-9,605
Cash flow from financing activities		**-20,152**	**564,012**
Cash flow for the year		**-216,234**	**399,091**
Cash and cash equivalents at the beginning of the year		521,574	130,132
Exchange rate differences related to cash and cash equivalents		869	-7,648
Cash and cash equivalents at the end of the year		**306,209**	**521,574**

Parent company income statement

SEK thousand	Note	2021	2020
Net sales		32,775	47,969
Other operating income		354	85
Total revenues		**33,129**	**48,053**
Other external costs	6	-7,806	-23,896
Personnel costs	7	14,392	-13,376
Depreciation and amortisation	14	-327	-246
Other operating expenses		-75	-530
Total operating expenses		**22,600**	**-38,048**
Operating profit/loss		**10,529**	**10,005**
Profit/loss from financial items			
Financial income and similar profit/loss items		164	7,275
Financial expenses and similar profit/loss items		-247,197	-2,464
Net financial items	10	**-247,033**	**4,811**
Net profit after financial items		**-236,504**	**14,817**
Appropriations [1]		**-200,000**	–
Profit before tax		**-436,504**	**14,817**
Tax on profit for the year	11	–	–
Profit for the year		**-436,504**	**14,817**

Profit for the period corresponds to the parent company's comprehensive income for the period.

1) Appropriations refers to Group Contributions.

Parent company balance sheet

SEK thousand	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure	14	1,064	1,392
Total intangible assets		**1,064**	**1,392**
Financial assets			
Shares in subsidiaries	12	694,160	600,357
Receivables from Group companies	16	1,276	1,161
Total financial assets		**695,436**	**601,518**
Total non-current assets		**696,500**	**602,910**
Current assets			
Receivables from Group companies	27	–	16,395
Tax receivables		194	248
Prepaid expenses and accrued income	19	198	238
Cash and cash equivalents	20	62,975	390,500
Total current assets		**63,367**	**407,381**
TOTAL ASSETS		**759,868**	**1,010,291**

Parent company balance sheet *cont.*

SEK thousand	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1,137	1,111
Total restricted equity		**1,137**	**1,111**
Non-restricted equity			
Share premium reserve		1,180,636	1,145,918
Accumulated profit/loss		-177,988	-192,786
Profit for the year		-436,504	14,817
Total non-restricted equity		**566,144**	**967,949**
Total equity	21	**567,281**	**969,062**
Non-current liabilities			
Liabilities to Group companies		96	95
Derivatives		–	5,477
Other non-current liabilities	22	8,090	–
Total non-current liabilities		**8,187**	**5,572**
Current liabilities			
Trade payables		1,753	1,072
Liabilities to Group companies	27	143,849	25,373
Other current liabilities	24	33,864	4,781
Accrued expenses and deferred income	25	4,934	4,430
Total current liabilities		**184,400**	**35,655**
Total liabilities		**192,586**	**41,227**
TOTAL EQUITY AND LIABILITIES		**759,868**	**1,010,291**

Parent company statement of changes in equity

SEK thousand	Share capital	Share premium reserve	Retained earnings (including net result for the year)	Total equity
Opening carrying amount 1 January 2021	**1,111**	**1,145,918**	**-177,969**	**969,062**
Net profit and comprehensive income for the year	–	–	-436,504	–
Transactions with shareholders in their role as owners				
New share issues	20	21,188	–	21,208
Warrants	–	1,629	–	1,629
Redemption of employee options	6	11,749	–	11,755
Share-based remuneration – value of employees' service	–	151	–	151
Sum of transactions with owners	**26**	**34,718**	–	**34,744**
Closing balance as per 31 December 2021	**1,137**	**1,180,636**	**-614,493**	**567,281**

SEK thousand	Share capital	Share premium reserve	Retained earnings (including net result for the year)	Total equity
Opening carrying amount 1 January 2020	**817**	**621,730**	**-192,786**	**429,763**
Net profit and comprehensive income for the year	–	–	14,817	14,817
Transactions with shareholders in their role as owners				
New share issues	285	508,675	–	508,960
Warrants	–	18	–	18
Redemption of employee options	9	13,981	–	13,990
Share-based remuneration – value of employees' service	–	1,515	–	1,515
Sum of transactions with owners	**294**	**524,189**	**–**	**524,483**
Closing balance, 31 December 2020	**1,111**	**1,145,918**	**-177,969**	**969,062**

See Note 21.

Parent company cash flow statement

SEK thousand	Note	Jan–Dec 2021	Jan–Dec 2020
Operating profit/loss (EBIT)		10,529	10,005
Depreciation and amortisation		327	246
Other non-cash items	28	151	5,004
Interest received		80	499
Interest paid		-13	-84
Paid tax		54	50
Cash flow before changes in working capital		**11,129**	**15,720**
Changes in operating receivables		-16,056	-3,125
Changes in trade payables		682	-2,417
Changes in operating liabilities		147,359	14,560
Cash flow from operating activities		**143,113**	**24,739**
Investments in intangible assets and in property, plant & equipment	14	–	-775
Contribution to subsidiaries	12	-230,400	-223,917
Acquisition of subsidiary	29	-44,040	–
Cash flow from investing activities		**-274,440**	**-224,692**
Share issues (net of transaction costs)		–	508,960
Transaction costs for issues		156	–
Warrants in connection with share issues	21	1,629	6,762
Redemptions of warrants		2,329	13,990
Group contribution		-200,000	–
Cash flow from financing activities		**-196,198**	**529,712**
Cash flow for the year		**-327,525**	**329,759**
Cash and cash equivalents at the beginning of the year		390,500	60,742
Cash and cash equivalents at the end of the year		**62,975**	**390,500**

Notes

NOTE 1 Accounting principles

This note contains a list of the significant accounting policies applied in the preparation of these consolidated financial statements. These policies have been applied consistently for all the years presented, unless stated otherwise. The consolidated financial statements pertain to the parent company, Readly International AB (publ), and its subsidiaries.

Conformity with norms and laws
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee as adopted by the EU. In addition, the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups have been applied. The parent company applies the same accounting policies as the Group, except in the cases indicated below in the section "Parent company accounting policies".

The annual report and the consolidated financial statements have been approved for release by the Board of Directors and the Chief Executive Officer on 25 March 2022. The consolidated income statement and statement of other comprehensive income, the statement of financial position and the parent company's income statement and balance sheet are subject to adoption by the Annual General Meeting on 10 May 2022.

Accounting policies applied in the preparation of the financial statements
Assets and liabilities are stated at historical cost, except for derivatives; they are stated at fair value.

Functional currency and presentation currency
The various units of the Group use the local currency as their functional currency, as the local currency has been defined as the currency used in the primary economic environment in which the unit mainly operates. The Swedish krona (SEK), which is the parent company's functional currency and the presentation currency for the Group, is used in the consolidated financial statements. Unless otherwise indicated, all amounts are rounded to the nearest thousand.

Assessments and estimations in the financial statements
Preparing the financial statements in accordance with IFRS requires the use of some critical accounting estimates. Company management must also make assessments and estimations as well as assumptions that affect application of the accounting policies and reported amounts for assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments.

Estimates and assumptions are reviewed on a regular basis. Any changes to estimates are recognised in the period the changes are made if the change only affects that particular period, or in the period the change was made and future years if the change affects both current and future periods.

Assessments made by the company management in the application of IFRS that have a significant impact on the financial reports and estimates, which can entail significant adjustments in the financial reports of subsequent years, are more closely described in Note 3.

Significant accounting policies applied
The accounting policies set out below have been applied consistently to all periods presented in the Group's financial statements, unless otherwise stated.

Changes in accounting policies due to new or amended IFRS
New or amended IFRS standards in 2021 have not had a material impact on the Group's financial statements.

New IFRS that have not yet begun to be applied
New and amended IFRS taking effect in the future are not expected to have any significant effect on the Company's financial statements.

Classification
Non-current assets consist essentially of amounts expected to be recovered or paid after more than 12 months from the balance sheet date, while current assets essentially consist of amounts expected to be recovered or paid within 12 months from the balance sheet date. Non-current liabilities consist essentially of amounts that Readly, at the end of the reporting period, has an unconditional right to choose to pay more than 12 months after the end of the reporting period. If Readly does not have such a right as per the end of the reporting period – or the liability is expected to be paid within the normal business cycle – the amount of the liability is reported as a current liability.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive decision-maker. In the Readly Group, the CEO has been identified as the chief executive decision-maker who evaluates the Group's financial position and performance and makes decisions regarding resource allocation.

The CEO analyses and follows up on the business's operating profit/loss based on the overall operations. The financial information is thus analysed at a consolidated level. The majority of external revenue is generated from sales of subscription services, whereby only one service area has been

Note 1. Cont.

identified. There are no country managers and no internal follow-up of earnings per service area, geographic area or other segment breakdown, and no allocation of costs is made. The assessment is therefore that the Group's operations consist of a single operating segment, which is why Readly does not present separate segment information.

In accordance with IFRS 8 Operating Segments, the Group's revenue by geographical area is disclosed; see Note 4. The Group's non-current assets exist in all material respects in Sweden.

Principles of consolidation and business combinations
Subsidiaries
Subsidiaries are all companies over which the Group has a controlling influence. The Group has control over a company when it is exposed or entitled to a variable return from its holding in the company and is able to influence the return through its influence over the company. Subsidiaries are included in the consolidated financial statements as of the date on which control is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which control ceases. Intra-Group transactions, balance sheet items and unrealised gains and losses on transactions between Group companies are eliminated. Where applicable, the accounting policies of subsidiaries have been amended to guarantee consistent application of the Group's policies.

Acquisitions of subsidiaries are accounted for using the acquisition method. In business combinations where the consideration transferred, any non-controlling interest and the fair value at the date of acquisition of the previous shareholding exceeds the fair value of the assets acquired and liabilities assumed, the difference is recognised as goodwill.

The contingent consideration is a liability and is recognised at fair value at the acquisition date. Subsequent changes in fair value are recognised in the income statement. Transaction costs for the acquisition of subsidiaries are not included in the value of the assets acquired. All acquisition-related costs are expensed in the period in which they are incurred. In cases where the acquisition does not relate to 100 per cent of subsidiaries, non-controlling interests arise. Readly recognises the non-controlling interests at its proportionate share of the acquired net identifiable assets.

Foreign currency
Transactions in foreign currency
Transactions in foreign currency are translated to the functional currency using the exchange rates in effect on the transaction date or the date on which the items were remeasured. Foreign exchange gains and losses arising on settlement of such transactions and on translation of monetary assets and liabilities denominated in foreign currencies at the rate on the balance sheet date, are recognised in the income statement.

Foreign exchange gains and losses relating to loans, and cash and cash equivalents, are recognised in the income statement as financial income or expenses. All other foreign exchange gains and losses are recognised in the items Other operating income or Other operating expenses.

Foreign operations' financial statements
The result and financial position of all Group companies that have a functional currency that is different than the presentation currency are translated to the Group's presentation currency as follows:
- assets and liabilities are translated at the rate on the balance sheet date,
- income and expenses are translated at the average exchange rate (if this average rate is a reasonable approximation of the cumulative effect of the exchange rates prevailing on the transaction date, otherwise income and expenses are translated at the rate prevailing on the transaction date); and
- Translation differences arising from the translation of foreign operations are recognised as a translation reserve in equity through other comprehensive income.

The cumulative translation difference of an individual subsidiary is reversed to the income statement when the subsidiary is disposed of.

Revenue
The Group recognises revenue when the Group fulfils a performance obligation by transferring a promised service to a customer. The service is transferred when the customer gains control over the service, which can be at one point in time or over time. The transaction price is the compensation that the Group expects to receive in exchange for transferring the service to the customer, less discounts and value added tax.

Sales of subscription services
The majority of the Group's sales consist of revenue from subscription services. Agreements are signed at a customer level and only cover one performance obligation: temporary digital access to periodicals. The service is almost exclusively provided at a fixed price, and the revenue is recognised over time (the subscription period) as the service is rendered. Discounts are provided to new customers to a limited extent in the form of, for example, one month's free subscription.

Most of the Group's contracts with customers are less than 12 months. Consequently, in accordance with the exemption rules in IFRS 15, disclosures are not made of the transaction price allocated to the performance obligations that have not been met at the end of the reporting period. Normally the customer is invoiced for the entire contract amount before the contract period begins. Advance payments are recognised as a contract liability (presented as prepaid income in the statement of financial position, see Note 25), and the revenue is recognised on a linear basis over the subscription period.

Agent/principal
To enable delivery of the subscription service, Readly buys access to periodicals from subcontractors (third parties). However, in all of the contracts the Group is responsible for fulfilling the obligation to the customer and can set prices for the services. Readly is responsible for and decides what periodicals are offered in the service and is the recipient of the payments from customers. Through this, the assessment has been made that the Group acts as the principal in these transactions since it has control over the services before they are provided to the customer. The revenue is therefore recognised gross in the income statement.

Financial income and expenses
The Group's financial income and expenses include:
- Interest income
- Interest expenses
- Foreign exchange gains/losses on financial assets and financial liabilities
- Income/expenses related to the change in fair value of derivative instruments.

Interest income and interest expenses are recognised using the effective interest method. The effective interest rate is the interest that exactly discounts the estimated future cash payments or receipts during the

Note 1. Cont.

expected life of the financial instrument to: the recognised gross value of the financial asset, or the amortised cost of the financial liability.

Taxes
Income taxes consist of current tax and deferred tax. Tax is recognised in the income statement, apart from when the tax concerns items that are recognised in other comprehensive income or directly in shareholders' equity. In such cases, the tax is also recognised in other comprehensive income or shareholders' equity.

Current tax is calculated on the period's taxable profit according to the applicable tax rate. The current tax expense is calculated on the basis of the tax rules that apply or have been substantively enacted at the balance sheet date in the countries where the parent company and its subsidiaries operate and generate taxable income. The management regularly evaluates claims made in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. When deemed appropriate, management makes provisions for amounts expected to be paid to the tax authorities.

Deferred tax is recognised for all temporary differences arising between the tax value of assets and liabilities and their reported values in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Nor is deferred tax recognised if it arises as a result of a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and that, at the time of the transaction, affects neither the recognised profit or loss nor the profit or loss for tax purposes. Deferred income tax is calculated using tax rates (and legislation) that have been determined or announced by the balance sheet date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future tax surpluses will be available, against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority and relate to either the same taxable entity or different taxable entities where there is an intention to settle balances by net payments.

Financial instruments
The Group's financial assets and liabilities are measured and recognised in accordance with IFRS 9 and consist of the items other non-current receivables, trade receivables, other current receivables, prepaid expenses and accrued income, cash and cash equivalents, other financial liabilities (loan, leasing and additional purchase consideration), derivatives, trade payables, other current liabilities and accrued expenses.

(i) Initial recognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the financial instrument's contractual terms. Purchases and sales of financial assets are recognised on the transaction date, meaning the date the Group pledges to buy or sell the asset.

Financial instruments are initially recognised at fair value plus transaction costs.

(ii) Classification and measurement
The Group classifies its financial assets and liabilities in the category of amortised cost or fair value through profit or loss.

The classification of investments in debt instruments depends on the Group's business model for the handling of financial assets and the contractual terms for the assets' cash flows.

Financial assets measured at amortised cost
Assets held for the purpose of collecting contractual cash flows where these cash flows solely consist of principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses that have been recognised (see impairment below). Interest income from these financial assets is recognised using the effective interest method and is included in financial income in the income statement.

The Group's financial assets measured at amortised cost consist of the items other non-current receivables, trade receivables, other current receivables, prepaid expenses and accrued income and cash and cash equivalents.

Financial liabilities measured at amortised cost
The Group's financial liabilities are initially recognised at fair value, net after transaction costs. After initial recognition, the Group's financial liabilities are measured at amortised cost. The difference between the amount received, allocated to the loan, and the repayment amount is recognised in the income statement allocated over the term of the loan using the effective interest method. For further information, see Note 22.

The Group's financial liabilities measured at amortised cost consist of the items other non-current liabilities (loan, leasing), trade payables, other current liabilities and accrued expenses.

Financial liabilities measured at fair value through profit or loss
The Group has a financial liability in respect of additional purchase consideration which is measured at fair value through profit or loss. The Group had derivatives in 2020 measured at fair value through through profit or loss.

Credit facility and warrants
The utilised amount is apportioned between warrants and borrowing based on fair value. The warrants are reported as a derivative (liability measured at fair value) on the balance sheet. Borrowing is initially recognised at fair value, net after transaction costs. Borrowing is thereafter recognised at amortised cost, and the difference between the amount received, allocated to the loan, and the repayment amount is recognised in the income statement apportioned over the term of the loan using the effective interest method.

Derivatives
All changes in fair value of the derivative instrument are recognised directly in the income statement on the line Financial income or Financial expenses.

Trade payables and other current liabilities
Trade payables are commitments to pay for goods and services that have been purchased from suppliers in the course of the day-to-day operations. Trade payables and other liabilities are classified as current liabilities if they are due for payment within one year or earlier. Otherwise, they are recognised as non-current liabilities. Liabilities are initially recognised at fair value and subsequently at amortised cost.

Note 1. Cont.

(iii) Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised from the statement of financial position when the right to receive cash flows from the instrument has expired or been transferred, and the Group has substantially transferred all risks and rewards of ownership. Gains and losses that arise upon derecognition from the statement of financial position are recognised directly in the income statement.

Derecognition of financial liabilities

Financial liabilities are derecognised from the statement of financial position when the obligations have been settled, annulled or have expired in another manner. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

(iv) Impairment of financial assets

Allowance for expected credit losses – general method

The Group applies a rating-based method to assess expected credit losses based on probability of default, expected loss and default exposure. Assessment is done per counterparty. The Group has defined default as payment for a receivable that is past due by 90 days or more, or if other factors indicate a suspension of payments. Such assessment is based on whether payments are 60 days past due or more, or if a significant decline of ratings occurs, resulting in a rating below investment grade. The financial assets subject to the allowance for expected credit losses under the general approach consist of other long-term receivables, other receivables and cash and cash equivalents. The Group applies a ratings-based method per counterparty, combined with other known information and forward-looking factors to assess expected credit losses. Initially credit risk is assessed per counterparty. The Group writes off a receivable when there is no longer any expectation to receive payment and after active measures to collect payment have ended.

Provisions for expected credit losses
– financial instruments covered by the simplified method

For trade receivables the simplified method of reporting expected credit losses is used. This entails that a provision is made for expected credit losses for the remaining term, which is expected to be less than one year for all receivables. The Group applies a ratings-based method for calculating expected credit losses based on the probability of default, expected loss and exposure at default. The Group has defined default as payment for a receivable that is past due by 90 days or more, or if other factors indicate a suspension of payments. In cases where an external credit rating is not available for the counterparty, the Group makes an internal assessment of the counterparty's credit rating based on the Group's previous experience with the customer and other available information. For credit-impaired assets and receivables, an individual assessment is made that takes historical, current and forward-looking information into account. For non-credit-impaired receivables, a collective assessment is made. The Group writes off a receivable when there is no longer any expectation to receive payment and after active measures to collect payment have ended.

(v) Offsetting of financial instruments

Financial assets and liabilities are offset and recognised net in the statement of financial position only when there is a legal right to offset the recognised amounts and the intention is to settle them as a net amount or simultaneously realise the asset and settle the liability. The legally enforceable right must not be contingent on future events and must be legally binding for the Company and the counterparty in the normal course of business and in the event of default, insolvency or bankruptcy.

Provisions

Provisions are recognised in the statement of financial position in cases where Readly has a legal or constructive obligation as a result of a past event and when it is probable that an outflow of resources will be required to settle the obligation and that a reliable estimate of the amount can be made. The anticipated future cash flow is discounted and the provision is recognised at present value if it is a material effect.

Intangible fixed assets

Intangible fixed assets consist of capitalised development expenditures related to Readly's digital magazine service and consolidation system, and goodwill.

Proprietary intangible assets

All costs for proprietary intangible assets are classified as being attributable to the research phase or the development phase. Development costs that are directly attributable to development and testing of identifiable and unique assets under the Group's control are reported as intangible assets when the following criteria are met in accordance with IAS 38:

- it is technically feasible to complete the intangible asset so that it can be used,
- Company's intention to complete the intangible asset and to use or sell it,
- there are opportunities to use or sell the intangible asset,
- it can be shown how the intangible asset generates probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the intellectual property are available; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable expenses that are capitalised as part of the intangible asset include staff costs and a reasonable proportion of indirect costs.

Other development expenditure that does not meet the above criteria is expensed as incurred; see also Note 3 *Critical estimates and assessments for accounting purposes*. Development costs expensed in prior periods are not recognised as an asset in the subsequent period. Costs for maintaining intangible assets are expensed when they arise.

Additional expenditures for capitalised intangible assets are recognised as an asset in the statement of financial position only when they result in an increase in future economic benefits associated with the specific asset to which they relate. All other expenditure is expensed.

Goodwill

In business combinations, goodwill is recognised in the balance sheet when the sum of the consideration transferred, any non-controlling interest and the fair value of the previously owned interest exceeds the fair value of the identifiable assets acquired and liabilities assumed. Goodwill is measured at cost less any accumulated impairment losses. The useful life of goodwill is generally assumed to be indefinite. Goodwill is tested for impairment annually or more frequently if there is an indication of a possible impairment.

Note 1. Cont.

Other intangible assets
Other intangible assets relate to publisher contracts, customer contracts and trademarks. These are measured at amortised costs less amortisation according to plan.

Depreciation principles
Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets. Amortisable intangible assets are amortised from the date the asset is available for use. Periods of use are reviewed at least annually.

The following useful lives are used for amortisation:

• Proprietary intangble assets	3–5 years
• Publisher contracts	5–7 years
• Customer contracts	5 years
• Trademark	5 years

Property, plant and equipment
Property, plant and equipment are reported at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and the costs directly attributable to bringing the asset to its location and in a condition for use in accordance with the aim of the acquisition.

Future expenditure is added to the carrying amount of the asset only when it is probable that the future financial benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is removed from the statement of financial position. All other repairs and maintenance are recognised as costs in the income statement in the period in which they are incurred.

Depreciation principles
Depreciation is applied on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are:
• Equipment, tools, fixtures and fittings: 3–5 years

Assets' residual values and useful lives are assessed at the end of every reporting period and adjusted where necessary. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on sales of assets are determined through a comparison of the sales revenue and the carrying amount and are recognised in Other operating income or Other operating expenses in the income statement.

Leasing
Leases are accounted for as rights of use and a corresponding liability on the date that the leased asset is available for use by Readly. The right-of-use asset and the lease liability are presented on the lines 'Right-of-use asset' and 'Lease liability' in the statement of financial position, broken down into non-current and current portions. Each lease payment is allocated between debt repayment and interest expense. The interest expense is allocated over the lease term so that each accounting period is charged an amount equal to a fixed rate of interest on the liability recognised in that period. The right of use is written off in a straight line over the shorter of the asset's useful life and the length of the lease agreement. Lease agreements in the Group are primarily property rental contracts for office space.

The leases are normally signed for fixed periods of between three to five years. In terms of the length of the applicable leasing period, a majority of the leases include options to either extend or terminate the leases. In determining the leasing period, the Group has taken into account all facts and circumstances that provide financial incentive to exercise an extension option, or to not exercise an option to terminate the lease.

Lease liabilities are measured at present value of future minimum lease charges, discounted by the Group's weighted average marginal loan interest rate. When the marginal loan interest rate was determined, the Group took into account which unit in the Group entered the lease, the term of the lease and the type of leased asset. The marginal loan interest rate reflects a loan against collateral of a similar ROU.

Readly has chosen to apply the relief rules according to IFRS 16, which means that payments for short contracts and leases of minor value are expensed straight-line in the income statement. Short contracts are agreements with a lease term of 12 months or less. Leases of minor value are considered to be leases amounting to SEK 50 thousand or less. They are instead expensed straight-line in the income statement.

Impairment of non-financial assets
Intangible assets that are not ready for use are not amortised, but are instead tested for impairment annually or upon an indication that they have become impaired. Assets that are amortised are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised in the amount in which the asset's carrying amount exceeds its recoverable value.

The recoverable value is the higher of the asset's fair value less selling expenses and the value in use. When assessing a need to recognise impairment, assets are grouped at the lowest level at which there are essentially independent cash flows (cash-generating units). Assets for which impairment has previously been recognised are tested at each balance sheet date to determine if a reversal should be made.

Shareholders' equity
Share capital
Transaction costs directly attributable to the issue of new shares are reported, net after tax, in shareholders' equity as a deduction from the issue proceeds.

Issue of shares and warrants
The subscription price was allocated to shares and warrants based on fair value. The part of the issue related to the warrant is recognised as a derivative instrument (liability at fair value) in the balance sheet. The warrants are reported as a derivative instrument according to IAS 32. All changes in fair value of the derivative instrument are recognised directly in the income statement on the line Financial income or Financial expenses. The portion of the subscription price that is attributable to the issue of ordinary shares is reported in shareholders' equity. For further information, see Note 21.

Earnings per share
Earnings per share before dilution are calculated by dividing the profit/loss attributable to shareholders of the parent company by the weighted average number of shares outstanding for the period excluding repurchased shares held as treasury shares in the parent company.

In the calculation of earnings per share after dilution, the weighted average number of shares outstanding is adjusted for the dilution effect of all potential shares. The parent company has potential shares that have a

Note 1. Cont.

dilution effect, share options. For share options, a calculation is made of the total number of shares that could have been purchased at fair value (calculated as the average market price of shares in the parent company for the entire year), for an amount corresponding to the monetary value of the subscription rights that are tied to outstanding share options. The number of shares calculated is compared with the number of shares that could have been issued under the assumption that the share options are exercised. The dilution effect of potential shares is only presented if a restatement of shares would lead to a decrease in earnings per share after dilution, and since the Group recognises losses for the presented periods, no dilution effect is recognised.

Employee remuneration

Short-term employee remuneration

Liabilities for salaries and remuneration, including non-monetary benefits and paid leave, that are expected to be settled within 12 months of the end of the financial year, are recognised as current liabilities in the undiscounted amount that is expected to be paid when the liabilities are settled. The expense is recognised as the services are performed by the employees. The liability is recognised as an obligation for employee remuneration in the consolidated statement of financial position.

Pension obligations

The Group aims to offer employees pension and other insurance benefits that provide basic security, all of which are accounted for as defined contribution pension plans. A defined-contribution pension plan is one where the Group pays fixed fees to a separate legal entity. The Group does not have any legal or constructive obligation to pay additional fees if this legal entity does not have sufficient assets to pay all benefits to employees that are associated with the employees' service during current or previous periods.

The Group's defined-contribution pension plans correspond to premiums for the ITP1 plan. For salaried employees in Sweden, pension obligations are secured for retirement and family pension through insurance with Avanza Pension (516401-6775) and Euro Accident Health & Care Insurance AB (55655-4766).

Share-related remuneration

The Group has agreements on share-based remuneration with employees and suppliers. There are both equity-settled contracts and contracts that give the supplier the right to choose settlement in cash as an alternative to shares.

The Group has issued employee options that give the holder the right to receive a set number of the Company's shares for a set cash amount. The issued amount attributable to employee options is recognised in equity; see Note 7.

Employee option programme – Settled with equity instruments

The fair value of the service that entitles employees to grants of options through Readly's employee options programme is reported as a personnel cost with a corresponding increase in equity. The total amount to be expensed is based on the fair value of the granted options

- excluding possible impacts of service terms
- including the impact of non-vesting terms (such as requirements for employees to save or retain shares for a set period of time).

The total cost is recognised over the vesting period, which is the period during which all the specified vesting conditions must be met. At the end of every reporting period, the Group reviews its assessments of how many options are expected to be vested based on the non market-related vesting conditions and service requirements. Any deviation from the original assessments that the review gives rise to is recognised in the consolidated income statement as a personnel cost, and a corresponding amount is adjusted in equity against the share premium reserve.

The social security costs attributable to grants of the share options are considered an integrated part of the grants, and the cost is treated as cash-settled share-based remuneration, which means that a liability is recognised in the statement of financial position. The liability is continuously remeasured, and the value of the liability and the cost in the income statement depend partly on the change in value and partly on allocation over time based on the vesting of the options.

Warrants – Settled with equity instruments

Key personnel in the Group have been offered on various occasions the chance to purchase warrants at market value with the opportunity to subscribe for shares in the parent company at an agreed-upon date. The fair value on the grant date is calculated using the Black Scholes pricing model. Received amount related to warrants is recognised as equity.

Contracts with suppliers

Share-based remuneration pertaining to suppliers – Settled with equity instruments

The fair value of services received that entitle a service provider to shares in Readly International AB is recognised as other external expense with a corresponding increase in Other capital contributions in cases where cash settlement is not an alternative. The cost of these services is recognised as the services are received from the service provider, and offsetting against equity takes place at corresponding points in time. The fair value of services that the suppliers provide has been determined based on market prices on these services.

Share-based remuneration where the service provider has the option to choose to settle with cash or equity instruments

The fair value of services received that entitle a service provider to shares in Readly International AB, but with settlement in cash as an alternative, is recognised as other external expense and is booked as a liability in the statement of financial position. The total amount to be expensed is based on the fair value of services received. The cost of these services is recognised as the services are received from the provider, and booking of a liability takes place at corresponding points in time.

Note 1. Cont.

Parent company accounting policies

Basis of preparation of the financial statements
The annual report of the parent company has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. Reporting in accordance with RFR 2 entails that, in the annual report for the legal entity, the parent company shall apply International Financial Reporting Standards (IFRS) as endorsed by the EU, as well as pronouncements to the furthest possible extent within the scope of the Annual Accounts Act and the Pension Obligations Vesting Act, as well as in consideration of the relationship between accounting and taxation. The recommendation states which exceptions and amendments are to be made to IFRS.

Differences between the consolidated and parent company accounting policies are presented below. The accounting policies for the parent company stated below have been consistently applied in all periods presented in the parent company's financial statements.

Valuation principles applied in the preparation of the financial statements
Assets and liabilities are stated at historical cost.

Changed accounting policies
Unless otherwise stated below, the parent company's accounting policies in 2021 have been changed in accordance with that stated above for the Group.

Classification and presentation format
The income statement and balance sheet are presented in accordance with the presentation format prescribed in the Swedish Annual Accounts Act. The difference with IAS 1 Presentation of Financial Statements applied in the preparation of the Group's financial statements is mainly the recognition of financial income and expenses and equity. The parent company also presents a statement of comprehensive income separate from the income statement.

Participations in subsidiaries
Participations in subsidiaries are recognised at cost less any impairment losses. Acquisition-related costs are included as part of the acquisition cost.

Impairment testing of shares is carried out annually or more frequently if there is an indication of a possible impairment.

Leasing
The parent company does not apply IFRS 16, in accordance with the exemption in RFR2. All leases are accounted for as operating leases. Lease charges are recognised as expenses as they arise.

Financial instruments
Valuation
The parent company does not apply IFRS 9 in legal form, but instead applies the paragraphs set out in RFR 2 (IFRS 9 Financial Instruments, p. 3–10). Financial instruments are measured based on cost. In the calculation of net realisable value of receivables that are recognised as current assets, the principles for impairment testing and loss risk provisions in IFRS 9 are applied. The Group assesses future expected credit losses based on future-oriented information for assets stated at amortised cost. The Group recognises a credit reserve for such expected credit losses at each reporting date.

Derivatives
In the parent company, derivatives are reported in accordance with RFR 2, where derivative instruments with negative fair value are reported at this value. For further information, see Note 22 (Loans raised).

Issue of shares and warrants
In the parent company, derivatives are reported in accordance with RFR 2, where derivative instruments with negative fair value are reported at this value. For further information, see Note 21 (Shareholders' equity).

Share-related remuneration
The parent company has agreements on share-based remuneration with subsidiary employees and suppliers. There are both agreements that are settled with equity instruments and agreements that entail a right for the service provider to choose settlement with cash as an alternative to shares.

Employee option programme – Settled with equity instruments
Readly International AB has an obligation to grant share options directly to subsidiary employees who are covered by the Group's employee options programme. The fair value of granted options is recognised in the parent company as a capital contribution to the respective subsidiary with a corresponding increase in equity. The total capital contribution is recognised over the vesting period, which is the period during which all the specified vesting conditions must be met. For further information on the valuation, refer to the Group's accounting policies. accounting principles.

Share-based remuneration for subsidiaries' suppliers
If Readly International AB has an obligation to settle a subsidiary's debt by issuing shares directly to the subsidiary's service provider, on condition that the settlement with cash is not an alternative, a receivable from the subsidiary is recognised equivalent to the fair value of the services the subsidiary received with a corresponding increase in Other capital contributions. The receivable is recognised as the subsidiary receives the services from the provider, and offsetting against equity takes place at corresponding points in time. Upon issues of shares, a reversal takes place from other capital contributions to share capital. If the fair value of issued shares exceeds the value of the services that the subsidiary received, the difference is recognised as an increase in the receivable from the subsidiary at the time of the issue. The fair value of services that the suppliers provide the subsidiary with has been determined based on market prices for these services.

If the agreement gives the service provider the option of settlement with cash, a receivable from the subsidiary is recognised equivalent to the fair value of the services the subsidiary received, and the equivalent amount is entered as a liability. Receivables are recognised when the subsidiary receives the services from the provider, and expensing takes place at corresponding points in time.

In agreements entered into between Readly International AB and the parent company's own suppliers, the same accounting policies as for the Group are applied.

Group contributions and shareholder contributions
The parent company recognises group contributions received and provided under appropriation. Shareholder contributions are charged directly to the equity of the recipient and recognised against the shares and interests of the donor, to the extent that no impairment is required.

NOTE 2 Financial risk management

Financial risk factors

In the course of its operations the Group is exposed to many different financial risks, including market risk (currency risk), credit risk and liquidity risk.

Market risk (Currency risk/transaction risk)

The Group's currency sensitivity concerning operating items in the income statement is limited, as income from external customers usually entails payment to the supplier in the same currency, which provides a "natural hedge". The balance sheet exposure is also limited, as Readly's foreign subsidiaries have a limited balance sheet total. The more significant currency exposure is due to future royalty payments due. At the balance sheet date, there are EUR, GBP and USD liabilities for royalties of SEK 43.9 (30.1) million, SEK 31.3 (16.7) million and SEK 8.5 (2.8) million, respectively. This means that a change in the SEK/EUR rate, SEK/GBP rate or SEK/USD rate of e.g. +/-10% would have an impact on the Group's profit/loss and equity of +/- SEK 4.4 million (3.0), SEK 3.1 million (1.7) and SEK 0.8 million (0.3), respectively.

The Group is exposed to changes in the EUR/SEK exchange rate through the loan facility granted in 2020 and loans in subsidiary, as explained in Note 22. The exchange rate sensitivity is attributable to the borrowing in EUR and to interest expenses. At the balance sheet date, a change in the SEK/EUR rate of e.g. +/- 10% would have an impact on borrowings, revalued through the income statement, of +/- SEK 4.1 (4.1) million and an impact on interest expenses of +/- SEK 0.7 (0.6) million.

Credit risk

Credit risk arises through cash and cash equivalents, bank balances, and certain credit exposures to customers. Most of Readly's customers pay in advance, which is why there is no material exposure to outstanding trade receivables. The Group also has no other financial receivables that amount to material amounts, so credit risk is limited. The Group's trade receivables are with customers consisting of large, well-known companies. There is no concentration of credit risk, neither through exposure to a single customer nor group of customers whose economic situations are such that they can be expected to be affected in a similar way by macro-economic changes. For new customers, a risk assessment is made of the customer's creditworthiness in which its financial position is considered, as well as previous experience and other factors.

Liquidity risk

Readly reports substantial losses and negative cash flows as a consequence of the Company's continued substantial investments in marketing activities and other activities aimed at generating growth. Careful planning and control of Readly's capital requirement are needed. Following the listing of shares of Readly on 17 September 2020, which raised issue proceeds of SEK 450 million before transaction costs, the Group has sufficient financial resources to support its growth strategy in the coming years. If the Company does not succeed with its growth strategy or achieve its financial targets, a capital need 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 injections. Should new share capital or external borrowing not be available to Readly if needed in the future, 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.

The table below analyses the Group's financial liabilities by the period remaining at the balance sheet date until the contractual maturity date. The amounts indicated in the table are the contractual undiscounted cash flows.

As per 31 December 2021	**< 3 months**	**3 months – 1 year**	**1–5 years**	**Carrying amount**
Non-current financial liabilities				
Leasing liabilities	–	–	8,900	7,107
Long-term borrowings	–	–	18,372	16,721
Derivatives	–	–	8,090	8,090
Total non-current financial liabilities	–	–	**35,362**	**31,918**
Current financial liabilities				
Leasing liabilities	863	4,314	–	3,266
Short-term borrowings	3,460	23,116	–	24,476
Trade payables	41,697	–	–	41,697
Accrued expenses and deferred income	93,592	–	–	93,592
Additional purchase price	–	33,134	–	33,134
Total current financial liabilities	**139,612**	**60,563**	–	**196,165**
Total financial liabilities	**139,612**	**60,563**	**35,362**	**228,065**

At 31 December 2020	**< 3 months**	**3 months – 1 year**	**1–5 years**	**Carrying amount**
Non-current financial liabilities				
Leasing liabilities	–	–	577	424
Long-term borrowings	–	–	11,749	19,001
Derivatives	–	–	5,477	5,477
Total non-current financial liabilities	–	–	**17,804**	**24,903**
Current financial liabilities				
Leasing liabilities	771	3,484	–	3,359
Short-term borrowings	4,788	13,411	–	16,248
Trade payables	24,780	–	–	24,780
Accrued expenses and deferred income	67,878	–	–	67,878
Total current financial liabilities	**98,217**	**16,896**	–	**112,266**
Total financial liabilities	**98,217**	**16,896**	**17,804**	**137,168**

Note 2. Cont.

Interest rate risk
Readly's sources of funding are primarily shareholders' equity, cash flows from operations and external borrowing. Interest-bearing debt exposes the Group to interest rate risk.

Capital management
The Group's objective with regard to the capital structure is to safeguard the Group's ability to continue its operations so it can continue to generate growth and thereby increase shareholder value, future returns for its shareholders and benefits for other stakeholders, and to maintain an optimum capital structure in order to keep capital costs down. To maintain or adjust the capital structure, the Group can change a possible dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

In the short- to medium-term, the Group does not intend to propose payment of dividends, but will continuously invest corresponding positive cash flows in growth. Each year the Board of Directors will evaluate the opportunity to pay a dividend taking into account how the Group's business, operating profit/loss and financial position have developed. Under Swedish law, decisions on profit distribution are to be made by a general meeting of shareholders. The Board of Directors proposes the point in time and scope of any future dividends. When the Board of Directors considers future dividends, it shall take into consideration such factors as requirements for the amount of shareholders' equity against the background of the business's character, scope and risk exposure, as well as the Group's need to strengthen its balance sheet, liquidity and general financial position.

Readly will maintain its growth focus in existing markets and also plans to expand further both in and outside of Europe. Readly's business and number of employees have growth substantially since the Company was established, especially in recent years. This means that historical growth is not necessary an indication of future performance. Previous growth has presented and will continue to present the Group, its management, administration, IT systems, and operational and financial infrastructure with challenges and will require access to working capital. Cash flow forecasts are made by the Company's finance function, which closely monitors rolling forecasts of Readly's liquidity – both in the short and long term – aimed at ensuring 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. Following the listing of shares of Readly on 17 September 2020, which raised issue proceeds of SEK 450 million before transaction costs, the Group has sufficient financial resources to support its growth strategy in the coming years.

Capital management	**31/12/2021**	**31/12/2020**
Total borrowing (note 21)	41,198	35,249
Less: cash and cash equivalents (note 19)	-306,209	-521,574
Net debt	**-265,012**	**-486,325**
Total shareholders' equity	201,714	381,904
Total capital	**-63,298**	**-104,421**
Debt-equity ratio %	20	9

NOTE 3 Critical estimations and assessments for accounting purposes

Estimates and assessments are evaluated on continuous basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing conditions. The Group makes estimates and assumptions about the future. The resulting accounting estimates will by definition seldom correspond to the actual outcome. Together with the Audit Committee, company management has discussed the development, selection and disclosure of the Company's critical accounting policies and estimates, as well as the application of these policies and estimates.

The estimates and assumptions that entail a significant risk of material adjustments of the carrying amounts of assets and liabilities in the coming financial year are addressed in general below.

Intangible assets
Capitalised development expenditure
The Group conducts development work related to Readly's digital magazine service. Development expenditures consist mainly of hours spent on technical development projects. Continuous checks and assessments are applied when a project meets the criteria to be in the development phase and shall accordingly be capitalised. In this assessment, five different phases are used for each project. A project must be in the third phase (development) to be capitalised.

The Group has determined that development expenditures amounting to SEK 21.7 million (SEK 8.3 million) meet the criteria for capitalisation for the 2021 financial year, and thus an equivalent amount has been capitalised in the statement of financial position. For further information, see Note 14.

Proprietary intangible assets are stated at fair value at the time of acquisition and are amortised on a straight-line basis over the forecast useful life corresponding to the estimated time they will generate cash flow. In the assumption of useful life, all relevant factors are observed, both those within the Company's control as well as external factors such as market risk and associated changes. The assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. Assets that are capitalised but not yet ready for use are assessed on a continuous basis to identify any events or indications that a need to recognise impairment may exist. Such events may depend on changes in technical circumstances and other unexpected circumstances that make the value indefensible.

Impairment testing of goodwill and intangible assets
Impairment of goodwill and intangible assets are tested annually in connection with the year end or as soon as changes indicates that an impairment may be necessary. See note 13 for information on the Group’s goodwill and impairment testing.

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

Note 3. Cont.

of Directors and CEO who are responsible for assessing the Group'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.

On 17 September 2020, Readly International AB (publ)'s ordinary shares were listed on Nasdaq Stockholm. The offering was fully subscribed for, generating issue proceeds of SEK 450 million before transaction costs. During the past year, capital was raised, which means that the Group has secure financing for the coming years. 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 concern assumption to be considered to have been met.

Tax loss carry forwards

Unused tax losses for which no deferred tax asset has been recognised amount to SEK 1,028 (807.9) million at 31 December 2021 which mainly refers to Sweden and the subsidiary Readly AB. Since Readly in the coming years will prioritise growth over profitability, the Board of Directors has determined that the Group will likely continue to report tax loss carry forwards also in the coming year, and thus in accordance with IAS 12, no deferred tax asset is reported for these deficits.

NOTE 4 Breakdown of net sales

	Group	
Net sales by type of service	**2021**	**2020**
Readly's digital magazine service	454,637	349,828
Other sales	5,620	–
Total	**460,257**	**349,828**

Net sales by geographic market	**2021**	**2020**
Germany	173,650	140,251
Sweden	99,197	84,110
United Kingdom	99,883	72,231
France	11,947	–
Rest of world	75,581	53,236
Total	**460,257**	**349,828**

No individual customer accounts for more than 10 per cent of consolidated sales and thus no major customer is considered to exist.

NOT 5 Other operating income

	Group	
	2021	**2020**
Exchange rate gains in operations	5,581	2,776
Total	**5,581**	**2,776**

Note 6 Remuneration of auditors

	Group		Parent company	
	2021	**2020**	**2021**	**2020**
PwC				
Audit assignment	600	601	396	401
Auditing activities in addition to the audit assignment	84	387	84	387
Tax consulting	170	694	170	662
Other services	412	2,264	412	2,107
Other auditors				
Audit assignment	232	–	–	–
Total	**1,497**	**3,946**	**1,062**	**3,557**

An audit assignment is an examination of the annual accounts and financial statements and of the management of the Board of Directors and the Chief Executive Officer, other tasks to be performed by the Group auditor, and advice or other assistance resulting from observations made during such examination or performance of such tasks.

Other services is meant mainly the auditor's review of interim reports and for 2020 the prospectus in connection with the listing of shares in Readly.

For the financial years 2020 and 2021, Öhrlings PricewaterhouseCoopers AB was appointed as the Group's auditor.

Note 7 Employee remuneration etc.

Average number of employees

	Group				Parent company			
	2021		2020		2021		2020	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Sweden	60	31	49	24	4	1	4	1
Germany	14	8	11	5	–	–	–	–
United Kingdom	13	7	11	7	–	–	–	–
France	2	1	–	–	–	–	–	–
Total	**89**	**47**	**71**	**36**	4	**1**	**4**	**1**

Gender breakdown, senior executives

	2021		2020	
Group	**Number at year-end**	**Of whom, men**	**Number at year-end**	**Of whom, men**
Board members	6	4	6	4
CEO and other senior executives	9	5	10	6
Total	**15**	**9**	**16**	**10**

	2021		2020	
Parent company	**Number at year-end**	**Of whom, men**	**Number at year-end**	**Of whom, men**
Board members	6	4	6	4
CEO and other senior executives	2	1	2	1
Total	**8**	**5**	**8**	**5**

Expensed salaries, other remuneration and social security costs

	Group		Parent company	
	2021	2020	2021	2020
Salaries, including severance pay	66,619	54,195	9,662	9,409
Social security contributions	17,341	13,973	3,170	2,900
Pension costs – defined contribution plans	5,725	4,350	1,274	972
Share-based remuneration for employees	265	1,515	265	1,515
Total employee remuneration	**89,950**	**74,032**	**14,371**	**14,796**

Note 7. Cont.

Expensed remuneration and other benefits for senior executives, SEK thousands

	Salaries		Variable remuneration		Pension costs	
	2021	2020	2021	2020	2021	2020
CEO	2,202	2,160	631	851	568	549
Other senior executives	13,181	12,747[1]	1,644	2,516	1,660	1,586
Group total	**15,383**	**14,907**	**2,275**	**3,367[2]**	**2,228**	**2,135**

1) Total invoicing for non-employee other senior executives amounts to SEK 1.2 (2.4) million. These costs have been included in the total amount for base salaries but also include social security costs and pension costs. Readly has determined that invoiced fees are in line with the Group's policy as they are cost-neutral compared with payroll costs for employees.
2) Variable remuneration consists of a bonus attributable to the financial year of SEK 2.3 (3.0) million, of which SEK 0.6 (0.9) million pertains to the CEO. The column also includes employee options for other senior executives totalling SEK 0.2 million (0.4).

Board of Directors

Remuneration and fees for 2021 approved by the Annual General Meeting are described in the table below. The Annual General Meeting resolved that fees for committee work would be payable, in contrast to previous years. Fees for committee work are described in the table below. Directors' fees are decided on yearly at the Annual General Meeting and pertain to the period until the next Annual General Meeting.

Expensed remuneration and other benefits for Board of Directors, SEK thousands

	2021				2020			
	Directors' fee	Committee fee	Variable remuneration	Other remuneration	Directors' fee	Committee fee	Variable remuneration	Other remuneration
Patrick Svensk	500	43	–	–	500	25	–	–
Nathan Medlock	250	21	–	–	250	30	–	–
Alexandra Whelan	250	25	–	–	250	25	239[1]	–
Viktor Fritzén	250	65	–	–	250	65	–	–
Malin Stråhle	250	–	–	–	250	–	–	–
Stefan Betzold[2]	146	9	–	–	–	–	–	–
Joel Wikell[2]	104	6	–	–	250	15	–	–
Total	**1,750**	**169**	–	–	**1,750**	**160**	**239**	–

1) Variable remuneration to Director Alexandra Whelan relates to the expensed value of employee options issued for her specific expertise as a consultant.
2) Joel Wikell declined re-election and Stefan Betzold was elected at the Annual General Meeting 2021.

Defined-contribution pension

The Group only has pension plans that are accounted for as defined contribution pension plans. The legal retirement age for the CEO and other senior executives is currently 67 years. Pension premiums are to be payable in an amount corresponding to the terms under ITP1. By pensionable salary is meant basic salary.

Severance pay

Between the Group and the CEO, a notice period of six months applies for notice given by the CEO and 12 months for notice served by the Company. Between the Company and other senior executives, mutual notice periods ranging from three to six months apply. No severance pay has been agreed upon.

Warrant programme in Sweden

The warrant programmes are decided on by the shareholders, and grants have been made to employees, Board members and consultants in Sweden and abroad. The Group does not have any legal or constructive obligation to buy back or settle warrants in cash. All warrants are paid at fair value as per the grant date. Fair value is calculated using the Black & Scholes option pricing model.

Note 7. Cont.

Changes in the number of outstanding warrants and their weighted average exercise price are as follows:

	2021		2020	
	Average exercise price per warrant, SEK	Warrants	Average exercise price in SEK per warrant [1]	Warrants
As per 1 January	**55[1]**	**277,250**	**53**	**382,917**
Granted	53	367,300	55	4,333
Forfeited	55	-17,333	–	–
Exercised	–	–	48	-58,000
Expired	55	-57,917	50	-52,000
As per 31 December	**54**	**569,300**	**55**	**277,250**

1) The exercise price has been adjusted to illustrate the 1:1 ratio between options and shares. The actual ratio is that each warrant gives the right to subscribe for 5 shares for programmes started before 2021. That is, the number of 277,250 outstanding options gives the right to subscribe for 1,386,250 shares

In 2021 Readly offered key personnel in the Group the chance to subscribe for a total of 367,300 warrants at a subscription price of SEK 53.49 per share, with the right to subscribe after three years. 0 (58,000) warrants have been exercised to subscribe for shares with an average exercise price of SEK 0 (48.2) per share. 57,917 (52,000) warrants have expired with an exercise price of SEK 55 (SEK 50) per warrant. None of the outstanding warrants were redeemable as per 31 December 2021.

Outstanding warrants at year-end:

Issue year	Programme	Subscription period	Exercise price[1]	Fair value [2]	Average time to maturity (years)	Warrants 31/12/2021	Warrants 31/12/2020
2019	2019/2021	01/07/2021–30/12/2021	55	5.53	3	–	57,917
2019	2019/2022	01/07/2022–30/12/2022	55	5.53	3	150.000	150,000
2019	2019/2022	01/07/2022–30/12/2022	55	6.04	3	53.000	65,000
2020	2019/2022	01/07/2022–30/12/2022	55	6.04	3	–	4,333
2021	2021/2024	01/07/2024–15/12/2024	53	4.44	3	366.300	–
Total						**569.300**	**277,250**

1) The exercise price has been adjusted to illustrate the 1:1 ratio between options and shares. The actual ratio is that each warrant gives the right to subscribe for 5 shares for programmes started before 2021. That is, the number of 277,250 outstanding options gives the right to subscribe for 1,386,250 shares.
2) Fair value is calculated as per the date of issue of options.

Fair value of granted warrants (367,300) 2021
Fair value on the grant date includes the exercise price (SEK 53.49), the term of the warrant (3 years), the share price on the grant date (SEK 41.14) and the expected volatility of the share price (27%), the expected dividend yield (0%), the risk-free interest (-0.1%) over the term of the warrant and the correlation and volatility for a group of peer companies. The expected volatility of the share price is based on historic volatility (based on remaining term of the warrant), adjusted for the expected changes in future volatility based on available public information.

Employee share option plan
The employee option programme is designed to provide a long-term incentive for senior executives (including company management) to deliver long-term shareholder value. Through the plan, the participants are granted options that may be vested only if the participants remain employed for the entire term to maturity. The options are granted free of charge and do not carry entitlement to dividends or voting rights. All outstanding options entitle the holder to subscribe for one share per option. The fair value on the grant date is calculated using the Black Scholes pricing model.

Note 7. Cont.

Changes in the number of outstanding employee options and their weighted average exercise price are as follows:

	2021		2020	
	Average exercise price in SEK per warrant [1]	**Warrants**	**Average exercise price in SEK per warrant [1]**	**Warrants**
As per 1 January	**33**	**128,750**	**32**	**130,917**
Granted	53	198,000	33	10,000
Forfeited	55	-8,667	31	-12,167
Exercised	23	-15,000	–	–
Expired	–	–	–	–
As per 31 December	**39**	**303,083**	**33**	**128,750**

1) The exercise price has been adjusted to illustrate the 1:1 ratio between options and shares. The actual ratio is that each employee option gives the right to subscribe for 5 shares for programmes started before 2021. That is, the number of 128,570 (130,917) options outstanding gives the right to subscribe for 643,750 (654,585) shares.

During 2021 Readly granted a total of 198,000 employee options (10,000) to key personnel in the Group, with a subscription price of SEK 53 per share. No employee options have lapsed in 2020. 8,667 employee options have been cancelled with a weighted average price of SEK 55 per share.

Outstanding employee options at year-end:

Issue year	Programme	Vesting period	Termination date	Subscription period	Exercise price share[1]	Fair value [2]	Staff options 31/12/2021	Staff options 31/12/2020
2017	2017/2021	19/10/2017–31/12/2020	31/12/2020	01/01/2021–30/06/2021	31	45	–	20,000
2018	2018/2022	25/03/2019–30/06/2022	31/12/2020	30/06/2022–30/12/2022	33	22	8,083	8,750
2019	2019/2023	02/05/2019–01/01/2021	01/01/2021	30/04/2022–30/04/2023	33	16	45,000	45,000
2019	2019/2022	18/06/2019–30/06/2023	30/06/2023	01/07/2023–30/12/2023	33	24	45,000	45,000
2020	2020/2023	09/04/2020–30/06/2023	30/06/2023	01/07/2023–30/12/2023	33	26	10,000	10,000
2021	2021/2024	01/07/2024–15/12/2024	30/06/2024	01/07/2024-15/12/2024	53	4.44	195,000	–
Total							**303,083**	**128,750**

1) The exercise price has been adjusted to illustrate the 1:1 ratio between options and shares. The actual ratio is that each employee option gives the right to subscribe for 5 shares for programmes started before 2021. That is, the number of 128,570 (130,917) options outstanding gives the right to subscribe for 643,750 (654,585) shares.
2) Fair value is calculated as per the date of issue of options.

Fair value of granted employee options 2021
Fair value on the grant date includes the exercise price (SEK 53.49), the term of the option (3 years), the share price on the grant date (SEK 41.14), the expected volatility of the share price (27%), the expected dividend yield (0%), the risk-free interest (-0.1%) over the term of the option and the correlation and volatility for a group of peer companies. The expected volatility of the share price is based on historic volatility (based on remaining term of the warrant), adjusted for the expected changes in future volatility based on available public information.

Costs for the employee options programme
The cost of the employee options programmes during the year, reported as part of personnel costs amounted to SEK 0.3 (1.5) million excluding social security contributions.

Note 8 Leases

Leased assets in Readly consist only of office buildings.

Group	2021
Opening carrying amount 1 January 2021	4,542
Additional leases	11,080
Depreciation and amortisation	-4,377
Closing balance as per 31 December 2021	**11,244**

Group	2020
Opening carrying amount 1 January 2020	5,017
Additional leases	3,833
Depreciation and amortisation	-4,308
Closing balance, 31 December 2020	**4,542**

Leasing liabilities

For a term analysis of lease liabilities, see Note 2, Financial risks.

Amounts reported in the Income Statement

Group	2021	2020
Depreciation of right-of-use assets	-4,377	-4,308
Interest on lease liabilities	-229	-330
Costs for short-term leasing	-1,201	-1,251

Amount reported in the Statement of cash flows

Group	2021	2020
Total cash flow attributable to leases	**-5,807**	**-5,128**

The cash flow above includes amounts for leases recognised as a lease liability and amounts paid for short-term leases.

Note 9 Other operating expenses

Group	2021	2020
Exchange rate losses in the operations	-5 754	-682
Total	**-5 754**	**-682**

Note 10 Financial income and expenses

	Group		Parent company	
	2021	2020	2021	2020
Interest income from Group companies	–	–	71	69
Interest income	645	–	–	14
Change in value of derivatives	–	6,762	–	6,762
Exchange rate differences	10,645	6,704	93	430
Total financial income	**11,291**	**13,466**	**164**	**7,275**
Interest expenses	-7,224	6,649	-32	–
Impairment of shares in subsidiaries	–	–	-243,170	–
Change in value of derivatives	-3,965	-2,366	-3,965	-2,366
Exchange rate differences	-9,973	-11,798	-30	-97
Total financial expenses	**-21,162**	**-20,813**	**-247,197**	**-2,464**
Net financial items	**-9,871**	**-7,347**	**-247,033**	**4,811**

Note 11 Income tax

	Group		Parent company	
	2021	2020	2021	2020
Current tax	371	303	–	–
Deferred tax	-169	–	–	–
Tax on profit for the year	**-202**	**303**	–	**–**

Reported profit/loss before tax	-219,399	-197,122	-436,504	14,817
Income tax calculated at the applicable tax rate, 20.6% (21.4%)	45,346	42,184	89,920	-3,171
Tax effects of:				
Taxable deficits for which no deferred tax assets are reported	-45,346	-70,417	-41,200	-24,929
Tax effect on utilised deficit	1,364	–	1,364	–
Tax effect of tax-exempt income	–	4	–	4
Tax-effects of non-deductible expenses	-430	-98	-50,116	-35
Expenses to be deducted but not included in recognised earnings	32	28,131	32	28,131
Tax effects of foreign tax rates	137	499	–	–
Other	-1,155	–	–	–
Tax expense	**-202**	**303**	**–**	**–**

Note 12 Holdings and investments in subsidiaries

The Group had the following subsidiaries as per 31 December 2021:

Name	Country of registration and activity	Percentage of ordinary shares directly owned by the Group (%) 31/12/2021	Percentage of ordinary shares directly owned by the Group (%) 31/12/2020
Readly AB	Sweden	100	100
Readly Books AB	Sweden	100	100
Readly Financial Instruments AB	Sweden	100	100
Readly GmbH	Germany	100	100
Readly UK Ltd	UK	100	100
Readly LLC	USA	100	100
Toutabo SA	France	98.4	–

Parent company	2021	2020
Opening balance	**600,357**	**376,440**
Capital contributions	230,400	223,917
Acquisitions for the year	106,573	–
Impairment losses	-243,170	–
Closing balance	**694,160**	**600,357**

The parent company has participations in the following subsidiaries:

Company name	Registered office	Share of capital, %	Number of shares	Carrying amount 31/12/2021	Carrying amount 31/12/2020
Readly AB	Stockholm, Sweden	100	50,000	586,908	598,907
Readly Books AB	Stockholm, Sweden	100	50,000	220	250
Readly Financial Instruments AB	Stockholm, Sweden	100	50,000	225	965
Readly GmbH	Berlin, Germany	100	25,000	235	235
Readly UK Ltd	London, UK	100	100	–	–
Readly LLC	Nevada, USA	100	–	–	–
Toutabo SA	Paris, France	98.4	7,771,722	106,573	–

Note 13 Goodwill

Group	31/12/2021
Opening carrying amount at 1 January 2021	**–**
Acquisitions	68,933
Impairment losses	1,812
Carrying amount at 31 December 2021	**70,744**
Carrying amount	
Cost	70,744
Accumulated impairment losses	–
As per 31 December	**70,744**

Impairment testing of goodwill

Readly's recognised goodwill at 31 December 2021 amounts to SEK 70.7 million (-). In preparing the Group's annual financial statements for 2021, an assessment has been made as to whether any impairment exists. Management monitors goodwill for the Group as a whole, as the Group consists of one cash generating unit and a single operating segment. Recoverable amount of the cash-generating unit has been assessed on the basis of estimated value in use. In making this assessment a calculation has been made of the expected cash flows from the Group's operations. The cash flows are based on the Group's budget for 2022 and long-term forecasts for 2023–2025. The budget and forecasts are based on management's past experience. For cash flows beyond the forecast period, a growth rate of 2 per cent per annum has been assumed, which does not exceed the long-term growth rate of the market. Cash flows have been discounted using a weighted cost of capital equivalent to 10.8 per cent before tax. The calculation shows that the value in use exceeds the carrying amount, hence the impairment test did not result in any impairment.

Note 14 Intangible fixed assets

Group	Capitalised development expenditure
Opening carrying amount at 1 January 2021	**21,925**
Purchases/internally developed	21,680
Acquisitions	2,950
Depreciation and amortisation	-5,606
Impairment losses	-390
Carrying amount at 31 December 2021	**40,559**
Carrying amount	
Cost	93,652
Accumulated depreciation	-52,703
Accumulated impairment losses	-390
As per 31 December	**40,559**

Group	Capitalised development expenditure
Opening carrying amount 1 January 2020	**17,656**
Purchases/internally developed	9,364
Depreciation and amortisation	-4,737
Impairment losses	-357
Closing carrying amount on 31 December 2020	**21,925**
Carrying amount	
Cost	53,155
Accumulated depreciation	-31,229
At 31 December 2020	**21,925**

Parent company	Capitalised development expenditure	
	2021	**2020**
Opening carrying amount	**1,392**	**863**
Purchases/internally developed	–	775
Depreciation and amortisation	-327	-246
Closing carrying amount	**1,064**	**1,392**
Carrying amount		
Cost	1,637	1,637
Accumulated depreciation	-573	-246
As per 31 December	**1,064**	**1,392**

Note 14. Cont.

Group	Publisher contracts
Opening carrying amount at 1 January 2021	**–**
Acquisition	16,283
Depreciation and amortisation	-276
Exchange rate differences	425
Carrying amount at 31 December 2021	**16,432**
Carrying amount	
Cost	16,708
Accumulated depreciation	-276
As per 31 december 2021	**16,432**

Group	Customer contracts
Opening carrying amount at 1 January 2021	**–**
Acquisition	15,768
Depreciation and amortisation	-232
Exchange rate differences	412
Carrying amount at 31 December 2021	**15,948**
Carrying amount	
Cost	16,180
Accumulated depreciation	-232
As per 31 december 2021	**15,948**

Group	Trademark
Opening carrying amount at 1 January 2021	**–**
Acquisition	7,669
Depreciation and amortisation	-130
Exchange rate differences	201
Carrying amount at 31 December 2021	**7,740**
Carrying amount	
Cost	7,870
Accumulated depreciation	-130
As per 31 december 2021	**7,740**

Note 15 Plant, property and equipment

Group	Equipment, tools, fixtures and fittings
Opening carrying amount 1 January 2021	**1,364**
Purchases	159
Acquisition	31
Depreciation and amortisation	-558
Exchange rate differences	2
Closing balance as per 31 December 2021	**997**
Carrying amount	
Cost	3,631
Accumulated depreciation	-2,634
As per 31 December	**997**

Group	Equipment, tools, fixtures and fittings
Opening carrying amount 1 January 2020	**1,770**
Purchases	101
Depreciation and amortisation	-503
Exchange rate differences	-4
Closing balance, 31 December 2020	**1,364**
Carrying amount	
Cost	2,663
Accumulated depreciation	-1,299
At 31 December 2020	**1,364**

Note 16 Other long-term receivables

	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Intra-group receivables	–	–	1,276	1,161
Deposits with payment providers	8,943	7,332	–	–
Rental deposits	354	345	–	–
Carrying amount	**9,297**	**7,677**	**1,276**	**1,161**

The fair value of non-current receivables is considered in all essential respects to correspond to the carrying amount.

Note 17 Financial instruments by category

Group	Amortised cost 31/12/2021	Fair value through profit or loss 31/12/2021	Total
Financial assets			
Other long-term receivables	9,297	–	9,297
Trade receivables	6,921	–	6,921
Other short-term receivables	3,037	–	3,037
Accrued income	9,849	–	9,849
Cash and cash equivalents	306,209	–	306,209
Total financial assets	**335,314**	–	**335,314**
Financial liabilities			
Non-current lease liabilities	7,107	–	7,107
Long-term borrowings	16,721	–	16,721
Current lease liabilities	3,266	–	3,266
Short-term borrowings	24,476	–	24,476
Trade payables	41,697	–	41,697
Accrued expenses	93,592	–	93,592
Additional purchase price	–	41,205	41,205
Total financial liabilities	**186,860**	**41,205**	**228,065**

Group	Amortised cost 31/12/2020	Fair value through profit or loss 31/12/2020	Total
Financial assets			
Other long-term receivables	7,677	–	7,677
Trade receivables	3,242	–	3,242
Other short-term receivables	584	–	584
Accrued income	5,092	–	5,092
Cash and cash equivalents	521,574	–	521,574
Total financial assets	**538,169**	**–**	**538,169**
Financial liabilities			
Non-current lease liabilities	424	–	424
Long-term borrowings	19,001	–	19,001
Derivatives	–	5,477	5,477
Current lease liabilities	3,359	–	3,359
Short-term borrowings	16,248	–	16,248
Trade payables	24,780	–	24,780
Accrued expenses	67,878	–	67,878
Total financial liabilities	**131,691**	**5,477**	**137,168**

Note 17. Cont.

For information about the measurement and accounting of long-term and short-term borrowings, please refer to Note 22. Readly has a financial liability for an additional purchase consideration related to the acquisition of Toutabo SA which is measured at fair value through profit or loss. The additional purchase consideration is valued according to level 3 of the fair value hierarchy, i.e. based on unobservable inputs. The valuation is made based on the discounted cash flow of net present value. The fair value of other current receivables and liabilities reported at amortised cost corresponds to their carrying amounts, since the discounting effect is not considered to be significant. The fair value of other non-current receivables and liabilities reported at amortised cost is considered in all essential respects to correspond to their carrying amount.

Note 18 Trade receivables and other current assets

Group	31/12/2021	31/12/2020
Trade receivables	6,921	3,505
Other current receivables	3,037	584
Accrued income	9,849	5,092
Cash and cash equivalents	306,209	521,574
Less: provision for expected credit losses	-305	-263
Current assets – net	**325,711**	**530,492**

Owing to the short-term nature of the assets, the discounting effect is not considered to be significant, and the book value is considered to correspond to fair value. Thus, this is the maximum exposure.

The Group's risk exposure in foreign currency is considered to be low. Impairment losses related to current assets amount to SEK 0.3 million (0.3) at 31 December 2021, which represents 0.09 per cent (0.05) of total current assets. Readly has historically had a low level of bad debts. As per the balance sheet date, no significant increase in credit risk has been determined to exist for any receivable. Such assessment is based on payments that are 90 days past due or longer, or if a significant decline in rating takes place, resulting in a rating lower than investment grade.

Note 19 Prepaid expenses and accrued income

	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Prepaid marketing costs	–	810		–
Prepaid insurance	389	235	61	20
Other prepaid expenses	8,446	9,083	137	218
Accrued subscription income	9,849	5,092	–	–
Total	**18,684**	**15,220**	**198**	**238**

Note 20 Cash and cash equivalents

	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Bank balances	306,209	521,574	62,975	390,500
Total	**306,209**	**521,574**	**62,975**	**390,500**

Note 21 Equity

As at 31 December 2021, the Group's share capital amounted to SEK 1,137 142 divided into 37,904,738 shares.

15 000 (0) employee stock options have been exercised during the first quarter for subscription of 1:5 shares, resulting in an increase in equity of SEK 2.3 million.

In the first quarter of 2021 the lendor redeemed all warrants issued. The estimated fair value of SEK 9.4 million for the liability at the redemption date was entered as equity in conjunction with the elimination of the liability. The quota value was recognised as share capital, while the remaining amount was recognised against the share premium reserve in unrestricted equity. The change in fair value was thus estimated as an increase of SEK 4.0 million compared with the preceding year, which was recognised as a financial expense in a corresponding amount.

In connection with the acquisition of Toutabo, issue of consideration shares increased the number of shares in Readly from 37,226,617 to 37,904,738.

The number of outstanding employee stock options at 31 December 2021 was 303 083 (128 750), of which 108 083 with the right to subscribe for 1:5 ordinary shares.

Outstanding warrants at 31 December 2021 amounted to a number of 569 300 (670 273) of which 203 000 with the right to subscribe to 1:5 ordinary shares.

Note 21. Cont.

Changes in share capital
The following table illustrates the changes in share capital of Readly International AB (publ) for the 2019–2021 financial years. For the sake of comparison, all key ratios for earlier periods in the report have been recalculated for the 1:5 share split.

Datum	Transaction	Change in no. shares	Total no. shares	Change in share capital, SEK	Total share capital, SEK
02/07/2019	New issue	934,518	6,383,750	809,886	809,886
08/08/2019	New issue	8,908	6,392,658	1,336	811,222
25/09/2019	Set-off issue	41,086	6,433,744	6,163	817,385
03/04/2020	New issue[1]	22,100	6,455,844	3,315	820,700
03/04/2020	New issue	1,000	6,456,844	150	820,850
03/04/2020	New issue	350	6,457,194	53	820,902
26/06/2020	New issue	350,184	6,807,378	52,528	873,430
11/09/2020	Share split	23,291,464	30,098,842	–	873,430
21/09/2020	New issue	7,627,118	36,741,448	228,814	1,102,243
19/10/2020	New issue[1]	50,000	36,791,448	1,500	1,103,743
14/12/2020	New issue[1]	190,000	36,981,448	5,700	1,109,443
29/12/2020	New issue[1]	50,000	37,031,448	1,500	1,110,943
11/01/2021	New issue[1]	75,000	37,106,448	2,250	1,113,193
26/01/2021	New issue[1]	120,169	37,226,617	3,605	1,116,799
02/11/2021	New issue	678,121	37,904,738	20,344	1,137,142

1) Redemption of warrants

Other contributed capital
This item consists of equity from the owners as a result of new share issues and share-based payments

Translation difference
This item consists of exchange rate effects from the translation of foreign subsidiaries.

Non-controlling interests
This item consists of non-controlling interests related to the acquisition of Toutabo.

Note 22 Borrowings

Borrowing
On 7 May 2020, Readly AB was granted a new credit facility that expires on 1 January 2023 and carries a fixed annual interest rate of 10.75 per cent. The total utilised loan amount was EUR 5 million (SEK 49.5 million), while transaction costs for the loan amounted to SEK 1.9 million.

Additional terms for the loan were pledged collateral in Readly International AB in the form of 100 per cent ownership of Readly GmbH (25,000 shares), Readly UK (100 shares) and Readly AB (50,000 shares). In addition, pledged collateral also includes 100 per cent of the registered trademark Readly. Readly International AB (publ) has pledged security for the loan as well as for its own debt. For further information about pledged assets attributable to the raised credit facility, see Note 24 (Contingent assets, pledged assets and contingent liabilities). In addition to the loan facility in Readly AB, there are also loans in other subsidiaries.

The fair value of the non-current liabilities has been calculated through use of cash flows discounted using the current borrowing rate.

Note 22. Cont.

	31/12/2021		31/12/2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Credit facility	41,198	44,948	35,249	31,138

Derivative instruments

A condition of the loan facility was that the lender was also granted warrants in Readly International AB (publ). In connection with the signing of the loan agreement, 42,839 warrants were granted at a subscription price of SEK 168 per share, which was recalculated to SEK 33.6 per share after completion of the 1:5 share split. As only EUR 5 million of the total EUR 10 million loan facility granted was utilised, the lender was only able to exercise 24,034 warrants in accordance with the agreement. As per 31 December 2020 the fair value of granted warrants was SEK 5.5 million. The total increase in fair value as per 31 December 2020 was SEK 2.4 million, which is reported as a financial liability in a corresponding amount. During the first quarter of 2021, the lender chose to redeem all issued warrants. The estimated fair value at the date of redemption totalled SEK 9.4 million, which was recorded as equity when the liability was eliminated. The quota value was recorded as share capital, while the remaining amount was recorded as other paid-in capital. The change in fair value was thus calculated to be an increase of SEK 4.0 million compared to 31 December 2020, which was recognised as a financial expense for the corresponding amount.

	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Nominal amount	–	3,489	–	3,489
Due date	–	07/05/2030	–	07/05/2030
Change in fair value	–	2,366	–	2,366
Exchange rate effect	–	-378	–	-378
Reported fair value as per 31 December 2020	–	5,477	–	5,477

In 2021, new borrowings have increased by SEK 21.8 million, which is attributable to loans previously raised in acquired subsidiary.

The loan in 2020 gave rise to an increase in cash flow totalling SEK 49.0 million before transaction costs of SEK 1.9 million. In the statement of cash flows, granted warrants amounting to SEK 3.5 million have been netted from the total loan and are reported as warrants in connection with the raising of loans.

Sensitivity

For further information about the Group's exposure, see Note 2.

Reconciliation of liabilities attributable to the financing activities

SEK K	01/01/2021	New leases	Newly raised loans (acquired)	Cash flow	Capitalised interest	Change fair value	Exchange rate effects	31/12/2021
Leasing liabilities	4,722	11,080	–	-4,378	–	–	–	11,244
Loans	35,250	–	21,820	-19,576	3,155	–	549	41,198
Derivatives	5,475	–	–	–	–	-5,478	–	–
Reconciliation of liabilities attributable to the financing activities	**45,449**	**11,080**	**21,820**	**-23,954**	**3,155**	**-5,478**	**549**	**52,442**

SEK K	01/01/2020	New leases	Newly raised loans	Cash flow	Capitalised interest	Change fair value	Exchange rate effects	31/12/2020
Leasing liabilities	4,418	3,851	–	-3,547	–	–	–	4,722
Loans	–	–	43,963	-9,605	3,174	–	-2,282	35,250
Derivatives	–	–	3,489	–	–	2,366	-378	5,477
Reconciliation of liabilities attributable to the financing activities	**4,418**	**3,851**	**47,452**	**-13,152**	**3,174**	**2,366**	**-2,660**	**45,449**

Note 23 Deferred tax

Group	31/12/2021	31/12/2020
Deferred tax liability		
Intangible assets	10,632	–
Total	**10,632**	**–**

Group	31/12/2021	31/12/2020
Change in deferred tax		
As per 1 January 2021	**–**	**–**
Acquisitions	10,526	–
Recognised in net profit for the year	-169	–
Exchange rate differences	275	–
As per 31 December	**10,632**	**–**

Tax loss carry forwards

Deferred tax assets are recognised for tax loss carry-forwards or other deductions to the extent it is probable that they can be utilised against future taxable profits. Unused tax losses for which no deferred tax asset has been recognised amount to 1,028 (SEK 807,9) million at 31 December 2021. The tax-loss carry forwards do not expire at any time. The unutilised tax-loss carry forwards pertain to Readly International AB, Readly AB and Readly Books AB. Given existing expansion plans, Readly has determined that the Group will likely report tax losses also in the coming years, and therefore, in accordance with IAS 12, no deferred tax asset is reported for these deficits.

Note 24 Other current liabilities

	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
VAT liability	1,857	5,139	261	1,018
Employee withholding taxes and payroll taxes	3,172	1,856	488	341
Other current liabilities	926	7,372	–	3,422
Additional purchase price[1]	8,090	–	33,134	–
Total	**14,064**	**14,367**	**33,864**	**30,154**

The fair value of current liabilities corresponds in all essential respects to the carrying amount.

1) The additional purchase price is classified as a financial liability in the Group. For more information see notes 17 and 29.

Note 25 Accrued expenses and deferred income

	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Accrued compensation to publishers	93,592	67,878	–	–
Prepaid subscription income	26,289	21,929	–	–
Accrued salaries	3,856	4,101	3,825	3,444
Accrued holiday pay and social fees	6,266	4,685	688	656
Other accrued expenses	20,125	10,764	420	330
Total	**150,129**	**109,356**	**4,934**	**4,430**

Note 26 Contingent assets, pledged assets and contingent liabilities

	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Pledged assets				
Chattel mortgages as collateral for bank guarantees	1,160	1,160	1,160	1,160
Shares in subsidiaries as collateral for credit facility	222,689	13,810	587,143	599,142

In addition, pledged collateral also includes 100 per cent of the registered trademark Readly.

Note 27 Related parties

Readly International AB is the highest parent company in the Group. Zouk Capital LLP owns 20.1 per cent of the parent company's shares and has a significant influence over the Group. Other related parties are all subsidiaries in the Group and senior executives in the Group, i.e., the Board of Directors and company management, and their family members.

Board members and senior executives have related parties that use the parent company's services, which are purchased on normal commercial terms on business grounds. The services do not amount to significant sums. For other remuneration to related parties, see Note 7, *Employee remuneration etc.*

The following transactions were conducted with related parties:

Sales of products and services:

Parent company	**31/12/2021**	**31/12/2020**
Readly AB	30,413	44,363
Readly Books AB	80	80
Readly Financial Instruments AB	80	80
Readly GmbH	639	1,785
Readly UK Ltd	1,263	1,579
Readly LLC	193	81
Toutabo SA	107	–
Total	**32,775**	**47,969**

Sales of services to subsidiaries consist of the use of trademarks and administrative fees for the Group-wide expenses that are invoiced to the parent company, as well as the services performed by personnel employed in the parent company, which pertain to the entire Group.

Receivables and liabilities at year-end resulting from sales and purchases of products and services:

Parent company	**31/12/2021**	**31/12/2020**
Receivables from subsidiaries:		
Readly AB	26,964	10,841
Readly Books AB	225	125
Readly Financial Instruments AB	225	125
Readly GmbH	816	602
Readly UK Ltd	187	732
Readly LLC	293	90
Toutabo SA	107	–
Total receivables from subsidiaries	**28,816**	**12,515**

Loans to related parties

Parent company	**31/12/2021**	**31/12/2020**
Loans to Readly GmbH		
Loans raised	**781**	**839**
Interest expenses	65	49
Exchange rate differences	122	-107
At year-end	**968**	**781**
Loan to Readly UK Ltd		
Loans raised	**380**	**928**
Interest expenses	15	14
Reclassified as short-term liabilities	–	-512
Exchange rate differences	19	-50
At year-end	**414**	**380**

The Group has no provisions for bad debts attributable to related parties. Nor has the Group recognised any expenses pertaining to bad debts for related parties during the period. No collateral is pledged for the receivables. Receivables from related parties mainly pertain to invoicing for Group-wide services in the parent company and have indefinite durations. Liabilities to related parties largely originate from pledged, but not yet paid shareholders' contributions and have indefinite durations.

The loans to Readly GmbH & Readly UK Ltd have indefinite terms with an annual interest rate of 6 per cent. The loans are not pledged and are paid in cash.

Note 28 Other non-cash items

	Group		Parent company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Share-based payments, employee share option plans	151	1,515	151	1,515
Translation difference	-2,575	–	–	–
Impairment losses	–	357	–	–
Other non-cash items	304	–	–	–
Total	**-2,120**	**1,872**	**151**	**1,515**

Note 29 Acquisitions

Summary of acquisitions
On 2 November 2021, Readly International AB acquired 98.4 per cent of Toutabo, a leading subscription provider in France and owner of the digital subscription provider ePresse. The acquisition strengthens Readly's leading position in Europe and gives it access to a leading French portfolio. Through the acquisition, Readly's European category leadership will strenghten and adds a best-in-class French content portfolio. The establishment in France will benefit from Toutabo's leading position, local expertise and strong relationships with publishers and commercial partners, combined with Readly's tech resources, product development experience, global reach and ability to drive growth.

The purchase price totalled EUR 10.2 million on a cash and debt free basis, corresponding to SEK 102.5 million. Of the total purchase price, EUR 4.1 million (SEK 41.2 million) is expected future additional purchase consideration for the years 2022–2024. This additional purchase price is conditional on the achievement of specific targets in terms of user numbers, publisher contracts and commercial partnership contracts and can amount to a maximum of EUR 4.1 million. The valuation of the additional purchase price has been based on the discounted value of expected future cash flow. The remaining purchase price of EUR 4.0 million was paid upon closing and consisted of cash consideration and, in part, newly issued shares. The fair value of the 678,121 shares issued as part of the purchase consideration amounted to SEK 21.3 million and was based on the share price of SEK 31.48 per share, corresponding to the volume weighted average price on Nasdaq Stockholm during the 20 trading days preceding 5 October, 2021.

The issue of consideration shares for the acquisition increases the number of shares in Readly from 37,226,617 to 37,904,738. Transaction costs of SEK 0.1 million which are directly attributable to the share issue have been recognised as a deduction from equity.

Since the date of acquisition, Toutabo has contributed SEK 11.9 million to net sales and profit of the year of SEK 0.1 million. If the acquisition had been completed on 1 January 2021, the Company would have contributed SEK 68.1 million to net sales and losses of SEK 5.5 million to profit of the year.

Details of the purchase price, net assets acquired and goodwill are set out below:

Purchase price:	
Cash and cash equivalents	39.9
New issue	21.3
Conditional purchase price	41.2
Total purchase price	**102.5**

The assets and liabilities recognised as a result of the acquisition are, according to preliminary purchase price allocation, as follows:

	Fair value
Property, plant and equipment	3.4
Intangible assets: Publisher contracts	16.3
Intangible assets: Customer contracts	15.8
Intangible assets: Trademark	7.7
Trade and other receivables	16.1
Cash and cash equivalents	32.6
Trade and other payables	-24.3
Loan	-21.8
Deferred tax liabilities	-10.5
Total acquired identifiable net assets	**35.6**
Non-controlling interests	-1.7
Goodwill	68.9
Purchase price	**102.5**

Goodwill
In the acquisition analysis, goodwill amounts to SEK 68.9 million. The goodwill arising related to the acquisition relates to synergies and is attributable to the Group's position in the current market for the acquisition is expected to be strenghtened and to the know-how of the acquired company. This goodwill is not considered to be tax deductible in the case of a future impairment.

Acquisition-related costs
Acquisition-related costs amounted to SEK 4.0 million and relate to fees paid to external legal counsel and consultants. The costs have been included in other external expenses in the consolidated statement of income and other comprehensive income.

There were no business combinations in the 2020 financial year.

Note 30 Events after the end of the reporting period

The Board of Directors of Readly has set new financial targets. From annual organic growth of 30–35 per cent to average annual growth of not less than 25 per cent over the next three years (CAGR), including acquired growth. The objectives to achieve a long-term gross margin of 35 per cent and to be profitable at EBITDA level by 2025 at the latest remains.

Maria Hedengren, CEO, stepped down as CEO and handed responsibility to interim CEO Mats Brandt on 31 January. Maria will remain at the Board's disposal during her notice period of 12 months. CEO's severance pay amounts to 12 months salary.

Joakim Johansson, Chief Technology Officer and member of the senior management team, left Readly in the first quarter of 2022. Until a new permanent CTO has been recruited, Frederik Blauenfeldt Jeppsson will step in as interim CTO and member of the senior management team.

Russia's invasion of Ukraine took place 24th of February. Readly's operations are not exposed to these markets are are not considered to have any significant impact on the Group's operations.

Note 31 Information about the parent company

Readly International AB (publ) is a parent company domiciled in Sweden, with its registered office in Stockholm. The parent company's shares are registered on Nasdaq Stockholm.

The address of the main office is
Kungsgatan 17
111 43 Stockholm

The consolidated financial statements for 2021 cover the parent company and its subsidiaries, jointly referred to as the Group.

Note 32 Proposal for the appropriation of the parent company's profit

At the disposal of the Annual General Meeting:	
Loss brought forward	-177,988,401
Share premium reserve	1,180,636,899
Profit for the year	-436,504,376
SEK	**566,144,122**

The Board of Directors proposes that profits be appropriated as follows:	
To be carried forward, SEK	**566,144,122**

Key Performance Indicators

The Group presents certain performance measures in the annual report that are not defined by IFRS. The Group believes that these Alternative Performance Measures (APMs) provide valuable, complementary information to investors and Group management, as they allow evaluation of the Group's financial performance and financial position. Since not all companies calculate performance measures in the same way, these are not always comparable with measures used by other companies. These performance 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 are therefore defined on page 119 of this report.

SEK k, unless otherwise stated	Jan–Dec 2021	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018	Jan-Dec 2017
FPS (full-paying subscribers), number	478,362	369,764	278,555	213,910	155,973
Total revenues	466,308	352,604	264,739	195,950	126,972
Total revenue growth, %	32.2	33.2	35.1	54.3	92.2
ARPU1 (Average revenue per user), SEK	92	93	87	86	84
Gross profit[1]	156,127	117,059	82,773	58,319	33,288
Gross profit margin[1], %	33.5	33.2	31.3	29.8	26.2
Contribution[1]	-33,780	-38,155	-16,303	-15,439	-14,763
Contribution margin[1], %	-7.2	-10.8	-6.2	-7.9	-11.6
EBITDA[1]	-197,373	-179,869	-134,618	-100,752	-63,503
EBITDA margin[1], %	-42.3	-51.0	-50.8	-51.4	-50.0
Operating profit/loss	-209,528	-189,775	-142,539	-106,976	-69,252
Operating margin, %	-44.9	-53.8	-53.8	-54.6	-54.5
Operating profit/loss adjusted for items affecting comparability [1]	-204,943	-170,311	-138,123	-106,976	-69,252
Operating margin adjusted for items affecting comparability [1], %	-44.0	-48.3	-52.2	-54.6	-54.5
Total operating expenses	-675,836	-542,378	-407,278	-302,926	-196,224
Profit for the year	-219,601	-197,424	-146,565	-107,980	-69,829
Items affecting comparability	-4,585	-19,464	-4,416	–	–
Net margin, %	-47.1	-56.0	-55.4	-55.1	-55.0
Cash flow from operating activities	-165,470	-154,044	-114,634	-64,514	-35,633
Average number of employees	89	71	55	44	31
Key data per share					
Basic and diluted earnings per share[2], SEK	-5.9	-6.5	-5.9	-5.5	-4.2
Basic and diluted equity per share [2], SEK	5.4	12.5	2.2	2.1	2.6
Weighted number of outstanding shares before and after dilution [2], number	37,327,803	30,466,591	24,739,268	19,585,810	16,626,175
Number of shares outstanding at year-end [2], number	37,904,738	37,031,448	27,246,160	22,323,600	19,032,040

1) For reconciliation of alternative performance measures, see pages 120–121.
2) The number of shares has been adjusted in comparative periods to the number of shares after the 1:5 share split. See Definitions of Key Performance Indicators and Calculations on page 119.

Definitions of Key Performance Indicators and Calculations

KPI	Definition	Purpose
Number of shares	Number of shares after 1:5 share split.	To improve comparisons, all key ratios pertaining to the number of shares for earlier years are calculated based on the number of shares after the 1:5 share split.
Gross margin	Gross profit/loss divided by revenue.	Used as a measure of the core business's profitability, regardless of the effect of other operations.
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 years, and financing and corporate tax.
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, nor by items affecting comparability.
EBITDA margin	EBITDA divided by total revenue	Used as an alternative measure of the business's profitability.
Equity per share	Shareholders' equity in relation to the number of shares outstanding at the end of the year.	A measure used by investors, analysts and Group 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)	Total revenue divided by the 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 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 corporate tax.
Net margin	Profit/loss for the year divided by total revenue for the year.	Used as an alternative measure of the business's profitability.
Earnings per share	Profit/loss for the year after tax in relation to the average number of shares outstanding during the year.	A measure used by investors, analysts and Group management to evaluate the value of the Company's outstanding shares.
Operating profit/ loss (EBIT)	Operating revenue less operating expenses.	A measure of the Company's operating profit/loss before interest and tax that is used by investors, analysts and Group management to evaluate the Company's profitability.
Operating margin	Operating profit/loss in relation to operating expenses.	A profitability measure used by investors, analysts and Group management to evaluate the Group's profitability.
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 corporate tax.
Total revenue growth	Increase in total revenue compared with the preceding period.	Used as a measure of growth in the Company's total revenue.
Contribution	Gross profit less operating marketing expenses.	A measure of the Company's gross profit after marketing costs used by investors, analysts and Group management to evaluate the Group's profitability.
Contribution margin	Contribution divided by operating revenue.	A measure of profitability used by investors, analysts and Group management to evaluate the Group's profitability.

Reconciliation of KPIs

Gross profit & gross profit margin

SEK K	Jan–Dec 2021	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018	Jan-Dec 2017
Total revenues	466,308	352,604	264,739	195,950	126,972
Publisher cost	-310,181	-235,545	-181,966	-137,632	-93,684
Gross profit	**156,127**	**117,059**	**82,773**	**58,319**	**33,288**
Gross profit margin, %	**33.5**	**33.2**	**31.3**	**29.8**	**26.2**

EBITDA and EBITDA margin

SEK K	Jan–Dec 2021	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018	Jan-Dec 2017
EBITDA	-197,373	-179,869	-150,459	-100,752	-63,503
Total revenues	466,308	352,604	264,739	195,950	126,972
EBITDA margin, %	**-42.3**	**-51.0**	**-50.8**	**-51.4**	**-50.0**

Equity per share

SEK K	Jan–Dec 2021	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018	Jan-Dec 2017
Weighted number of shares outstanding [1]	37,327,803	30,466,591	24,739,268	19,585,810	16,626,175
Total shareholders' equity	201,714	381,904	54,773	41,680	42,691
Equity per share (SEK)	**5.4**	**12.5**	**2.2**	**2.1**	**2.6**

Net margin

SEK K	Jan–Dec 2021	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018	Jan-Dec 2017
Profit for the year	-219,601	-197,424	-146,565	-107,980	-69,829
Total revenues	466,308	352,604	264,739	195,950	126,972
Net margin, %	**-47.1**	**-56.0**	**-55.4**	**-55.1**	**-55.0**

Operating profit/loss and operating margin

SEK K	Jan–Dec 2021	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018	Jan-Dec 2017
Total revenues	466,308	352,604	264,739	195,950	126,972
Total operating expenses	-675,836	-542,378	-407,278	-302,926	-196,224
Operating profit/loss	**-209,528**	**-189,775**	**-142,539**	**-106,976**	**-69,252**
Operating margin, %	**-449**	**-53.8**	**-53.8**	**-54.6**	**-54.5**

1) The number of shares has been adjusted in comparative periods to the number of shares after the 1:5 share split.
See Definitions of Key Performance Indicators and Calculations on page 119.

Adjusted for items affecting comparability

SEK K	Jan–Dec 2021	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018	Jan-Dec 2017
Operating profit/loss (EBIT)	-209,528	-189,775	-142,539	-106,976	-69,252
Items affecting comparability					
Costs related to IPO of Readly International AB (publ)	–	19,464	4,416	–	–
Transaction- and integration costs related to acquisition of Toutabo SA	4,585	–	–	–	–
Operating profit/loss adjusted for IAC	-204,943	-170,311	-138,123	-106,976	-69,252
Total revenues	**466,308**	**352,604**	**264,739**	**195,950**	**126,972**
Operating margin adjusted for IAC	**-44.0**	**-48.3**	**-52.2**	**-54.6**	**-54.5**

Total revenue growth

SEK K	Jan–Dec 2021	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018	Jan-Dec 2017
Total revenues	466,308	352,604	264,739	195,950	126,972
Total revenue growth, %	**32.2**	**33.2**	**35.1**	**54.3**	**92.2**

Total operating expenses

SEK K	Jan–Dec 2021	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018	Jan-Dec 2017
Publisher cost	-310,181	-235,545	-181,966	-137,632	-93,684
Marketing costs	-189,906	-155,213	-99,076	-73,757	-48,050
Other external costs	-62,862	-65,010	-57,229	-37,035	-14,547
Personnel costs	-94,977	-76,022	-58,833	-44,775	-32,599
Depreciation and amortisation	-12,155	-9,905	-7,921	-6,224	-5,749
Other operating expenses	-5,754	-682	-2,253	-3,503	-1,594
Total operating expenses	**-675,836**	**-542,378**	**-407,278**	**-302,926**	**-196,224**

Contribution & contribution margin ratio

SEK K	Jan–Dec 2021	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2018	Jan-Dec 2017
Total revenues	466,308	352,604	264,739	195,950	126,972
Publisher cost	-310,181	-235,545	-181,966	-137,632	-93,684
Marketing costs	-189,906	-155,213	-99,076	-73,757	-48,050
Contribution	**-33,780**	**-38,155**	**-16,303**	**-15,439**	**-14,763**
Contribution margin ratio, %	**-7.2**	**-10.8**	**-6.2**	**-7.9**	**-11.6**

Assurance

The consolidated financial statements and annual report have been prepared in accordance with the International Financial Reporting Standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and in accordance with generally accepted accounting principles, and gives a fair overview of the Group's and parent company's financial position and results of operations. The Directors' Report for the Group and for the parent company gives a true and fair view of the Group's and the parent company's operations, position and profit or loss, and of the principal risks and uncertainties that the parent company and its subsidiaries face. The annual report and consolidated financial statements were, as stated below, approved for publication by the Board of Directors on 31 March 2022. The Group's consolidated statement of comprehensive income and statement of financial position and the parent company's income statement and balance sheet will be subject to approval by the Annual General Meeting on 10 May 2022.

Stockholm, 31 March 2022

Patrick Svensk
Chairman of the Board

Viktor Fritzén
Board Member

Nathan Medlock
Board Member

Malin Stråhle
Board Member

Alexandra Whelan
Board Member

Stefan Betzold
Board Member

Maria Hedengren
CEO

Our audit report was submitted on 31 March 2022.
Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Readly International AB (publ), corporate identity number 556912-9553

Report on the annual accounts and consolidated accounts

Opinions
We have audited the annual accounts and consolidated accounts of Readly International AB (publ) for the year 2021 except for the corporate governance statement on pages 71-75. The annual accounts and consolidated accounts of the company are included on pages 57-119 in this document. In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 71-75. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

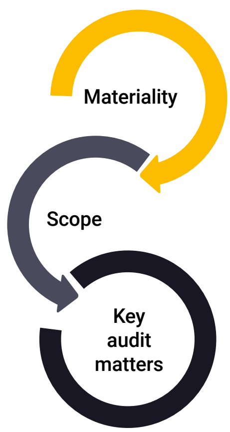
We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach



Overall materiality:
SEK 5 m, which corresponds to about 1 per cent of net sales.

Key audit matters
• Completeness in revenue recognition

Audit scope
Readly provides a subscription service where their customers get unlimited access to content (in magazine information) from several publishers. The company is in a development phase and has a strategy with a focus on growth. The business is transaction-intensive and the IT platform Readly Core is self-developed.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. We paid special attention to routines and processes related to the self-developed IT platform and the completeness of revenue recognition. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Group materiality: SEK 5 m
How we determined it: 1 per cent of net sales
Justification of the choice of materiality: We chose net sales as a benchmark because we believe that this is the value that users most often assess the Group on the basis of, as Readly is in a development phase with a pronounced growth strategy. Net sales are also a generally accepted benchmark and the 1 per cent level is considered in auditing standards to be an acceptable quantitative materiality level.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above 400kSEK as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT TOOK INTO ACCOUNT THE KEY AUDIT MATTER
Completeness in revenue recognition Readly describes its accounting principles related to revenue recognition on page 92 of this document. Readly's net sales amounted to SEK 461 m for 2021 and the company has a strategy with a focus on growth. Revenues consist of a large number of smaller transactions. Readly is dependent on its self-developed IT platform Readly Core in terms of, among other things, accounting for its revenues. In proprietary systems with high transaction intensity, there is an increased inherent risk of errors. The risk that the completeness of the revenue would be incorrect has been considered as a particularly important area in our audit as the development of the revenue is of great importance to the users of the financial statements.	**The most significant audit efforts we have carried out include:** • Audit of selected controls in the revenue process, for example with regard to IT general controls for Readly Core, integration between payment systems and Ready Core. • Sample audit that sales information matches between Ready Core, general ledger reporting.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–57 and 126–128. The Board of Directors and the Managing Director are responsible for this other information.

The other information also consists of a remuneration report that we obtained before the date of this audit report. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.
In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of

the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Readly International AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Annual Accounts Act or the Articles of Association.
Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Readly International AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements. In our opinion, the Esef report #checksum has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Readly International AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 71-75 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of Readly International AB (publ) by the general meeting of the shareholders on the 11 May 2021 and has been the company's auditor since the 2013.

Stockholm 31 March 2022

Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

Shareholder information

The Annual General Meeting of Readly International AB (publ) will be held on 10 May 2021, at 3:00 p.m.

A notice is published in Dagens Industri and the Swedish Official Gazette.

The notice and information published prior to the meeting will be available at corporate.readly.com.

Financial calendar

Interim reports Jan–March 2021
5 May 2021

Annual General Meeting
10 May 2021

Interim report Jan–June 2021
11 August 2021

Interim report Jan–Sep 2021
11 November 2021

Year-end report and interim report for fourth quarter 2021
16 February 2022

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