Readly

Annual Report 2019


Readly
TIME
'KNOW US BY OUR DEEDS'
A year after Christchurch, Jacinda Ardern has the world's attention. How will she use it?
RollingStone
Lizzo
How She Conquered the World
Men'sHealth
STRENGTH +GRIT
242 Tips to Get Tougher, Stronger, and Smarter
KEVIN HART, New Man
The FAT FIGHTING FAST FOOD DIET
Firehouse Fit!
»BIG ARMS
»BROAD SHOULDERS
7-DAY HEART HEALTH RESET
THE PERFECT PROTEIN SHAKE?
LeBron Thinks So.
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VOGUE
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UPDATED DENIM
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THE NEW AGE OF ECO-BEAUTY
RACE, RAGE & THE BBC
NAGA MUNCHETTY TALKS
SHAYK IT OFF
IRINA ON THE POWER OF STARTING OVER
SPRING FASHION
Discover
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My content

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In case of any discrepancy between the Swedish and the Engslish versions of this Annual Report, the Swedish version shall govern.

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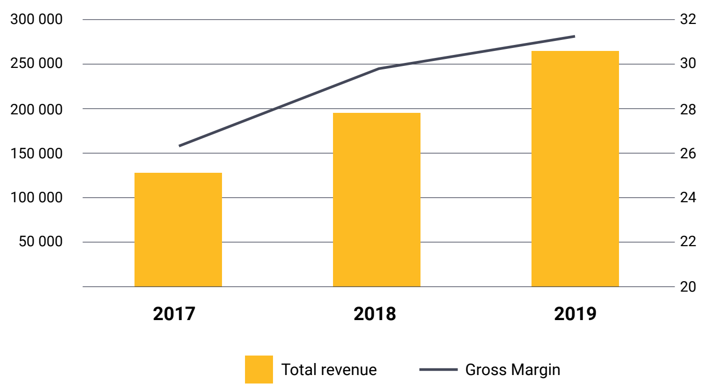
2019

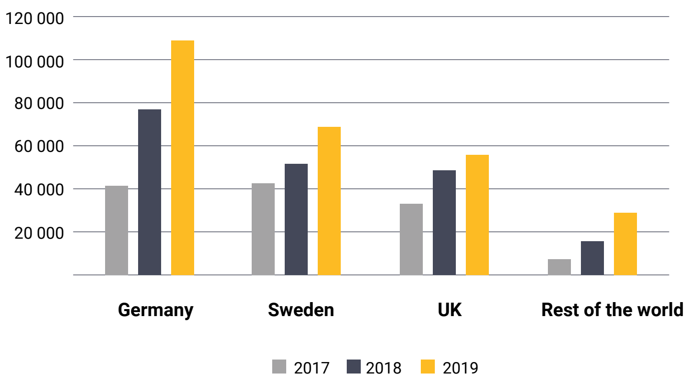
in brief

Growth is driven by all our markets where Germany and Sweden account for the significant share. The number of fully paying subscribers increased by 30 percent in 2019 compared to the end of 2018.

Revenue development (kSEK) and gross margin



Revenue development (kSEK) and geographic market



30%

Growth in fully paying subscribers compared to 2018

35%

Revenue growth compared to 2018

31%

Gross margin compared to 30% in 2018

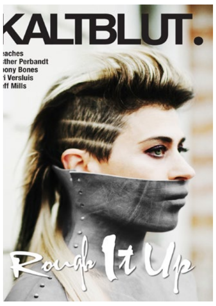
New markets:

Readly was launched in Italy in May 2019 with publishers such as Mondadori, Hearst Italia and Sprea Editori. Today we have a selection of more than one hundred Italian titles. On average, the Italian reader spends 21 minutes in Readly at each session.

Examples of new commercial partnerships

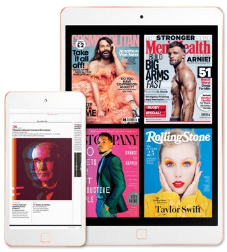
Halebop	Burda
TUI	T-mobile
E.ON	Vattenfall
SJ	Three
Coop	Lidl
Circle K	Vodafone
NHS	

More than 100 new publishers in 2019



The lion's share of the new publishers are from Germany, the UK and Sweden. In Germany, we welcomed some of the country's biggest titles, published by Kaltblut and Bayard Media respectively. In the UK, our range has been complemented by magazines within various special interests from Key Publishing and Warners Group Publications.

Launch of Readly Articles - curated articles



Readly Articles is a new cured content that our editorial team has handpicked from our range of 5,000 magazines. It features a custom mobile view with enlarged font size and custom paragraph ing. It creates new opportunities for the reader who uses his mobile most and makes it easier for all our users to get to know new titles.

The Financial Times lists Readly as one of Europe's fastest growing companies

For the third year in a row, when the Financial Times listed the 1,000 fastest growing companies in Europe, Readly was ranked in the top 200 and second fastest growing company in Sweden with growth of 723 percent between 2014 and 2017.

Readly in brief

Our history

The idea behind Readly was born in a sun lounger in Cyprus in the spring of 2012 when Readly's founder, Joel Wikell, was on holiday with his family. The newspapers and magazines he had carried with him were quickly read out both once and twice. But the streamed music in his headphones never ran out. That raised the idea of an app with unlimited access to digital magazines. The first line of code was written by three developers one late evening in Växjö the same year, and in 2013 Readly was launched in Sweden.

Readly today

Readly is a digital subscription service that gives users unlimited access to nearly 5,000 national and international magazines - all in one app.The company is today a leading player in digital subscriptions in Europe with users in 50 markets. In collaboration with around 800 publishers worldwide, Readly digitizes the magazine industry. Our purpose is to take the magic of magazines into the future so that qualitative content remains something that is discovered and lives on. In 2019, Readly distributed over 120,000 editions of magazines and magazines that have been read 83 million times.

The Readly ecosystem

Core markets with local offices

Sweden, UK and Germany

Active markets

Sweden, Germany, UK, Ireland, Switzerland, Austria, Netherlands, Italy and USA

Other markets where Readly is available

Europe

Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Spain
Finland
France
Guernsey
Greece
Hungary
Lithuania
Luxemburg
Latvia
Malta
Norway
Poland
Portugal
Romania
Slovakia
Slovenia
Ukraine

Asia

China
Hong Kong SAR
Indonesia
Japan
Philippines
Saudi Arabia
Singapore
Thailand

Americas

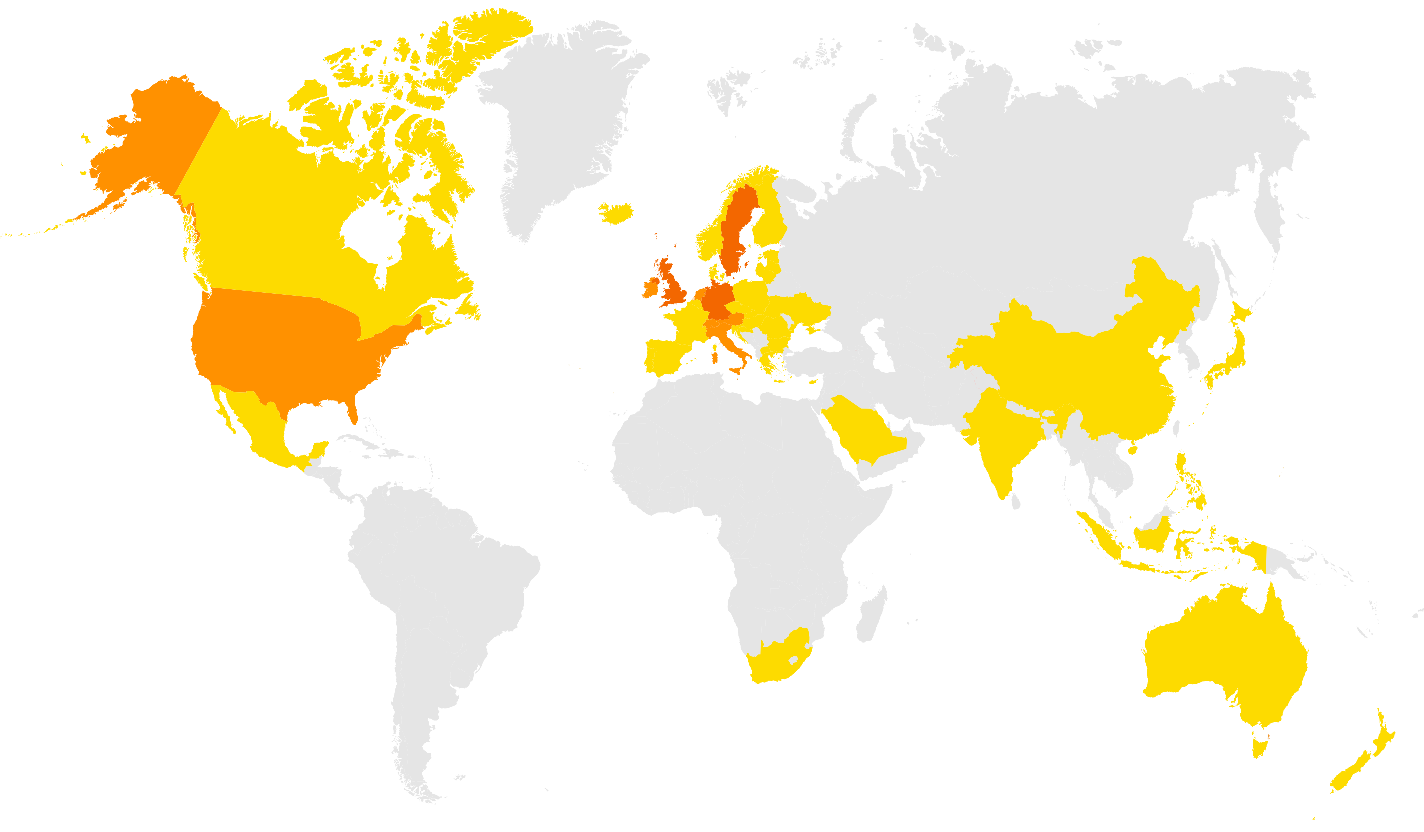
Canada
Mexico

Africa

South Africa

Oceania

Australia
New Zealand



110
employees
(including consultants) on 31/12

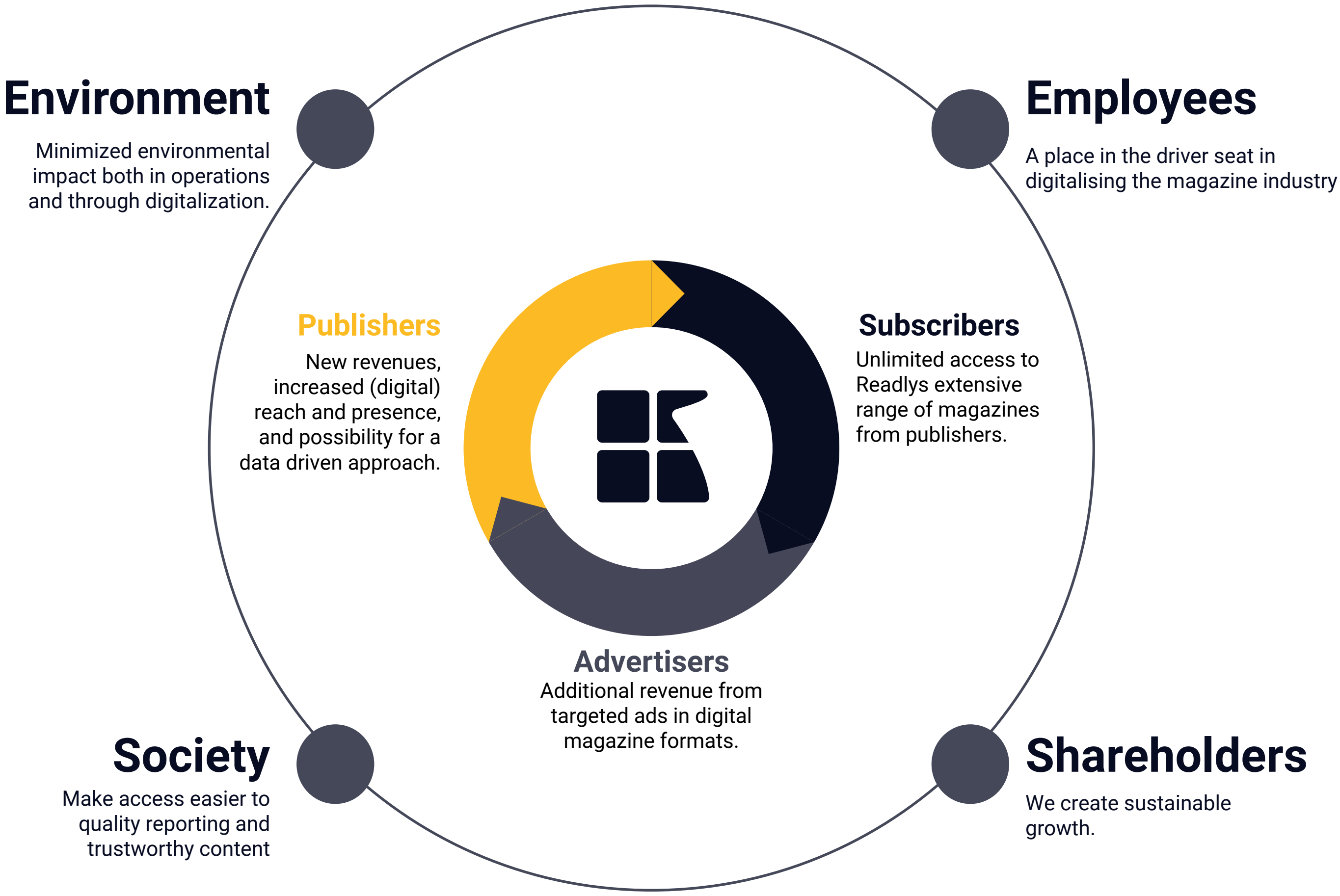
16
languages in the app

~800
publishers

~5,000
titles

73 billion USD

The global magazine market, measured by advertising revenue and circulation, had a turnover of $73 billion in 2019. The digital share of the issue was 10 percent, which corresponds to $4.2 billion. The figures come from PwCs report Annual Global Media and Entertainment Study (throughout this document “PwC Market Study”) as well as additions to this by PwC Strategy&.



CEO Foreword

"We take the magic of the magazine into the future"

The media consumer largely holds the conductor's baton for the digitalisation of the magazine industry. The challenge for the industry's actors is to create balance between resilient business models, attractive offers and the readers' needs and expectations. Tomorrow's winners must find the tipping point between the now and the new conditions that digitalisation entails. At Readly, we have amassed experience and built valuable relationships with our surroundings over many years. As 2019 enters the history books, there are few who have come as far as we have and it is with pride that I look back on a strong year for Readly.

A year of development

In 2019, we again provided strong growth with sales of SEK 264.7 million, an increase of 35.1 per cent compared with the previous year. The number of fully paying subscribers grew by 30 per cent compared with the same time in the previous year. The growth is driven by all of our markets where Germany and Sweden accounts for a significant part. I am glad to be able to note that the gross margin for full-year 2019 improved to 31.3 percent in 2019 compared with 29.8 percent for 2018.

We are continuing our expansion and launched several new products in 2019. We have made long-term investments in personnel and organization, which will bear fruit in coming years. These efforts are in line with our growth strategy and we now have a good foundation to scale the business up in the next few years. Thanks to continued good growth in sales and the number of subscribers, the operating margin still improved somewhat for the full year compared with the year before.

We received confirmation of the extensive confidence in Readly's business in June 2019 in the form of SEK 157 million in new capital. Behind the investment are both new investors, where the Third Swedish National Pension Fund came in as the fourth largest owner of Readly for the first time, and existing investors such as Zouk Capital and Swedbank Robur. The money is being invested in continued product development and marketing.

At the end of the year, we could note that we strengthened our grip on the key markets of Sweden, Germany and the UK with the largest offering among all of the "all-you-can-read" services and the broadest coverage of titles with the largest reach.

Product development for magazine readers of tomorrow

We place extensive focus on adapting our service to the consumers' needs and preferences. We also pay attention to trends, such as the growing mobile phone use, the increasingly tough competition for people's attention, the risk of fake news demanding an even more aware and critical consumer and that the younger generation tends to read digital rather than physical magazines.

The production of unique titles, specially prepared magazines under the name Readly Exclusive is continuing. Since this past autumn, this is supplemented with our investment in selected content. Our new editorial team hand picks articles from Readly's assortment of thousands of magazine, and presents them to the reader in an easily accessible and mobile phone-friendly article flow. This function, which we have named Readly Articles, can more easily capture the reader's attention concerning specific topics and events.

One of the advantages of our "all-you-can-read" service is the possibility of easily delving into a specific topic, covered by multiple magazines. In 2019, we therefore began an effort to develop the search function at Readly, work that is continuing in 2020. These improvements will create greater value for the younger generation of readers who have not yet established strong relationships to various titles, but rather consume content based on interest more than favourite magazines.

The combination of product improvements, unique content, editorially selected articles and our range of 5,000 titles from publishers attracts every taste among both today's and tomorrow's magazine readers.

Publisher cooperation and commercial partnerships

In Readly's ecosystems, value creation takes place in cooperation between us and our surroundings. Two strategically important actors in this ecosystem are the publishers and our commercial partners. I am thankful for the excellent relationships we have built up with publishers and partners since Readly was founded.

A close relationship with the publishers is one of our strongest competitive advantages. Cooperation is a prerequisite for a successful product where we, for example, conduct various joint efforts in marketing and content development. At the end of the year, we were proud to reach around 800 publishers worldwide, who have chosen to cooperate with Readly as a part of their digital strategy.

In the past year, we also further expanded the scope through commercial partners, where we jointly create value for the consumer. Today, we have several commercial partnerships in a number of different segments, such as the travel industry with airlines, travel agencies and railways, retailing, energy and telecommunications.

A sustainable future

Our strategy builds on creating growth in the number of users and revenues both in existing and new markets. We strive to meet consumer preferences for credible sources and environmentally friendly alternatives.

We see a 2020 where lower VAT on digital periodicals, which more and more markets are introducing, provides better conditions for the industry's continued digitalisation. More news media are introducing payment models for digital articles and also increasing the desire and habit among readers to have digital subscriptions in music and moving content, as well as news and magazines. We believe that the resistance to so-called fake news will continue to grow and that verified journalism will be valued more and more. According to our own investigation in November 2019, six of ten people surveyed in Sweden, Italy, Germany, the Netherlands and the UK say that they believe fake news will increase in the next few years. According to another study conducted by the international auditors PriceWaterhouseCoopers (PwC), magazines are the form of content that has the highest level of confidence among consumers, over TV, radio and daily news, for example. This is an important driver for us at Readly to increase availability and readership of credible content from responsible publishers, because we then contribute to securing journalism as an important pillar of democracy.

During the start of 2020, much of the news reporting has centered around the spread of the covid-19 virus and the enormous consequences it has on our society. At present, it is difficult to overlook the effects of this sudden halt in the economy. However, the development illustrates the importance of continuing the spreading of reliable journalism as many of the overreactions we see in the traces of the virus are effects from the circulation of false information. People want to read articles from reliable sources. We are currently seeing that the demand for Readly is increaing further in the traces of covid-19 and that it the daily engagement of our users is high.

The team at Readly

I would like to express our great appreciation to our employees, who have all contributed to Readly's continued development and success in 2019. Your efforts are invaluable. During the year, many new colleagues have joined a team whose values are characterised by courage, transparent communication and a team spirit. We are a growing company with high goals where a lot will and can happen in a short period of time. In 2019, we invested a great deal in working efficiently as a team with a common focus. My goal is for us to together continue creating the right prerequisites for every Readly employee to contribute all of their commitment and expertise. What we achieved in 2019 is not just proof of a strong common sense of a higher purpose to take the magic of magazines into the future and a huge willpower, it also constitutes good conditions for continued success.

Maria Hedengren
President and CEO, Readly
March 2020

Purpose, Vision & Strategy

Bringing the Magic of Magazines into the Future

At Readly we are committed to our purpose of Bringing the Magic of Magazines into the Future. In fact we mean that we are already there, in the future. And we want to bring the magazines with us. The world is digital, entertainment is digital but the majority of the publishing industry is not there yet.

Through magazines people are drawn into a world of magic where the reader finds limitless opportunities to explore their interests, surrender to their passion or just relax. Here we find journalism, a source of news and information - content that helps strengthen society and maintain democracy. We want to sustain that magic place for the future.

Magazines are at the core of what we do at Readly. We will develop our product such as adding newspapers and other features, but the consumption of magazines will always be the core heartbeat of our ecosystem.

We care for the survival of trusted content and therefore we join the fight of fake and irresponsible content. Sustaining quality journalism is important to us and we believe that making it more accessible to people anytime and anywhere is key. Having it all in the palm of the hand is what the consumers expect today.

That is our contribution to sustaining the magazine industry and quality journalism. That is the reason we take it upon us to drive the digital transformation.

Our vision:

Transforming the consumption of magazine content by offering the greatest experience and the broadest selection.

Our strategy: five pillars for growth

We believe that the demand for digital content will continue to increase and that Readly's has a key role to play in the digitalisation of magazine subscriptions. Our business model is highly scalable and we have unique position as the market leader in our industry. This combined with a strong value proposition for publishers, partners and subscribers we strongly believe that we are able to grow our business in the coming years. Our strategic growth plan is based on five pillars for growth:

We will continue to be the pioneer and European category leader in the digitalisation of the magazine industry

The digital penetration of magazines is still relatively low as opposed to the music and TV industries where user behaviour, streaming and the subscription models have become the dominant global format. Readly is well-positioned to capture the underlying growth in the digital magazine market as the industry transitions to digital solutions. Our aim is to continue to act as the pioneer and leverage our position as the European category leader in the digital subscription market.

We focus on growth in existing and new markets

We will continue to focus on growth in our existing markets, with particular focus on our core markets Germany, the UK and Sweden. We see increased demand for digital magazines and we see a strong interest in digital subscription services in the "all-you-can-read" format. To capture the underlying opportunities for growth, we will continue to innovate and develop our product and user experience, for example by enabling exclusive articles and audio. Our expansion plans also include rolling out our services in new markets within and outside Europe. We use our experience from previous expansion to ensure a successful expansion in new markets. We have a highly scalable platform and business model that allows us to launch in new markets without having to incur costs to set up a local team.

We invest in marketing and brand building

To strengthen Readly and the awareness of our services we are focusing on increasing brand awareness through different campaigns and PR. Readly will continue to invest in the acquisition of new subscribers via digital performance marketing channels such as Facebook, Search, Display, Affiliates etc.

We enter into strategic partnerships

Entering into partnerships represent a significant opportunity to increase our subscriber base. By the end of 2019, 13 percent of the total amount of fully paying subscribers have been generated through partnerships. Examples of such partnerships are found in the telecom, energy and airline industries but we see great potential to increase the number of partnerships in other industries.

We develop new revenue streams

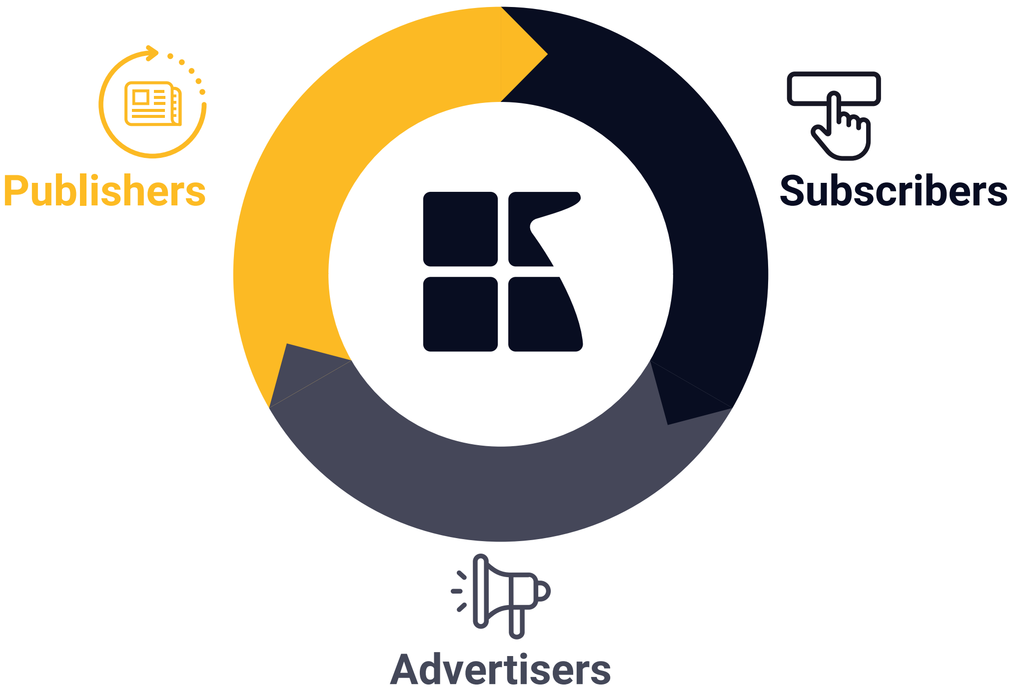
We continuously develop new product features and explore new ways to generate additional revenue. One example of this is Readly Ads. Readly Ads enables the Company to add targeted and relevant advertisements in magazines that were not included in the printed version.

Business Model and Services

A strong value proposition

Readly aims to be at the forefront in the digitalisation of magazine subscription and has a business model with a strong value proposition for all its stakeholders.

The core stakeholders of the subscription platform consist of the publishers, subscribers and advertisers.



The Readly publisher base

Readly offers trusted content from around 800 publishers. For example publishing houses such as Condé Nast, Hearst Magazines, Bauer and TI Media who are global corporations and extend across the UK, Germany, Italy and the Netherlands. Egmont Publishing, Aller Media, and Bonnier are key publishers in the Swedish market and Funke Mediengruppe and Axel Springer in the German market.

Readly enables publishers to expand their reader base globally and generate additional revenue from the Readly subscription fees, as well as potentially increasing their advertising revenues due to the increased circulation. During 2019, 20 percent of the total reading time by Readly users was spent reading magazines from countries other than where the users are based.

Readly is used by publishers as part of their digital strategy for strategic audience development, tactical subscription delivery and practical audience insight.

By this we mean that Readly helps the publishers generate new subscribers, increase their brand footprint and establish a global digital presence. Tactical subscription delivery benefits the publishers by distributing the magazine at a low cost, low risk, with minimal resources used by the publisher.

Readly has a large and growing subscriber base that is very active and engaged on the platform, which allows us to collect data about our subscribers' behaviour and preferences. We use this data to improve our service and to create a more personalised and engaging experience for our subscribers. We are also able to share anonymised and aggregated data with the publishers to analyse what type of content the subscribers prefer to read, which helps publishers improve their content for the benefit of their readers, as well as improve their advertising. Publishers only get access to anonymised data with regard to the readership of their own magazines.

The Readly subscriber base

Readly's current subscriber base is generally fairly evenly balanced between male and female. The majority of the subscribers are older than 35 years. The most active subscribers typically have specific interests or hobbies, the most popular categories in 2019 being Celebrity & Entertainment, Lifestyle, Automotive and Tech, Gadgets & Home Entertainment.

We offer an "all-you-can-read" digital subscription service for magazines where the subscribers gain unlimited access to the full content portfolio. The subscribers pay a monthly fee in advance and through the subscription the reader have access to thousands of national and international magazines in one app. The broad portfolio of quality content from trusted publishers and editors covers more than 30 different categories.

Readly's offering includes best-selling magazine titles from well-known publishers covering a wide range of categories such as Lifestyle, Health & Fitness and Business & Finance. For children and young adults, Readly offers an extensive catalogue of best-selling titles in local languages and in English.

Advertisers

Readly has developed a proprietary technology, Readly Ads, which allows publishers to add additional advertisements into the digital version of their magazines on Readly. These additional advertisements can be tailored for the specific user based on data analysis, which means that a magazine may include different advertisements depending on who is the reader of the magazine. Via Readly Ads the Company can generate additional revenues from targeted advertising which are shared with the publishers.

Readly Ads is in an early commercialisation stage and is currently only available on the Swedish market, but we believe that this service has potential to develop significantly as we increase our subscriber base and Readly Ads is rolled out to other markets.

Market

Trends

The global digital magazine market is growing

Readly offers unlimited access to a large portfolio of digital magazines, in an “all-you-can-read” business model. By that we mean that a subscriber has access to all of our around 5,000 magazine titles.

The global magazine market’s main providers of content are publishers, which provide issues of their respective magazine titles in various categories, both in traditional print and in digital format. The global magazine market has started to shift from print magazines to digital magazines. This trend is driven by consumers and advertisers opting for other forms of media instead of print magazines. Consumers are shifting more of their consumption toward digital platforms such as podcasts, blogs or social media, while advertisers focus more on media that offers personalised and targeted opportunities.

The global digital magazine market has grown from USD 8 billion in 2015 to USD 14.6 billion in 2019, corresponding to an annual growth rate of 11.3 percent. Despite recent years’ growth, digital trends and penetration, the global digital magazine market is still expected to continue growing. The global digital magazine industry is estimated to amount to USD 17 billion in 2023, corresponding to an annual growth rate of 4.3 percent compared to 2019 according to a recent market study by PwC.

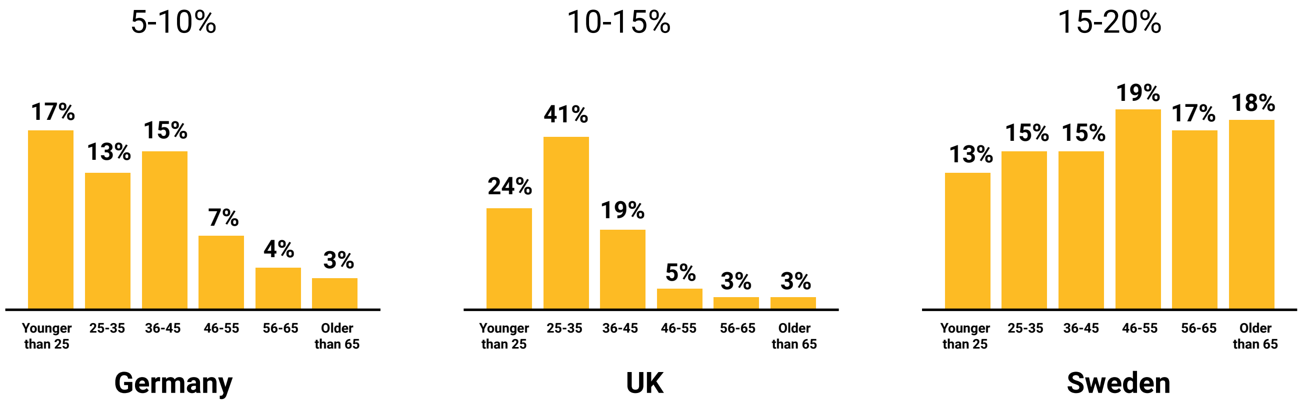
Local presence, global reach

By the end of 2019 Readly had established presence in nine markets with its main foothold in Europe where we are present in Austria, Germany, Ireland, Italy, the Netherlands, Sweden, Switzerland and the United Kingdom. Outside of Europe, the Company has presence in the United States. Furthermore, Readly have subscribers from more than 50 countries worldwide.

Readly’s core markets – Germany, United Kingdom and Sweden – comprised a total of USD 1.1 billion in 2019. Publishers constitute the largest share of digital magazines comprising between USD 250-350 million in sales and digital newsstands, having the second largest share, comprise between USD 150-250 million. This means that the “all-you-can-read” has an annual turnover between USD 50-100 million according to the market Study by PwC. However, as consumers have adopted the subscription model in other media industries (such as music or TV) and we see an increased interest from consumers in the “all-you-can-read” platform, and thus strong growth opportunities.

Following the introduction of digital subscription models, consumers are offered unlimited access to a large portfolio of books, songs and albums or TV series at a fixed monthly price. However, the penetration of “all-you-can-read” platforms in Readly’s core markets is still relatively low, but we see a growing interest, especially among younger age groups, with Sweden showing the highest overall penetration across age groups. However, there is a significantly higher penetration among the younger generation groups in the United Kingdom. Germany indicates the overall lowest penetration of “all-you-can-read” for almost all age groups, especially for older generations. Approximately 50 percent of consumers demonstrate some or strong interest in an “all-you-can-read” platform, with relatively similar interest across all core markets and between genders.

“All-you-can-read” platform penetration by market

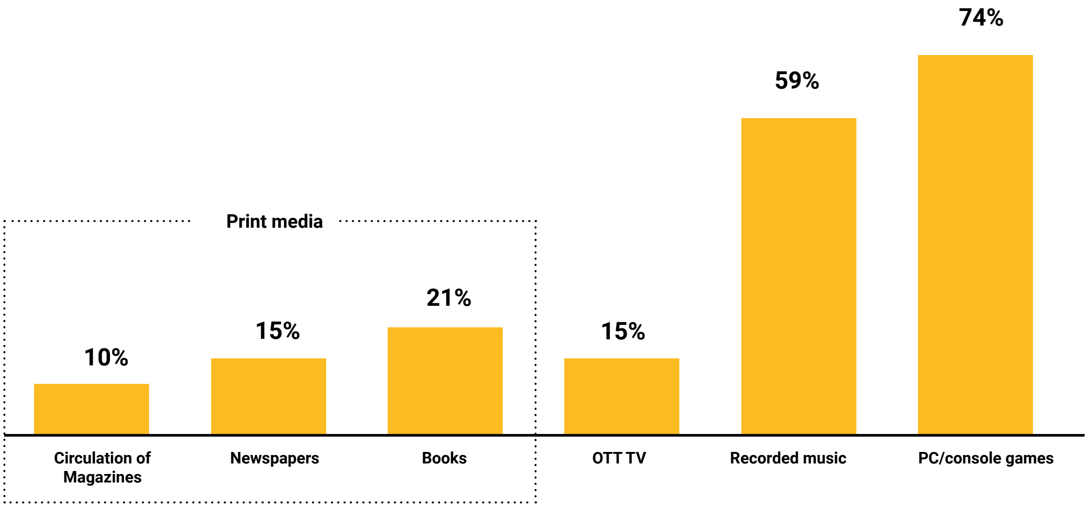


Source: PwC Market Study

Increasing demand for digital content

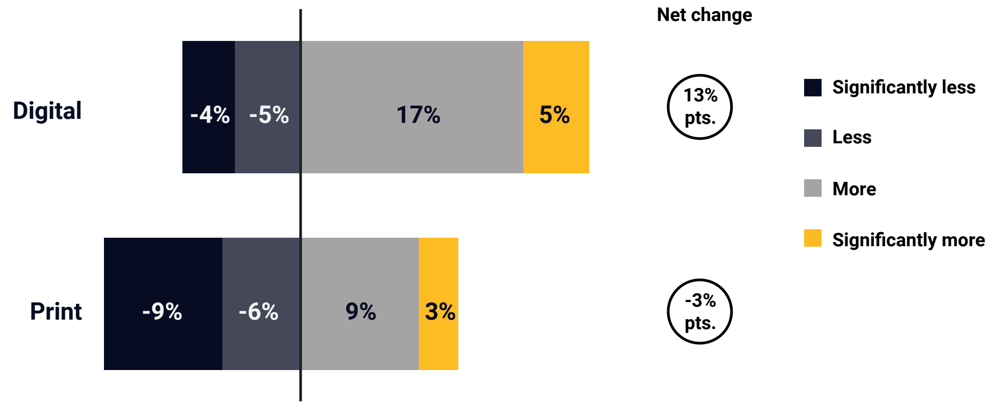
In 2019 the recorded music industry had a digital penetration of 59 percent, while written media lagged other media types with a digital penetration of approximately 10 percent for digital magazines. This highlights the significant difference in maturity for written media in comparison to other media industries. The increasing digital penetration of media industries, has been, and is driven by, an increasing demand from consumers for digital content that in turn is driven by a shifting consumption behaviour towards mobile platforms underpinned by an increasing penetration of smartphones and tablets. The younger generations (people younger than 35) tend to adopt this trend more easily, one key reson being that reading digital magazines is more convenient in comparison to the print format.

Share of digital revenue by media type
% share of global market, 2019



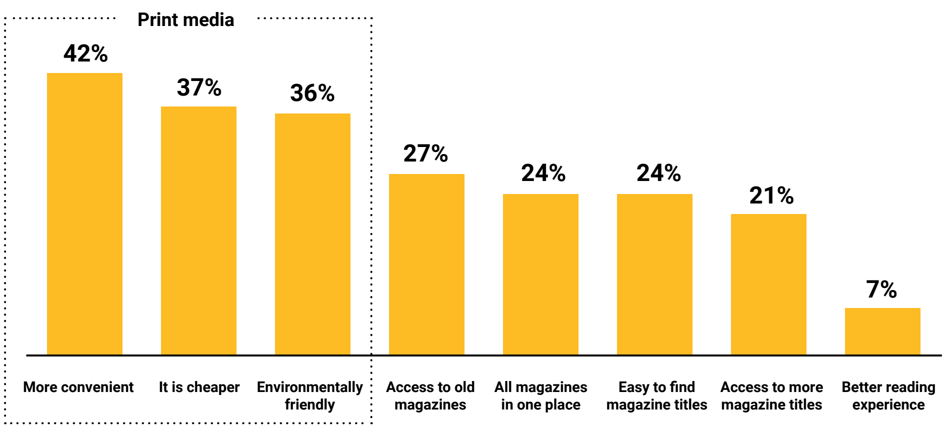
Source: PwC Market Study

Consumers are expecting to read more digitally the coming year



Source: PwC Market Study

Key reasons for choosing to read digital magazines



Source: PwC Market Study

Increasing demand for reliable sources of content and magazines as a form of entertainment

One of the key drivers for increased magazine readership is access to more reputable sources of information, especially for the younger generations. This could be due to counteract the increasing frequency of misleading information seen on other media platforms, so called "fake news". The increased occurence of misleading information has started to impact people's level of trust in media.

As an example, 68 percent of Europeans indicate that they come across fake news at least once a week and 83 percent think fake news is a danger to democracy. In addition, 59 percent of Readly's subscribers are concerned about the spread of misinformation.

Companies such as Readly are therefore positively affected by the push towards trusted sources. Furthermore, out of the consumers in Readly's core markets that indicate that they will increase their magazine readership, 50 percent indicate that more reputable sources of information is a reason to increase their readership.

Sustainability at Readly

Our purpose is to bring the magic of magazines into the future, enabling the discovery and survival of quality content. We aim to lead the digitalisation of the magazine industry and through this have a positive impact on society and create value for all our stakeholders. The foundation of our sustainability work is built on what impact Readly has on all our stakeholders - people, the society and the environment. We explore the opportunities and challenges for us to succeed in making a positive difference. Here are some of the areas we focus on most.

Making trustworthy content more accessible

Magazines and papers can be entertaining, fascinating and enlightening - something you read with your morning coffee, enjoy during your vacation or follow slavishly for a project. But the content stands for a much deeper meaning than just really good reading. Journalists and publicists have a great impact in society - they portray communities, for readers as close to the truth as possible, and provide citizens with information.

Being a part of the media industry, Readly is concerned about the development of so-called fake news - seen as one of the greatest threats to democracy, keeping people from obtaining the facts and frequently used to discredit media. We are therefore committed to defending responsible journalism and making trustworthy content more accessible.

In 2019 we conducted a Yougov survey regarding consumer attitudes towards misinformation and verified journalism. The result proves a widespread worry of fake news and significant positive signs of willingness to pay for verified journalism. The importance of bringing quality content and responsible journalism closer to consumers has never been as evident as now.

Stimulating reading among children and young adults

The habit of reading among children and young adults is at historical lows in many countries. Reading magazines and newspapers at an early age is an important step to developing a strong sense of well-being and citizenship later in life. Through literacy, children can access information and begin to understand and engage with society. They start making decisions based on what they know. They also begin to understand the context of these decisions. Reading comprehension and literacy is an essential foundation of democracy.

We know that many children use Readly. They read children's magazines on their own, or together with their parents. We want to contribute with as many opportunities as possible for children to find a reading interest and establish the habit of reading magazines. We therefore aim to have a large portfolio of magazines for children and young adults in all our existing markets and cooperate with publishers to encourage parents to read with their children.

During 2019 we made Readly free of use for all children in Sweden during Autumn School Break, also known as the "Reading Break" together with partners Coop, SJ and Egmont Publishing who produced two Readly Exclusive editions of kids' magazines Bamse and Kalle Anka (Donald Duck).

Equality and diversity

A strong culture of equal opportunities and diversity at Readly is something very natural in our workplace. Our people come from more than ten nationalities and we have a good gender balance where we are 45 percent women and 55 percent men. Our senior leadership team is represented by 40 percent women and 60 percent men and one third of the non-executive Board of Directors, two out of six, are women. Appointments to job positions, rewards and personal success are determined based solely upon individual ability and performance. Readly does not tolerate discrimination in any form. Being part of the tech industry means that we, as anyone else, need to engage more to compete for the fewer female developers in comparison to the male. It also means that we have a responsibility to inspire and encourage more women to develop an interest in tech.

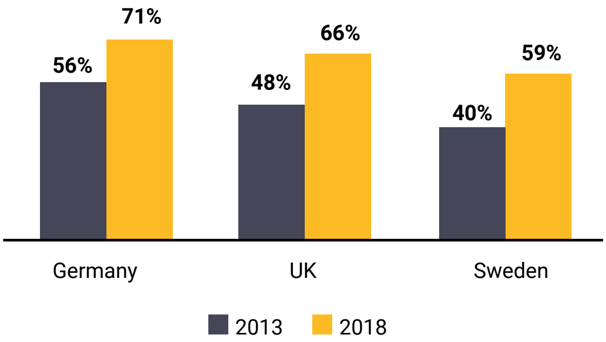
Minimizing environmental impact

We want to continuously improve our environmental and climate impact as well as resource use. As a business we strive to have the most energy efficient IT systems and equipment as well as continual upgrading to greener technologies. We encourage video conference calls instead of travel, and any travel and transport should as far as possible be by environmentally friendly alternatives to minimize environmental impact.

More environmentally conscious consumers, partners and publishers

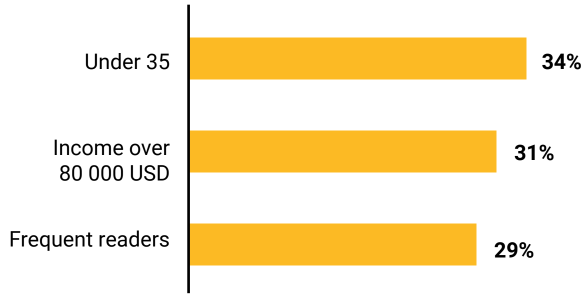
Rising awareness of environmental and social issues is driving consumers (mainly younger generations), partners and publishers to become more conscious of their corporate social responsibility. Consumers and companies are trying to reduce the use of physical raw materials and resources by focusing on digital alternatives that are considered better for the environment. The same trend is visible in the magazine industry. Existing and potential new partners to Readly are looking to digitize their inventory of print magazines for environmental and cost reasons. There are several societal drivers for publishers to reduce their environmental impact and costs related to printing and distribution of magazines by moving from print magazines to digital magazines over time.

Climate change awareness is rising in all countries



Source: PwC Market Study

Reading digital magazines due to the environment varies by demographic



Readly's Code of Conduct

The Readly Code of Conduct incorporates the Ten Principles of the United Nations Global Compact, our values "the Readly Mindset" and what we at Readly generally consider to be proper and responsible behavior. It states our commitment to each other, principles for doing business, and our role in society. The code ensures that our actions follow the highest ethical and professional standards, hence is our foundation of sustainability at Readly.

Our

Readly Team

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

We aim to be a company where the concept of "corporate culture" is highly tangible and associated with being part of a thriving business and with a consistently positive employee experience. Today, Readly has a passionate team of approximately 110 employees (at the end of 2019), of which round 40 consultants. We are continuously recruiting new talent, welcoming subscribers, signing up new fantastic publishers and partners, and teaming up with committed consultants from all parts of the world.

We believe that our people are one of the key factors to the Company's European category leading position. We constantly strive to improve our internal and external employer brand through continuously working with engagement and thereby strengthening ambassadorship. As a Readly employee you have a place in the driver's seat, digitizing the magazine industry.

Readly Mindset

Readly is driven by its purpose and clear values as described in the Readly Mindset. To be successful in our purpose and to grow and prosper both as a company and as individuals, we believe that we all need to work, act and interact with a certain mindset - **The Readly Mindset**. It reflects our **Strive To Be Brave, Say It As It Is** and **Win As A Team.**

Growing at and with Readly

At Readly we believe that our coworker's growth play a very important role in their work passion and performance. We want to foster an environment for growth and personal development. We also expect employees to engage in their own professional development. Therefore, we encourage internal applications. Readly aims to be an attractive employer by offering stimulating and meaningful work where employees know and feel that their efforts contribute to the company.

Our purpose is to bring the magic of magazines into the future, enabling the discovery and survival of quality content.

Number of employees at year-end	110 (of which 40 consultants)
Average number of FTEs	55
Nationalities	10+
Share of women/men	45/55
Share of women/men in Senior Leadership Team	40/60
Share of women/men in Board of Directors	33/66
Average age	18-24 (2%) 25-34 (49%) 35-44 (26%) 45-54 (23%)

Board of Directors

Readly's Board of Directors consists of six board members, including the Chairman of the board. They are elected for a period until the date of the next Annual General Meeting 2020.

Patrick Svensk
Chairman of the Board

Born: 1966
Director since: 2020

Other current assignments: CEO at Bright Group OY

Other current board assignments: Chairman of the Board of Directors of Betsson Group

Previous assignments: Several leading positions at entertainment companies such as Kanal 5, Zodiak Television and MTG in Sweden and has also held the position as chairman of the Board of Directors for the news app Squid.

Education: Master of Science in Business Administration, Finance and Marketing from Stockholm School of Economics.

Viktor Fritzén
Director of the Board

Born: 1985
Director since: 2020

Other current assignments: Advisor to Superblocks

Other current board assignments: Director of the Board at Avanza Bank Holding AB, Avanza Bank AB, Avanza Pension, Appjobs Sweden AB and PRNT Printing Solutions AB.

Previous assignments: Group CFO at LeoVegas in a period of strong growth, IPO and several acquisitions. Background in the Finance sector as equity research analyst at Goldman Sachs.

Education: Master of Science in Finance from Stockholm School of Economics

Nathan Medlock
Director of the Board

Born: 1972
Director since: 2014

Other current assignments: Partner at Zouk Capital

Other current board assignments: Member of the Board of Workable, member of the board of Taulia, board observer at Huddle.

Previous assignments: Director of the Board of iZettle AB, 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.

Malin Stråhle
Director of the Board

Born: 1971
Director since: 2020

Other current assignments: Director of Strategy Operations at Spotify

Previous assignments: 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. p AS, Lets deal AB, Venture Cup Sverige och Hööks Hästsport AB.

Education: Master of Architecture, Faculty of Engineering from Lund University

Alexandra Whelan
Director of the Board

Born: 1973
Director since: 2019

Other current assignments: Consultant within strategy and marketing for consumer, sports and media brands.

Previous assignments: 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.

Joel Wikell
Director of the Board

Born: 1965
Director since: 2012

Other current assignments: Founder of Readly and second largest owner of the company (10.4%)

Previous assignments: Founder of HexiGames and Boss Media

Auditors

PricewaterhouseCoopers AB was elected for a one-year period at the AGM 2019. PricewaterhouseCoopers AB has announced that Authorized Auditor Aleksander Lyckow is the principal auditor.

Senior Management Team

Maria Hedengren
Chief Executive Officer

Born: 1970
Employed since: April 2019

Maria has more than 20 years of experience from global finance and business management. Maria has led both private and public technology companies and has a proven track record of scaling companies internationally. Before Readly Maria was the CFO of iZettle and NetEnt.

Education Business Administration at Gothenburg School of Business

Johan Adalberth
Chief Financial Officer

Born: 1979
Employed since: August 2019

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 Business administration, Uppsala University

Joe Armstrong
Chief Operating Officer

Born: 1974
Employed since: juni 2019

Joe began his professional career as a corporate M&A lawyer at major international law firms before moving into private equity where he was involved in the origination, execution and management of real estate investments up to EUR 2bn in size. Prior to joining Readly, Joe was a chief operating officer of a Cleantech startup.

Education: LLB from King's College London University

Ranj Begley
Chief Content Officer

Born: 1982
Employed since: January 2014

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

Kristina Boëthius
Chief People Officer

Born: 1974
Employed since: August 2019

Kristina has 19 years of experience in HR primarily in manager and L&D positions in companies such as Stena, Net Ent and C More. Kristina has also worked as an independent contractor for 10 years providing organizational consulting services to Swedish and multinational companies and organizations.

Education: Human Resource Management at the University of Gothenburg and Gothenburg School of Business, Economics and Law

Nima Boustanian
Chief Product Officer

Born: 1983
Employed since: 2018

Nima has consulted for large Fortune 500 companies for the past 10 years, as well as co-founded multiple successful start-ups. Past experiences include creating the UX & Design department at Tele2 and guiding brands such as Clas Ohlson and Scandic Hotels venture into mobile e-commerce.

Education: M.Sc. in Computer Science, Stockholms universitet

Patrik Brännfors
Chief Business Development Officer

Born: 1979
Employed since: January 2019

Patrik has an entrepreneurial background founding Vinoteket.se, the leading direct wine seller in Sweden. He has also been Head of Sales Northern Europe at Zanox and was Country Manager for Getty Images before joining Readly.

Education: Marina Läroverket in Stockholm

Joakim Johansson
Chief Technology Officer

Born: 1973
Employed since: April 2019

Joakim has a background as Head of Platform at LeoVegas. Within the same company he also worked as a Product Manager for the platform as well as being the Site Manager for the tech office in Växjö. He has a broad technical background and is experienced in online gaming and payment technology. He has also worked as a Business Analyst at IKEA with skills to define optimal business solutions (processes, people and IT).

Education: IT studies at Linnéuniversitetet

Cecilia von Krusenstierna
Chief Growth Officer

Born: 1975
Employed since: September 2019

Cecilia has 18 years' experience in marketing, online sales and strategy, business development and customer operations, reaching 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

Victor Marklund
Chief Analytics Officer

Born: 1984
Employed since: april 2019

Victor brings experience in data strategy, business intelligence, and advanced analytics. He has experience from start-ups as Head of Analytics and Growth from VC backed Natural Cycles and Zlatan Ibrahimovic's sportswear brand A-Z as well as the gaming industry.

Education: M.Sc. in Economics and Political Science from Uppsala and Harvard University

Financial Statements and Notes

Director’s report

Information on the business

The Board of Directors and the CEO of Readly International AB (publ) hereby present the annual report and consolidated financial statements for the 2019 financial year. The annual report is prepared in Swedish kronor (SEK), and all amounts presented are in thousands of Swedish kronor (SEK thousand), unless otherwise stated. Readly International AB is the Parent Company of the Group of which the following subsidiaries are part: Readly AB, Readly Financial Instruments AB, Readly Books AB, Readly UK Ltd, Readly GmbH and Readly LLC (jointly referred to as Readly).

Readly’s purpose is to bring the magic of magazines into the future. Through a subscription to Readly’s mobile service, which is available for both IOS and Android, and can be used on mobile phones, tablets and laptops, users receive unlimited access to circa 5,000 of the world’s best magazines through cooperative agreements with around 800 publishers in Sweden, Germany, the UK, the Netherlands, Italy, Switzerland, Ireland, Austria and the United States.

Significant events during the year

In 2019, the company launched its product in Italy where the reader is offered around 80 magazines in Italian in addition to Readly’s already established assortment.

In the beginning of 2019, employees and assets (intangible and tangible) from the operating business was transferred from Readly International AB (parent company) to Readly AB (subsidiary). The transfer of assets was performed at book value.

On 24 April 2019, the company’s Board appointed a new CEO, Maria Hedengren.

On 2 May 2019, an Extraordinary General Meeting was held where Alexandra Whelan was elected as a Board member of Readly, thereby replacing Justin Mighell.

The Annual General Meeting was held on **18 June 2019.** Per Hellberg was re-elected as the Chairman of the Board. Nathan Medlock, Alexandra Whelan and Joel Wikell were re-elected as Board members.

On 2 July 2019, with support of an issue authorisation from the AGM on 18 June 2019, a new share issue was carried out comprising 934,518 shares at an exercise price of SEK 168 per share. The company thereby raised SEK 157 million before issue expenses.

On 8 August 2019, with support of an issue authorisation from the AGM on 18 June 2019, a new share issue was carried out comprising 8,908 shares at an exercise price of SEK 168 per share. The company thereby raised SEK 1.5 million before issue expenses.

On 2 September 2019, Johan Adalberth took office as the Chief Financial Officer.

On 17 September 2019, Per Hellberg left his post as the Chairman of the Board. Nathan Medlock was appointed the temporary Chairman of the Board.

O**n 17 September 2019,** Cecilia von Krusenstjierna took office as the Chief Growth Officer.

On 25 September 2019, with support of an issue authorisation from the AGM on 18 June 2019, a new share issue was carried out comprising 41,086 shares at an exercise price of SEK 155 per share. The company thereby raised SEK 6.4 million before issue expenses.

In October 2019, with the UK as the first market, the company launched Readly Articles, which enables publication and sharing of individual articles. This was done in close cooperation with selected publishers. In December 2019, Readly Articles was launched in Sweden.

On 18 December 2019, VAT was reduced in Germany on e-publications from 19 percent to 7 percent.

On 30 December 2019, 22,450 employee warrants were converted to shares.

Revenue, expenses and results

Total revenue amounted to SEK 264.7 million (196.0), an increase of 35.1 per cent compared with a year ago. Revenue growth came from all markets except Germany, with Sweden accounting for the biggest share. The increase was driven by higher brand awareness, new markets and continued marketing investments in existing markets.

Total operating expenses increased by 34.4 per cent for the period to SEK -407.3 million (-302.9) and were mainly related to higher recommendation costs, which are driven by revenue growth together with higher marketing activities. The increase was also driven by a larger number of employees and engaged consultants.

Liquidity and financial position
Capitalised costs for development work amounted to SEK 17,7 million (14.3) at year-end. The capitalised costs are mainly attributable to new functionalities in the app. Cash and cash equivalents amounted to SEK 130,1 million (105.9). Shareholders' equity amounted to SEK 54,8 million (4.7) and was affected by the result for the year as well as by the new issued carried out during the year. Accrued expenses and deferred income amounted to SEK 80.4 million (63.9) at year-end. The increase is attributable to higher publisher costs.

Cash flow
Cash flow from operating activities before changes in working capital was SEK -131,5 million (-99.2). Changes in working capital amounted to SEK 16.8 million (34.7). The decrease in cash flow compared with the preceding period is mainly attributable to the operating result of SEK -142.5 million (-107.0) and other increase in working capital. Cash flow from financing activities was SEK 153.5 million (105.2) and is mainly attributable to the new issue carried out in June 2019.

Research & development
The company has continued to develop its app with the goal to offer subscribers the best possible reading experience on the market. The company is today a market leader in digitalisation of the magazine sector, and to maintain this position the company will continue to invest in research and development (R&D). R&D has always been a priority focus for Readly, and as an expression of this, to date the company has invested the equivalent of 11 per cent of its operating expenses in R&D.

Expected future development
The company's growth is expected to remain strong, where short-term growth is expected to primarily come from new users in existing markets, but the company also plans to expand business to more geographic markets over time. In order to support the company's continued growth, Readly is continuing to strengthen the organisation, the brand and the product's functions as well as cooperating with existing and new publishers to continue expanding the range of titles that the users can enjoy anywhere and anytime.

Risks and uncertainty factors
Currency risk
As the company is active internationally, it is subject to currency exposures, primarily for EUR and GBP. The company's sales to external customers are made in local currency and, at the same time, the company often has costs in corresponding currencies mainly in the form of compensation to the publishers, which creates a "natural hedge" for transactions in the operating business. The company's significant currency risks arise in the translation of balance-sheet items in foreign currency.

High rate of technical change
The market is characterised by a high rate of technical change. The company's ability to predict the technical development and the markets' needs and adapt its products accordingly is of central importance to the company's continued development.

Market and competition
Should Readly's competitors or new actors develop technologies and products that offer better products and/or lower prices, there is a risk that they take market shares. It is not unlikely that the company in the future will increasingly be subjected to competition from large, well-established and financially strong actors. If this were to happen, the Group's financial position and performance may be negatively impacted.

Dependence on key people
Within the Readly Group, there is extensive experience and expertise in the capacity of senior executives and other key personnel. The right expertise is significant to ensuring the company's expansion plans and should such resources be unavailable, it may cause the company's future expansion to be discontinued or reduced in scope. It is therefore of extensive importance that the company is able to recruit and retain qualified and competent personnel.

Liquidity risk
Liquidity risk is the risk that the company cannot meet continuous financial obligations in time. Since Readly is in a development phase, the company still reports significant losses. This requires careful planning and monitoring of the company's capital and cash needs. A base of shareholders is also required, who have disposable capital resources to support the company's planned growth with additional capital as necessary. If new share capital and/or external borrowing would not be available to the company in the event of future needs, this may impact, for example, the planned expansion rate and fulfilment of commitments. Cash flow forecasts for the company are prepared by the company's finance function, which carefully follows rolling forecasts for the company's liquidity reserve to ensure that the company has adequate liquidity to meet the needs of the operating activities.

Dependence on cooperative partners
In its business, the company is dependent on services provided by third parties, including magazine publishers that agree with Readly to make their titles available on Readly's platform. Being able to offer its subscribers the most attractive content possible is crucial to

Readly's continued development. Today, Readly offers its subscribers access to approximately 5,000 magazine titles from around 800 publishers. Key factors for not just keeping, but also expanding the number of publishers that cooperate with Readly is that Readly is continuing to increase the user base and that the publishers see real benefit in the cooperation, both monetarily and in other ways, such as through access to advanced data analysis.

Other key suppliers include, for example, providers of systems, infrastructure and databases for IT operations. Use of such services provided by third parties exposes the business to a number of risks. There is a risk that critical suppliers, for example, are unable to deliver as agreed, that they are subjected to hacking or that they violate laws or rules that lead to the Group also being seen as violating laws and rules. If any of these suppliers were unable to deliver according to contract or if the Group's agreement with any of these suppliers were to be terminated early or not extended, the Group's operations, financial position and performance may be negatively impacted.

Uncertainty about impact from COVID-19

In a business like Readly's, the spread of COVID-19 could have an impact with negative financial and other consequences. This may affect future opportunities for financing, but also other areas. At the time of writing, it is uncertain to which extent, in what way and during which time horizon this may affect Readly.

Number of shares

Group	2019	2018
Number of shares at year end	5,449,232	4,464,720
Whereof preferred stocks	2,175,940	2,134,854
Earnings per share after tax	-29.62	-27.57

Main shareholders

	Number of shares	% of total number of shares
Zouk Capital LLP	1,708,706	31.4
Joel Wikell	608,228	11.2
Robur	437,281	8.0
AP3	416,667	7.6
Bengtssons Tidnings AB	208,064	3.8
Hermes	223,311	4.1
Channel 4	178,871	3.3
Joackim Birgersson	90,801	1.7
Fredrik Petrini	90,507	1.7
Henrik Widow	81,248	1.5
Aggregate	80,645	1.5
Others	1,324,903	24.3
Total	**5,449,232**	**100.0**

Multi-year summary

Group	2019	2018	2017	2016	2015
Total revenues, TSEK	264,739	195,950	126,972	65,176	43,323
EBIT, TSEK	-142,539	-106,976	-69,252	-59,239	-71,230
EBIT margin, %	-53.8%	-54.6%	-54.5%	-90.1%	-164.0%
Total assets	176,956	135,472	103,405	32,262	59,900
Average number of employees	55	44	31	29	29

For definitions of key performance indicators, refer to pages 81-82.

Proposed appropriation of profits

The following profits are at the disposal of the Annual General Meeting:

Retained earning	422,386,135
Net profit for the year	6,558,216
TSEK	**428,944,351**

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

To be carried forward	**428,944,351 SEK**

The Group's and the Parent Company's position and performance otherwise are presented by the following income statements, balance sheets and cash flow statements with notes.

Financial reports

Group Income Statement

TSEK	Note	Jan-Dec 2019	Jan-Dec 2018
Net sales	4	263,360	194,801
Other operating income	5	1,379	1,149
Total revenue		**264,739**	**195,950**
Publisher cost		-181,966	-137,632
Other external costs	6	-156,305	-110,972
Personnel costs	7	-58,833	-44,775
Depreciation and amortization	8, 13, 14	-7,921	-6,224
Other operating expenses	9	-2,253	-3,503
Total operating expenses		**-407,278**	**-302,926**
Operating result		**-142,539**	**-106,976**
Profit/loss from financial items			
Financial income		104	58
Financial expenses	8	-3,830	-928
Net financial items	10	**-3,727**	**-870**
Net result before tax		**-146,265**	**-107,846**
Income tax	11, 23	-300	-134
Net result for the period		**-146,565**	**-107,980**
Net result for the period attributable to the Parent company shareholders		**-146,565**	**-107,980**
Basic and diluted earnings per share, SEK		-29.6	-27.6
Basic and diluted weighted average number of shares		4,947,854	3,917,162

The entire profit for the year is attributable to the Parent Company's shareholders.

Group Comprehensive Income Statement

TSEK	Jan-Dec 2019	Jan-Dec 2018
Net result for the period	-146,565	-107,980
Items that may be reclassified to profit or loss		
Exchange rate differences on translating foreign operations	36	61
Other comprehensive income for the period	**36**	**61**
Total comprehensive income for the period	**-146,529**	**-107,919**
Total comprehensive income attributable to the Parent company shareholders	**-146,529**	**-107,919**

Consolidated statement of financial position

TSEK	Note	Dec 31, 2019	Dec 31, 2018
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure	13	17,656	14,267
Total intangible assets		**17,656**	**14,267**
Property & Equipment	14	1,770	956
Total tangible assets		**1,770**	**956**
Right of use assets	8	5,017	.
Total right of use assets		**5,017**	**-**
Financial assets			
Other non-current assets	15	6,264	4,454
Total financial assets		**6,264**	**4,454**
Total non-current assets		**30,707**	**19,676**
Current assets			
Trade receivables	17	2,588	3,506
Other current assets	18	4,050	2,330
Prepaid expenses and accrued income	19	9,479	4,075
Cash and cash equivalents	20	130,132	105,886
Total current assets		**146,249**	**115,796**
Total assets		**176,956**	**135,472**

Consolidated statement of financial position cont.

TSEK	Note	Dec 31, 2019	Dec 31, 2018
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital		817	670
Other contributed capital		623,184	463,709
Reserves		68	32
Retained earnings (including net loss for the year)		-569,276	-422,711
Total equity	21, 22	**54,773**	**41,680**
LIABILITIES			
Non-current liabilities			
Lease liabilities	2, 8	1,546	-
Total non-current liabilities		**1,546**	**-**
Current liabilities			
Trade payables	16	28,958	22,980
Lease liabilities	16, 24	2,872	-
Current tax liabilities	11	371	257
Other current liabilities	16, 24	8,037	6,630
Accrued expenses and deferred income	25	80,400	63,925
Total current liabilities		**120,637**	**93,792**
Total liabilities		**122,183**	**93,792**
Total equity and liabilities		**176,956**	**135,472**

Consolidated statement of changes in equity

	Share capital	Other contributed capital	Reserves	Retained earnings (including net loss for the year)	Total equity
Openinc balance, 1 January 2018	**381**	**356,898**	**-29**	**-314,558**	**42,692**
Net profit for the year	-	-	-	-107,980	-107,980
Other comprehensive income	-	-	61	-	61
Total comprehensive income	**-**	**-**	**61**	**107,980**	**-107,919**
Transactions with shareholders in their role as owners					
Bonus issue	191	-	-	-191	-
New share issue	98	107,444	-	-	107,542
Transaction cost	-	-2,253	-	-	- 2,253
Share-based renumeration - value of employees' service	-	712	-	.	712
Share-based renumeration - Supplier agreements	-	908	-	-	908
Closing balance 31 December 2018	**670**	**463,709**	**32**	**-422,711**	**41,680**

	Share capital	Other contributed capital	Reserves	Retained earnings (including net loss for the year)	Total equity
Opening balance 1 January 2019	**670**	**463,709**	**32**	**-422,711**	**41,680**
Net profit for the year	-	-	-	-146,565	-146,565
Other comprehensive income	-	-	36	-	36
Total comprehensive income	**-**	**-**	**36**	**-146,565**	**-146,529**
Transactions with shareholders in their role as owners					
New share issue	148	158,530	--	-	158,678
Transaction costs	-	-3 816	-	-	-3,816
Warrants	-	1,270	-	-	1,270
Share-based renumeration - value of employees' service	-	1,491	-	-	1,491
Redemption of share-based renumeration	-	2,000	-	-	2,000
Closing balance 31 December 2019	**817**	**623,184**	**68**	**-569,276**	**54,773**[1)]

1) Total equity includes deffered tax. Deferred tax related to leasing expenses, according to IFRS 16, amounts to SEK 31 (0) thousand. Deffered tax related to employee options (share-based renumeration) amounts to SEK 160 (61) thousand.

There is no non-controlling interest in the group. Total equity is attributable to shareholders of the parent company.

Consolidated cash flow statement

TSEK	Note	Jan-Dec 2019	Jan-Dec 2018
Operating profit (EBIT)		142,539	-106,976
Depreciation		7,921	6,224
Other items not affecting liquidity	28	3,656	1,665
Interest paid		-394	-15
Paid tax		-116	-134
Cash flow from operations before changes in working capital		**-131,472**	**-99,236**
Changes in account receivables		917	2,254
Changes in operating receivables		-7,939	-1,146
Changes in account payables		5,978	14,360
Changes in operating liabilities		17,882	19,254
Cash flow from operating activities		**-114,634**	**-64,514**
Investments in intangible and tangible assets	13, 14	-9,355	-4,690
Investments in financial assets	12	-1,811	-2,608
Cash flow from investing activities		**-11,166**	**-7,298**
New share issue, after transaction costs		154,862	105,205
Warrants		1,270	-
Amortisation of lease liabilities		-2,622	-
Cash flow from financing activities	29	**153,510**	**105,205**
Cash flow for the period		**27,710**	**33,393**
Cash and cash equivalents at the beginning of the period		105,886	73,346
Exchange rate differences related to cash and cash equivalents		-3,464	-851
Cash and cash equivalents at the end of the period		**130,132**	**105,886**

Parent company income statement

TSEK	Note	Jan-Dec 2019	Jan-Dec 2018
Net sales	4	19,156	19,621
Total revenues		**19,156**	**19,621**
Publisher cost		-	-1,854
Other external expenses	6	-8,392	-32,615
Personell costs	7	-4,029	-31,230
Depreciation and amortization	13, 14	-	-6,094
Other operating expenses		-266	-41
Total operating expenses		**-12,686**	**-71,835**
Operating result		**6,470**	**-52,213**
Profit/loss from financial items			
Financial income		99	119
Financial expenses		-10	-15
Net financial items	10	**88**	**103**
Net result before tax		**6,558**	**-52,110**
Income tax	11	-	-
Net result for the period		**6,558**	**-52,110**

The Parent Company has no items that are recognised as other comprehensive income and the total for comprehensive income is therefore equal to profit for the year.

Parent company statement of financial position

TSEK	Note	Dec 31, 2019	Dec 31, 2018
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure	13	863	14,267
Total intangible assets		**863**	**14,267**
Tangible assets			
Equiment, tools, fixtures and fittings	14	-	803
Total tangible assets		**-**	**803**
Financial assets			
Participations in group companies	12	376,440	224,325
Receivables from group companies	15	1,672	1,057
Total financial assets		**378,112**	**225,382**
Total non-current assets		**378,975**	**240,452**
Current assets			
Receivables from group companies	16, 27	9,548	527
Current tax receivables		298	-
Other current assets	18	3,583	-
Prepaid expenses and accrued income	19	81	59
Cash and cash equivalents	20	60,742	86,150
Total current assets		**74,251**	**86,736**
Total assets		**453,225**	**327,188**

Parent company statement of financial position cont.

TSEK	Note	Dec 31, 2019	Dec 31, 2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		817	670
Development expenditures fund		-	11,063
Total restricted equity		**817**	**11,733**
Non-restricted equity			
Share premium reserve		621,730	455,909
Retained earnings		-199,343	-158,296
Net profit for the year		6,558	-52,110
Total non-restricted equity		**428,944**	**245,503**
Total equity	21, 22	**429,763**	**257,236**
Non-current liabilities			
Liabilities to group companies		95	-
Total non-current liabilities		**95**	**-**
Current liabilities			
Account payables		3,488	12,862
Liabilities to group companies	27	12,926	49,551
Current tax liabilities	11	-	85
Other current liabilities		2,188	436
Accrued expenses and deferred income	25	4,764	7,018
Total current liabilities		**23,367**	**69,952**
Total liabilities		**122,183**	**93,792**
Total equity and liabilities		**453,225**	**327,188**

Parent company statement of changes in equity

TSEK	Share capital	Development expenditures fund	Share premium reserve	Retained earnings (including net profit for the year	Total equity
Opening balance, 1 January 2018	**381**	**9,287**	**350,387**	**-156,330**	**203,725**
Net profit and comprehensive income for the year	-	-	-	-52,110	-52,110
Development Expenditures fund	-	1,776	-	-1,776	-
Transactions with shareholders in their role as owners					
Bonus issuea	191	-	-	-191	-
New share issue	98	-	106,867	-	106,965
Transaction cost	-	-	-2,253	-	-2,253
Share-based renumeration- Supplier agreements	-	-	908		908
Closing balance 31 December 2018	**670**	**11,063**	**455,909**	**-210,407**	**257,235**

TSEK	Share capital	Development expenditures fund	Share premium reserve	Retained earnings (including net profit for the year	Total equity
Opening balance 1 January 2019	**670**	**11,063**	**455,909**	**-210,407**	**257,235**
Net profit and comprehensive income for the year	-			6,558	6,558
Development Expenditures fund	-	-11,063		11,063	-
Transactions with shareholders in their role as owners					
New share issue	148	-	158,530	-	158,678
Transaction costs	-	-	-3,816	-	-3,816
Warrants	-	-	1,270	-	1,270
Share-based renumeration - value of employees' service	-	-	1,491	-	1,491
Redemption of share-based renumeration	-	-	2,000	-	2,000
Share-based renumeration - Supplier agreements	-	-	6,346	-	6,346
Closing balance 31 December 2019	**817**	**-**	**621,730**	**-192,786**	**429,763**

Parent company cash flow statement

TSEK	Note	Dec 31, 2019	Dec 31, 2018
Operating profit (EBIT)		6,470	-52,214
Depreciation		-	6,094
Other items not affecting liquidity	28	10,002	-
Interest received		-	119
Interest paid		-10	-15
Paid tax		213	-
Cash flow from operations before changes in working capital		**16,674**	**-46,016**
Changes in operating receivables		-13,090	2,849
Changes in account payables		-9,374	9,960
Changes in operating liabiliites		-37,329	25,939
Cash flow from operating activities		**-43,118**	**-7,268**
Investments in intangible and tangible assets	13, 14	-863	-4,676
Divestments of intangible and tangible assets	13, 14	15,070	-
Acquisition of participations in subsidiaries	12	-152,116	-55,998
Investments in financial assets	15	-512	-
Divestments of financial assets		-	106
Cash flow from investing activities		**-138,421**	**-60,471**
New share issue, after transactions costs		154,862	105,522
Warrants		1,270	-
Cash flow from financing activities		**156,132**	**105,522**
Cash flow for the period		**-25,407**	**37,783**
Cash and cash equivalents at the beginning of the period		86,150	48,369
Exchange rate differences related to cash and cash equivalents		-	-
Cash and cash equivalents at the end of the period		**60,742**	**86,150**

Notes & Accounting Principles

Note 1 – Accounting principles

These notes contain a presentation of the significant accounting principles applied in the preparation of these consolidated financial statements insofar as they have not already been presented in earlier notes. These principles have been applied consistently to all the years presented, unless otherwise stated. The consolidated financial statements cover the legal Parent Company, Readly International AB, and its subsidiaries.

a) Compliance with standards and statutes

These consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Corporate Groups, and International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The Annual Report for the Parent Company has been prepared in compliance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

The consolidated statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet are subject to adoption by the Annual General Meeting on 25 May 2020.

The Parent Company applies the same accounting principles as the Group, other than is indicated below in the section "Parent Company's accounting principles".

b) Valuation basis applied in the preparation of the financial statements

Assets and liabilities are reported at historical cost except for certain financial assets and liabilities measured at fair value. Financial assets measured at fair value consist of financial instruments that are compulsory to measure assets measured at fair value through profit or loss.

c) Functional currency and presentation currency

The different units of the Group have 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), the functional currency of the Parent Company and the presentation currency of the Group, is used in the consolidated financial statements. Unless otherwise indicated, all figures are rounded to the nearest thousand. .

d) Assessments and estimates in the financial statements

The preparation of financial statements in conformity with IFRS requires the use of a number of critical accounting estimates. Company management must also make assessments, estimates and assumptions that affect application of the accounting principles and the amounts recognised for assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments.

The estimates and assumptions are regularly reviewed. 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 periods if the change affects both current and future periods.

Assessments made by the Senior 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 ensuing years, are more closely described in Note 3.

e) Significant applied accounting principles

With the exceptions described in closer detail, the accounting principles described below have been applied consistently to all periods presented in the Group's financial statements.

f) Changed accounting principles

(i) Changes in accounting principles due to new or amended IFRS

The Group applies the new standard IFRS 16 as of 1 January 2019, which replaced IAS 17 Leases and associated interpretations. The effect of the new standard is that the majority of the Group's leases are recognised as right of use (ROU) assets and lease liabilities based on discounted present value of future lease charges in the balance sheet. Lease charges are recognised in the income statement as amortisation on ROU assets and interest expenses on lease liabilities. This is instead of lease charges being recognised as expenses as they arise as if they were classified as operating leases under IAS 17.

The leases in the Group are mainly comprised of two property leases for office premises. 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.

Readly has applied the retroactive method in the transition to IFRS 16 and, in accordance with the transition rules, the comparative figures for 2018 were not restated. In the application of IFRS 16, the Group has recognised lease liabilities for leases previously classified as operating leases under IAS 17. These liabilities have been measured at present value of future minimum lease charges, discounted by the marginal loan interest rate as at 1 January 2019. The Group's weighted average marginal interest rate on loans is 6 per cent as at 1 January 2019. When the marginal loan interest rate is determined, the Group took into account what 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.

The ROU has been valued at the value of the liability adjusted for any advance payments that had been made as at 31 December 2018. Capitalised ROUs and lease liabilities at 1 January 2019 amounted to SEK 7,784 thousand and SEK 7,040 thousand, respectively. In determining the amounts, the most significant assessments the Group made were attributable to the length of the leasing period and the determination of the marginal loan interest rate. 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. The transition to IFRS 16 has not affected equity at the transition date.

The Group's profit for full-year 2019 was not materially impacted due to the introduction of IFRS 16. However, the Group's interest expenses increased as the interest on the lease liability is recognised as a financial expense. The Group's EBITDA for full-year 2019 improved by around SEK 3.0 million because lease charges under the previously applicable accounting standard had been recognised as operating expenses when they arose and are now replaced by amortisation costs on ROU assets and interest expenses for the associated lease liabilities. This also means that a corresponding increase occurred of the cash flow from operating activities as the repayment of the lease liability is classified as cash flows from financing activities.

Balance sheet effects as at 1 January 2019

TSEK	Dec 31, 2018	IFRS 16 adjustment	Jan 1, 2019
Right-to-use assets	-	7,785	7,785
Other prepaid expenses	6,405	-745	5,660
Non-current lease liablities	-	4,168	4,168
Current liabilities	-	2,872	2,872

Measurement of lease liabilities at transition date:

TSEK	
Operating lease commitments disclosed at 31 December 2018	8 ,380
Discounted using the incremental borrowing rate at the date of initial application	-568
Lease liabilities recognised as of 31 December 2018	**7,812**
(Less): short-term leases not recognised as a liabilitiy	-772
(Less): low value leases not recognized as a liability	-
Lease liabilities recognized as of 1 January 2019	**7,040**

g) New IFRS that have not yet begun to be applied

New and amended IFRS with future application are not expected to have any material effect on the company's financial statements.

h) Classification, etc.

Fixed assets consist essentially of amounts expected to be recovered or paid after more than 12 months of the balance sheet date, while current assets essentially consist of amounts expected to be recovered or paid within 12 months of the balance sheet date. Non-current liabilities are essentially comprised of amounts that Readly at the end of the reporting period has an unconditional right to choose to pay after more than 12 months after the end of the reporting period. If Readly does not have that 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 current.

From 1 January 2019, the Group transitioned from classifying capitalised proprietary product development expenditures as other non-cash items in the statement of cash flows to being included in cash flow from investing activities.

i) Segment reporting

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

The CEO analyses and follows up the business' operating profit based on the overall business. The financial information is accordingly analysed at a consolidated level. The majority of the external revenues are generated from sales of subscription services, whereby only one service area was identified. There are no country managers and no internal follow-up of the earnings per service area, geographic area or other segment breakdown and no allocation of costs are made. The assessment is accordingly that the Group's business consists of one segment.

In Note 4, there is a description of how the Group's revenues are distributed by geographic area. The Group's fixed assets occur in all material respects in Sweden.

j) Consolidation principles and business combinations

(i) Subsidiaries

Subsidiaries are all companies over which the Group has a controlling influence. The Group controls a company when it is exposed or entitled to a variable return from its holdings 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 the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which control ceases.

Any intra-Group transactions, balance sheet items and unrealised gains and losses on transactions between Group companies are eliminated. Where applicable, the accounting principles of subsidiaries have been amended to guarantee a consistent application of the Group's principles.

k) Foreign currency

(i) Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date or the date when the items were revalued. Any gain or loss arising from the payment of such transactions and in the restatement of monetary assets and liabilities in foreign currencies at the rate on the balance sheet date is recognised in the statement of comprehensive income.

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

(ii) Foreign operations' financial statements

The financial position and performance of all Group companies that have a functional currency other than the presentation currency are translated to the Group's presentation currency as per the following:

- assets and liabilities for each of the balance sheets are translated at the closing day rate,
- income and expenses for each of the income statements are translated to the average exchange rate (insofar as this average exchange rate constitutes a reasonable approximation of the accumulated effect of the exchange rates that apply on the transaction date, otherwise the income and expenses are translated at the transaction day rate), and
- • all exchange rate differences that arise are recognised in other comprehensive income.
- Accumulated gains and losses in equity are recognised in the income statement when foreign operations are divested in part or in whole.

l) Revenues

The Group recognises a revenue when the Group fulfils a performance commitment 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.

(i) Sales of subscription services

The majority of the Group's sales consist of revenues from subscription services. Agreements are signed at a customer level and only comprise one performance commitment, temporary digital access to periodicals. The service is almost solely 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 one month's free subscription in connection with the signing of a two-month subscription. In these cases, the transaction price is distributed over the term of the contract (i.e. two months).

(ii) 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 commitment to the customer and can set prices on 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 revenues are therefore recognised gross in the income statement.

m) Principles applied until the end of 31 December 2018 - Leased assets

Leases, where the lessor substantially retains the risks and rewards of ownership, are classified as operating leases. Payments made during the lease term (net of any incentives received from the lessor) are expensed in the statement of comprehensive income on a straight-line basis over the lease period. At 31 December 2018, the group only holds leases that are classified as operating leases. The Group's operating leases primarily comprise leased premises. Please refer to Note 8 for accounting principles applies after 31 December 2018.

n) Financial income and expenses
The Group's financial income and expenses include:

- Interest income
- Interest expenses
- Exchange-rate gains/losses on financial assets and financial liabilities

Interest income and interest expenses are recognised using the effective interest method. The effective interest rate that exactly discounts the estimated future cash payments or receipts during the expected life of the financial instrument to:

- The recognised gross value for the financial asset, or
- The amortised cost of the financial liability.

o) Taxes
Tax expense for the period comprises current tax. Tax is recognised in the consolidated statement of comprehensive income, apart from when the tax concerns items that are recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or 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 regulations enacted or substantively enacted at the balance sheet date in the countries where the Parent Company and its subsidiaries operate and generate taxable income. Management regularly evaluates statements 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 on 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 in a business combination 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 closing 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 taxation authority and relate to either the same taxable entity or different taxable entities where there is an intention to settle balances by net payments.

p) Financial instruments
The Group's financial assets and liabilities are recognised in accordance with IFRS 9 and are comprised of the items: other non-current receivables, accounts receivable, other current receivables, prepaid expenses and accrued income, cash and cash equivalents, accounts payable, other current liabilities and accrued expenses and deferred income.

(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

Financial assets measured at amortised cost
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.

Assets held for the purpose of collecting contractual cash flows and where these cash flows solely consist of principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted with 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 included in financial income in the consolidated income statement.

The Group's financial assets measured at amortised cost are comprised of the items accounts receivable, other current receivables, prepaid expenses and accrued income and cash and cash equivalents.

Financial liabilities measured at amortised cost
After the initial recognition, the Group's financial liabilities are measured at amortised cost using the effective interest rate method.

Accounts payable and other current liabilities
Accounts payable are commitments to pay for goods and services which have been purchased from the supplier 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 less. Otherwise, they are recognised as non-current liabilities. The liabilities are initially recognised at fair value and subsequently at amortised cost by applying the effective interest method.

(iii) Derecognition of financial instruments
Derecognition of financial assets
Financial assets are removed from the balance sheet 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 removal from the balance sheet are recognised directly in the consolidated income statement.

Derecognition of financial liabilities
Financial liabilities are removed from the balance sheet 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) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated income statement.

(iv) Impairment of financial assets
The Group assesses the future expected credit losses that are linked to assets recognised at amortised cost. The Group recognises a credit reserve for such expected credit losses at each reporting date. The loss provision for accounts receivable and contract assets is always valued at an amount corresponding to expected credit losses during the receivables' remaining duration.

When it is determined if a financial asset's credit risk has increased significantly since initial recognition and in the calculation of expected credit losses, the Group works based on reasonable and verifiable information that is relevant and available without unnecessary costs or efforts. This includes both quantitative and qualitative information and analyses based on the Group's historical experiences and the credit rating and includes future-oriented information. The Group deems that the credit risk on a financial asset has increased significantly if it is overdue by more than 60 days.

The group assess that a financial asset is in default when:

- It is unlikely that the borrower will pay all of its credit commitments, without the group having the opportunity to realize a security (if applicable) or –
- The financial asset is due by more than 90 days.

A financial asset's recognised gross value is written off when the Group does not have any reasonable expectations of recovering a financial asset in part or in whole. The Group only invoices corporate customers and makes individual assessments regarding the point in time and amounts for write-off based on whether there are reasonable expectations of recovery. The Group does not have any expectations of significant recovery of the amounts written off.

For accounts receivable, the Group applies the simplified approach for credit reserves, meaning that the reserve will correspond to the expected loss over the entire lifetime of the account receivable. In order to measure the expected credit losses, accounts receivable have been grouped based on allocated credit risk characteristics and days overdue. The Group uses future-oriented variables for expected credit losses. Anticipated credit losses are recognised in the consolidated income statement.

(v) Settlement of financial instruments
Financial assets and liabilities are offset and recognised net on the balance sheet 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.

q) Intangible assets

Intangible assets consist of capitalised development expenditures related to Readly's digital Magazine Service and consolidation system.

(i) 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 recognised 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 is available for use,
- the company's intention is to complete the intangible asset and use or sell it,

- conditions exist to use or sell the intangible asset,
- it can be demonstrated how the intangible asset generates probable future economic benefits,
- adequate technical, financial and other resources to complete development and to use or sell the intangible asset are available, and
- •the expenses directly 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 expenditures that do not fulfil the criteria above are expensed as they arise; also see Note 3, Critical accounting estimates and assessments. Development expenditures that were expensed in previous periods are not reported as an asset in an ensuing period. Costs for maintaining intangible assets are expensed when they arise

(ii) Additional expenditures
Additional expenditures on 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 it relates. All other expenditures are expensed as they arise.

(iii) Amortisation principles
Capitalised development expenditures are recognised as intangible assets and amortised from the time that the asset is ready to be used. Estimated useful life for proprietary intangible assets amounts to 3-5 years. Amortisation is recognised in profit/loss for the year straight-line over intangible assets' estimated useful lives, the Useful lives are reviewed at least annually and also as soon as indications arise that indicate that the assets in question have decreased in value.

r) Tangible assets

(i) Owned assets
Tangible assets include equipment, tools, fixtures and fittings. All fixed assets are recognised at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and costs directly attributable to putting the asset into place and in a condition to be fit for use in accordance with the intention of the acquisition.

(ii) Additional expenditures
Subsequent costs are added to the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and that 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 consolidated income statement in the period in which they occur.

(iii) Depreciation principles
Depreciation is recognised on a straight-line basis over the assets' estimated useful lives.

Estimated useful lives:
Equipment, tools, fixtures and fittings 3 - 5 years

Tillgångarnas restvärden och nyttjandeperiod prövas vid varje rapportperiods slut och justeras vid behov.
En tillgångs redovisade värde skrivs omgående ner till dess återvinningsvärde om tillgångens redovisade värde överstiger dess bedömda återvinningsvärde.
Vinster och förluster vid avyttring fastställs genom en jämförelse mellan försäljningsintäkten och det redovisade värdet och redovisas i Övriga rörelseintäkter eller Övriga rörelsekostnader i rresultaträkningen.

s) Impairment of non-financial assets

Intangible assets that are not ready for use are not amortised, but rather impairment tested annually or upon an indication of a value decrease. Assets that are amortised are assessed for a reduction in value whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is applied in the amount with which the asset's carrying amount exceeds its recoverable amount.

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

t) Share capital

Ordinary shares are classified as equity. Issued preference shares are also classified as equity. Transaction costs that can be directly attributed to the issue of new ordinary shares or preference shares are recognised net after tax in equity as a deduction from the issue proceeds.

u) Earnings per share

Earnings per share before dilution is calculated by dividing the profit/loss attributable to shareholders of the Parent Company by the weighted average outstanding common shares 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 outstanding common shares is adjusted for dilution effects of all potential common shares. The Parent Company has potential ordinary shares that have a dilution effect, share options. In calculating share options, the total 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 ordinary shares is only presented if a restatement of ordinary shares would lead to a decrease in the profit per share after dilution, and since the company recognises losses for the presented periods, no dilution effect is recognised.

v) Employee benefits

(i) Short-term employee benefits

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

(ii) Pension obligations

The Group has defined-contribution pension plans. A defined-contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay additional contributions if this legal entity does not have sufficient assets to pay all employee benefits associated with the employees' service during the current or previous periods.

The Group's defined-contribution pension plans correspond to the ITP1 plan's premiums. For white-collar employees in Sweden, the pension commitments for retirement and family pension are secured through an insurance policy in Avanza Pension (516401–6775), and EuroAccident Health & Care Insurance AB (55655–4766).

(iii) Share-based payments

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

The Group has issued employee options, which gives the holder the right to obtain a set number of the company's shares for a set cash amount. The issued amount attributable to employee options was recognised in equity.

See Note 7.

Employee option programme – Settled with equity instruments

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

- excluding possible impact from service terms and non-market-related terms for vesting (e.g. profitability, sales increase targets and that the employee remains in the company's service during a given period of time),
- including the impact of terms that do not constitute vesting terms (such as requirements that employees shall save or keep the shares for a given 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 warrants are expected to be vested based on the non/market-related vesting conditions and service requirements. The potential 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 contributions that arise on the allocation of the share options are considered an integrated part of the allocation, and the cost is treated as a cash-settled share-based remuneration, which means that a liability is recognised in the balance sheet. The liability is continuously revalued and the value of the liability and the cost in the income statement depends partly on a value change and partly on period allocation based on the vesting of the options.

Warrants

The options programmes are decided on by the shareholders and have been allocated to employees, Board members and consultants in Sweden and abroad. All outstanding options entitle the holder to subscribe for one share per option. All warrants are paid at fair value at the allocation date. Fair value is calculated using Black & Scholes valuation model.

w) Agreements with suppliers

(i) Supplier agreements

Share-based remuneration regarding service providers – Settled with equity instruments

Fair value of services received that entitle the supplier to shares in Readly International AB are recognised as an other external cost with a corresponding increase in

Other capital contributions, when cash settlement is not an alternative. The cost of these services is recognised as the services are received from the supplier 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.

ii) Share-based remuneration where the service provider has the possibility to choose to settle with cash or equity instruments.
Fair value of services received that entitle the supplier to shares in Readly International AB, but with settlement in cash as an alternative is recognised as an other external expense and 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 supplier and booking of a liability takes place at corresponding points in time.

Parent Company's accounting principles

a) Basis of preparation of the financial statements

The annual report for the Parent Company, Readly International AB, has been prepared in compliance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 means that, in the annual report for the legal entity, the Parent Company shall apply International Financial Reporting Standards (IFRS) as approved by the EU and statements to the furthest possible extent within the framework for 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.

The Parent Company applies the principles presented in Note 1 of the consolidated financial statements except for the exemptions presented below. The annual report has been prepared using the cost method.

The Parent Company's activities expose it to a number of different financial risks: market risk (currency risk), credit risk and liquidity risk. For more information on financial risks, please refer to the consolidated financial statements' Note 2.

b) Differences between the consolidated and the Parent Company's accounting

Differences between the consolidated and the Parent Company's accounting principles are presented below. The accounting principles for the Parent Company stated below were consistently applied to all periods presented in the Parent Company's financial reports.

c) Basis of measurement applied in preparation of the financial statements

Assets and liabilities are stated at historical cost, except for certain financial assets and liabilities, which are measured at fair value. Financial assets measured at fair value consist of participation in subsidiaries measured at fair value through the income statement.

d) Changes in accounting principles

Unless otherwise stated below, the Parent Company's accounting principles in 2019 were changed in accordance with that stated above for the Group.

e) Classification and presentation methods

The income statement and balance sheet are presented in accordance with the form of presentation prescribed in the Swedish Annual Accounts Act. The statement of changes in equity also uses the same presentation format as the Group, but must include the columns indicated in the Swedish Annual Accounts Act. The differences from the Group's statements that are applied in the Parent Company's income statement and balance sheet are mainly comprised of recognition of financial income and expenses and equity.

f) Participations in subsidiaries

Participations in subsidiaries are recognised at cost less potential impairment losses. Cost includes acquisition-related costs. Where there is an indication that participations in subsidiaries have decreased in value, their recoverable amount is calculated. An impairment loss is recognised if the recoverable amount is less than the carrying amount. Impairment losses are recognised in the item "Profit/loss from participations in Group companies".

g) Financial instruments

IFRS 9 is not applied in the Parent Company. The Parent Company instead applies the points stated in RFR 2 (IFRS 9 Financial Instruments, Paper Province. 3-10). Financial instruments are valued 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 company assesses the future expected credit losses based on future-oriented information for assets recognised at amortised cost. The company recognises a credit reserve for such expected credit losses at each reporting date.

h) Share-based payments

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 supplier to choose settlement with cash as an alternative to shares.

(i) Employee option programme – Settled with equity instruments

Readly International AB has an obligation to allocate share options directly to the subsidiaries' employees, who are covered by the Group's employee option programme. Fair value of allocated 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 principles.

(ii) Share-based remuneration for subsidiaries' service providers

If Readly International AB has an obligation to settle a subsidiary's debt by issuing shares directly to the subsidiary's supplier, 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 supplier and offsetting against equity takes place at corresponding points in time. Upon issue 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 has been determined based on market prices on these services.

If the agreement gives the supplier a possibility 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. The receivable is recognised as the subsidiary receives the services from the supplier and booking as a liability takes place at corresponding points in time.

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

i) Significant estimates and assessments

Preparing reports in compliance with RFR 2 require the use of a number of significant accounting estimates. Furthermore, the management is required to make certain assessments upon application of the Parent Company's accounting principles. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual report are disclosed in Note 3.

Note 2 – Financial risk management

Financial risk factors

The Group's activities expose it to many different financial risks: market risk (currency risk), credit risk and liquidity risk.

Market risk (Currency risk-transaction risk)

The Group's currency sensitivity in terms of the income statement is limited as income from external customers most often contributes to an expense in the same currency, which provides a "natural hedge". The balance sheet exposure is also limited as Readly's foreign subsidiaries have limited total assets. The more significant currency exposure that exists is due to upcoming royalty payments booked as liabilities. On the balance sheet date, there are liabilities in EUR and GBP for royalties amounting to SEK 21.9 million and SEK 13.1 million, respectively. This means that a change in the SEK/EUR rate and the SEK/GBP rate of e.g. +/-10% yields an impact on the Group of +/- SEK 2.2 (1.6) million and SEK 1.3 (1.3) million, respectively.

Credit risk

Credit risk arises through cash and cash equivalents and balances with banks and some credit exposures to customers. Most of Readly's customers pay in advance, which is why the credit risk towards customers only consists of counterparties that are large well-known companies and municipalities. Readly do not have any other financial assets of significant amounts. The credit risk is therefore limited. Counterparties to the group's account receivables are corporate customers. There is no concentration of of credit risk, neither through exposure towards a single customer or group of customers for whom the economical situation might be affected in an equal way from macroeconomic changes. For new customers, a risk assessment is made of the customer's creditworthiness in which their financial position is considered as well as previous experience and other factors.

Liquidity risk

Liquidity risk is the risk that there is not enough cash and cash equivalents to meet the Group's running needs. Readly recognises significant losses and negative cash flow as a consequence of the company's continued significant investments in market activities and other activities intended to generate growth. Careful planning and control of Readly's capital requirements are needed. In addition, a shareholder circle is required with available financial means to be able to support the planned growth through further capital contributions when necessary. Such a need will arise in 2020 according to current plans. If further share capital or external lines of credit are not available to Readly in future needs, this can impact the growth trend and fulfilment of commitments. Cash-flow forecasts are made by the company's finance function, which carefully follows rolling forecasts of Readly's liquidity with the aim of ensuring that the company has adequate liquidity to meet the operating needs. Readly has major shareholders, who are financially strong and conduct long-term planning in relation to their investments.

On 2 July, a new share issue comprising 934,518 shares was registered. On 8 August, another new share issue comprising 8,908 shares was registered. The final new share issue for 2019 was registered on 25 September when 41,086 new shares were registered. In total, issued shares through new share issues have generated a positive effect on the cash flow of SEK 156.7 million.

In the following table, the Group's financial liabilities are analysed according to the period which remains on the balance sheet date until the contractual maturity date. The amounts presented in the table are the contractual, undiscounted cash flows.

At 31 December 2019	Less than 3 months	Between 3 months and 1 year	More than 1 year	Carrying amount
Non-current financial liabilities				
Lease liabilities	-	-	2,423	2,423
Total non-current financial liabilities	**-**	**-**	**2,423**	**2,423**
Current financial liabilities				
Accounts payable	28,958	-	-	28,958
Leasing liabilities	745	2 234	-	2,978
Accrued expenses and deferred income	-	51,540	-	51,540
Total current financial liabilities	**29,703**	**53,774**	**-**	**83,477**
Total financial liabiliites	**29,703**	**53,774**	**2,423**	**85,900**

At December 2018	Less than 3 months	Between 3 months and 1 year	More than 1 year	Carrying amount
Current financial liabilities				
Accounts payable	22,980	-	-	22,980
Lease liabilities	-	-	-	-
Other current liabilities	130	-	-	130
Accrued expenses and deferred income	-	40,615	-	40,615
Total current financial liabilities	**23,110**	**40,615**	**-**	**63,725**
Total financial liabilities	**23,110**	**40,615**	**-**	**63,725**

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 the 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.

In order to maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

Note 3 – Critical accounting estimates and assessments

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the current circumstances. The Group makes estimates and assumptions about the future. The resulting accounting estimates will by definition seldom correspond to the actual outcome. Corporate management has discussed the development with the Audit Committee, selection and disclosure of the company's critical accounting principles and estimates, and the application of these principles and estimates.

Estimates and assumptions which involve a significant risk of material adjustments to the carrying amounts of assets and liabilities in the coming financial year are addressed in general below.

Capitalisation of development expenditures

The Group conducts development work attributable to Readly's digital magazine service. Development expenditures mainly consist 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 deemed that development expenditures amounting to SEK 6,667 (3,860) thousand meet the criteria for capitalisation for the 2019 financial year and capitalisation for an equivalent amount has thereby been done in the statement of financial position. For further information, see Note 13.

Depreciation, amortisation and impairment of tangible and intangible assets

Proprietary intangible assets are recognised at fair value at the time of acquisition and amortised straight-line over the forecast useful life corresponding to the estimated time they will generate cash flow. When assessing the useful life period all relevant factors are observed, both within control of the group but also factors related to market risk and changes. The assets are assessed for a reduction in value whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. Assets that are capitalized but not yet in use are evaluated on an ongoing basis to identify any events or indications that the carrying amount may no longer be recoverable. Such events may depend on changes in technical circumstances and other unexpected circumstances that make the value indefensible.

Going concern

Readly's financial statements have been prepared in accordance with the accounting principles that apply for a going concern assumption, meaning that Readly will have the ability to continue to conduct its business for the foreseeable future. The foreseeable future extends at least to, but is not limited to, 12 months after the end of the reporting period. It is the Board and the CEO that have the responsibility for the assessment of the company's ability to continue business. In order to make this assessment in a correct manner, consideration is taken to all available information and assumptions regarding the future. In addition, the continuous conditions that may affect the ability for the going concern assumption, the main risk area of which is access to financing. Since Readly is in a development phase, the company still reports significant losses. This may lead to a strained liquidity and a need to ensure the long-term financing of the Group. In order to ensure a satisfactory liquidity development, the company carried out a number of new share issues during the year. According to the current expansion plans, capital contributions will also be needed in 2020. The Board and the CEO's assessment is that after implemented measures, existing working capital with available financing possibilities required for the going concern assumption are met.

Deficit deductions

The group has non activated deficit deductions amounting to SEK 583.7 (436.7) million.

Note 4 – Distribution of net sales

	Group	
Distribution of net sales by type of service	**2019**	**2018**
Readly's digital magazine service	263,360	194,801
Trademark	-	-
Licenses	-	-
IT infrastructure services	-	-
Management fee	-	-
Other costs passed on	-	-
Total	**263,360**	**194,801**
Net sales by geographic market	2019	2018
Sweden	69,028	52,349
Germany	109,606	77,259
UK	56,017	49,341
Rest of the world	28,709	15,852
Total	**263,360**	**194,801**

No individual customer accounts for more than 10% of consolidated sales and thus no major customer is considered to exist. Joint-Group pertains to head office support functions, such as the Executive Committee, Legal Affairs, and Business Development,

Note 5 – Other operating income

	2019	**2018**
Exchange-rate gains in operations	1,379	1,134
Other operating income	-	15
Total	**1,379**	**1,149**

Note 6 – Auditor's remuneration

	Group		Parent Company	
Group	**2019**	**2018**	**2019**	**2018**
PwC				
- Audit assignment	665	275	515	275
- Auditing activities in addition to audit assignment	69	503	69	503
- Tax advisory services	961	325	961	325
- Other services	1,576	627	1,576	627
Total	**3,271**	**1,730**	**3,121**	**1,730**

Note 7 – Employee benefits, etc.

Average number of employees

	Group				Parent Company			
	2019		2018		2019		2018	
Group	**Average number of employees**	**Whereof men**	**Average number of employees**	**Whereof men**	**Average number of employees**	**Whereof men**	**Average number of employees**	**Whereof men**
Sweden	36	18	27	21	1	-	27	21
Germany	10	4	11	8	-	-	-	-
UK	9	5	6	4	-	-	-	-
Total	**55**	**27**	**44**	**33**	**1**	**-**	**27**	**21**

Gender balance, senior executives of the Group

	2019		2018	
Group	**Number year-end**	**Whereof men**	**Number year-end**	**Whereof men**
Board members	3	2	4	4
Managing Director and other senior executives	10	3	8	6
Total	**13**	**5**	**12**	**10**

	2019		2018	
Parent Company	**Number year-end**	**Whereof men**	**Number year-end**	**Whereof men**
Board members	3	2	4	4
Managing Director and othr senior executives	2	1	6	5
Total	**5**	**3**	**10**	**9**

Expensed salaries, other benefits and social security contributions

	Group		Parent Company	
	2019	**2018**	**2019**	**2018**
Salaries, including other renumeration for termination of employment	40,058	31,142	2,721	18,901
Social security contributions	11,318	7,862	855	5,368
Pension costs - defined contribution plans	2,960	2,327	450	2,130
Share-based renumeration for employees	1,491	861	1,491	-
Total	**55,827**	**42,192**	**5,517**	**26,399**

Board of Directors

The Chairman of the Board and Board members receive fees in accordance with the Annual General Meeting's resolution. No special fee was payable for committee work in 2019. According to the 2019 AGM resolution, the annual Board fee was set at SEK 100 thousand (100). The entire amount is payable to the Chairman of the Board as in earlier years. Nathan Medlock replaced Per Hellberg as new chairman of the board as at 17 September 2019 why the amount have been divided between these two during the year. The total expensed remuneration of Board members is presented by the table.

2019	**Salaries and other renumeration**	**Variable renumeration**	**Other renumeration**
Nathan Medlock	29	-	-
Alexandra Whelan	-	-	1,642[1)]
Joel Wikell	-	-	-
Per Hellberg	71		-
Total	**100**	**-**	**1,642**

1) Other renumeration to Alexandra Whelan relates to invoiced renumeration for her capacity as consultant. These services were terminated in the fall of 2019.

2018	**Salaries and other renumeration**	**Variable renumeration**	**Other renumeration**
Nathan Medlock	-	-	-
Justin Mighell	-	-	-
Joel Wikell	-	-	-
Per Hellberg	100		-
Total	**100**	**-**	**-**

Expensed remuneration and other benefits to senior executives, SEK thousand

	Salaries		**Variable renumeration[2)]**		**Pension costs**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Managing Director	3,177[3)]	2,071	538	720	943	595
Other senior executives	13,107[1)]	8,420	2,292	360	2,113	330
Group total	**16,284**	**10,437**	**2,830**	**1,080**	**3,056**	**925**

1) Total invoicing related to non-employed senior executives amounts to SEK 3.9 (0.8) million. These costs have been included in total amount for salaries but also included social costs as well as pension costs. Readly assess that invoiced salaries are in line with the group policy as they are cost neutral in comparison to salaries to employees.

2) Variable renumeration consists of bonuses related to financial year of 2019 amounting to SEK 1.3 (1.1) million, whereof SEK 0.5 (0.7) million relates to the managing director, as well as employee stock options for other senior executives of 1.5 (0.7) MSEK.

3) The increase in salaries related to managing director is mainly related to severance pay for the former CEO.

Defined-contribution pension

The Group only has pension plans that are recognised as defined-contribution pension plans. The pension age for the CEO and other senior executives is currently 67 years in accordance with law. The pension premium shall be an amount corresponding to the conditions in accordance with ITP2. The pensionable salary is the basic salary.

Severance pay

Between the company and the CEO and the company a notice of six months applies for the CEO and 12 months for the company. No severance pay is agreed to.

A mutual period of notice of three to six months applies between the company and other senior executives. There is no severance pay.

Warrants programme Sweden

The options programmes are decided on by the shareholders and have been allocated to employees, Board members and consultants in Sweden and abroad. The Group does not have any legal or constructive obligation to buy back or pay the options in cash. All outstanding options entitle the holder to subscribe for one share per option. All warrants are paid at fair value at the allocation date. Fair value is calculated using Black & Scholes valuation model.

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

	2019		2018	
	Average exercise price per option, SEK	**Options (thousands)**	**Average exercise price per option, SEK**	**Options (thousands)**
As of 1 January	**222**	**137,500**	**225**	**155,000**
Granted	275	295,250	-	0
Forfeited	275	-22,333	250	-17,500
Exercised	130	-1,000	-	-
Expired	130	-26,500	-	-
As of 31 December	**266**	**382,917**	**222**	**137,500**

In 2019, 1,000 (0) warrants were exercised to subscribe for shares at a price of SEK 130 per share. Share price at allocation date was 168 SEK/share. 26,500 warrants expired with an exercise price of SEK 130 per share. 22,333 warrants were bought back by the company with an exercise price of SEK 275 per share. None of the outstanding warrants are redeemable as per 31 December 2019.

Outstanding warrants at year end:

Issue Year	Program	Subscription	Share price	Fair value	Average term to maturity	Number of warrants 31/12/2019	Number of warrants 31/12/2018
2015	2016/2019	1/1/2019-30/12/2019	130	1.50	3	-	27,500
2016	2016/2020	1/7/2020-30/12/2020	199	2.50	3	10,000	10,000
2017	2017/2020	1/7/2020-30/12/2020	250	6.35	3	100,000	100,000
2019	2019/2021	1/7/2021 - 30/12/2021	275	5.53	3	57,917	-
2019	2019/2022	1/7/2022-30/12/2022	275	5.53	3	150,000	-
2019	2019/2022	1/7/2022-30/12/2022	275	6.04	3	65,000	-
Total						**382,917**	**137,500**

Fair value of allocated warrants (207,917) 2019

Fair value on the allocation date includes an exercise price (SEK 275), the warrant's duration (3.0 years), share price on the allocation date (SEK 164) and expected volatility in share price (29.1%), expected dividend yield, risk-free interest (0%) for the warrant's duration and correlation and volatility for a group of comparative companies.
The expected volatility in the share price is based on the historical volatility (based on remaining duration of the option), adjusted for the expected changes in future volatility as a result of available public information.

Fair value of allocated warrants (65,000) 2019

Fair value on the allocation date includes an exercise price (SEK 275), the warrant's duration (3.2 years), share price on the allocation date (SEK 168) and expected volatility in share price (28%), expected dividend yield, risk-free interest (0%) for the warrant's duration and correlation and volatility for a group of comparative companies.

The expected volatility in the share price is based on the historical volatility (based on remaining duration of the option), adjusted for the expected changes in future volatility as a result of available public information.

Employee option programme (Share-based remuneration – value of employees' service)

The programme is implemented to provide long term incitament för senior employees (including senior executives) to deliver long term shareholder value. The participants are provided options that may be earned only if the participants remain their employments for the whole term to maturity. The Group does not have any legal or constructive obligation to buy back or pay the options in cash. All outstanding options entitle the holder to subscribe for one share per option. All warrants are paid at fair value at the allocation date. Fair value is calculated using Black & Scholes valuation model.

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

	2019		2018	
	Average exercise price per option, SEK	**Options (thousands)**	**Average exercise price per option, SEK**	**Options (thousands)**
As of 1 January	127	61,000	124	66,000
Granted	164	102,917	-	-
Forfeited	157	-7,650	86	-1,500
Exercised	87	-22,450	86	-3,500
Expired	86	-2,900	-	-
As of 31 December	**162**	**130,917**	**127**	**61,000**

In 2019, 22,450 (3,500) employee options were exercised to subscribe for shares at a weighted average price of SEK 87 (86) per share. 2,900 employee options expired with a weighted average price of SEK 86 per share. 7,650 employee options were cancelled with a weighted average price of SEK 157 per share. None of the outstanding employee options are redeemable as per 31 December 2019.

Outstanding employee options at year-end:

Issue Year	Program	Earning period	Termination date	Subscription eperiod	Share price	Fair value	Number of employee options 31/12/2019	Number of employee options 31/12/2018
2015	2016/2019	23/2/2016-31/12/2018	31/12/2018	1/9/2019-30/12/2019	86	17	-	25,000
2015	2016/2020	23/2/2016-31/12/2018	31/12/2018	1/9/2019-30/1/2020	86	17	-	-
2017	2017/2021	19/10/2017-31/12/2020	31/12/2020	1/1/2021-30/6/2020	155	45	30,000	36,000
2018	2018/2022	25/3/2019-31/12/2022	31/12/2020	1/1/2021-30/6/2021	164	22	10,917	-
2019	2019/2023	2/5/20219-1/1/2021	1/1/2021	30/4/2022-30/4/2023	164	16	45,000	-
2019	2019/2022	18/6/2019-30/6/2023	30/6/2023	1/7/2023-30/12/2023	164	24	45,000	-
Total							**130,917**	**61,000**

Fair value of allocated employee options (2019)

Fair value on the allocation date includes an exercise price (SEK 164), the option's duration (1.7 - 4.0 years), share price on the allocation date (SEK 164) and expected volatility in share price (28%), expected dividend yield, risk-free interest (0%) for the option's duration and correlation and volatility for a group of comparative companies.

The expected volatility in the share price is based on the historical volatility (based on remaining duration of the option), adjusted for the expected changes in future volatility as a result of available public information.

Costs for employee option programme

The cost for the employee option programmes during the period and recognised as a part of the personnel costs amounted to 1.5 (0.7) MSEK excluding social security contributions.

Note 8 – Leases

The effect of the transition to IFRS 16 on the Group's leases is described in Note 1 Significant accounting principles. The transition methods that the Group has chosen to apply in the transition to IFRS 16 mean that comparative information has not been restated to reflect the requirements in the new standards. Leased assets in Readly consist of office premises.

Right of use assets

Group	
2019 financial year	
Open carrying amount 1 January 2019	**-**
Office premises	7,784
Amortisation	-2,767
Closing carrying amount on 31 December 2019	**5,017**

No newly acquired right of use (ROU) assets have been added during the year. Leased assets are also amortised over the estimated useful life or, if it is shorter, over the agreed lease term, usually 2-3 years.

Lease liabilities
For a duration analysis of the lease liabilities, see Note 2 Financial risks.

Amount recognised in statement of income and other comprehensive income

Group	2019
Depreciation of right-of-use assets	-2,767
Interest on lease liabilities	-356
Costs for short-term leasing	-837
Costs for leases with low value, not short-term leases of low value	-

Amount recognised in statement of income and other comprehensive income

Group	2019
Total outgoing cash flow attributable to leases	-3,816

The above cash outflow includes both amounts for leases recognised as lease liabilities, as amounts paid for variable lease charges, short-term leasing and leases of low value.

The leases in the Group are mainly comprised of two property leases for office premises. The leases are normally signed for fixed periods of between three to five years. Leases are recognised as rights of use (ROU) assets and a corresponding liability, the date the leased asset is available for use by Readly. The ROU and lease liability are recognised on the lines Rights of use and lease liabilities distributed to non-current and current components in the balance sheet. Each lease payment is allocated between the repayment of the liability and interest expense. Interest expense is distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in each period. The right of use is depreciated straight-line over the shorter of the asset's useful life and the term of the lease.

The lease liabilities include the present value of the following lease payments:

- Fixed fees (including fees that are fixed in substance),
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease payments are discounted by the implicit interest if the interest can be determined, or the marginal loan interest rate otherwise.

The assets with right of use are measured at cost and include the following:

- The amount the lease liability originally was valued at.
- Lease charges paid at or before the start date, less any benefits received in connection with signing of the lease.

Readly has chosen to apply the exemptions in 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.

Disclosures on operating leases as per IAS 17

Group as lessee
The Group leases vehicles and photocopiers under interminable operating leases. The lease terms vary from 1 to 3 years. Most of the leases can be extended at the end of the term of the lease for a fee at the market rate. Future total minimum leasing fees for interminable operating leases are as follows:

Group	2019
Within 1 year	3,905
Between 1 and 5 years	3,136
More than 5 years	-
Total	**7,041**

Expensed lease charges amounting to SEK 2,738 thousand, of which variable fees are SEK 0 thousand regarding leasing mainly of premises are included in the consolidated income statement for 2018 financial year.

Note 9 – Other operating expenses

Group	2019	2018
Exchange-rate losses in the operations	2,253	3,503
Total	**2,253**	**3,503**

Note 10 – Financial income and expenses

	Group		Parent Company	
	2019	**2018**	**2019**	**2018**
	-	-	65	119
Exchange-rate differences	104	58	34	-
Total financial income	**104**	**58**	**99**	**119**
Interest expenses	-394	-15	-10	-15
Exchange-rate differences	-3,436	-912	-	-
Total financial expenses	**-3,830**	**-927**	**-10**	**-15**
Net financial items	**-3,727**	**-869**	**88**	**103**

Note 11 – Income tax

	Group		Parent Company	
	2019	2018	2019	2018
Current tax	300	134	-	-
Total current tax	**300**	**134**	**-**	**-**

	2019	2018	2019	2018
Loss before tax	-146,265	-107,461	6,558	-52,110
Income tax calculated according to local tax rate, 21,4% (22%)	31,301	23,641	-1,403	11,464
Tax effects of:				
Tax-effects of non-capitalised deficits	-31,750	-24,092	1,023	-11,668
Tax-effects of non-deductible expenses	-53	-77	-16	-170
Expenses to be deducted but not included in recognised earnings	396	374	396	374
Tax effects of foreign tax rates	405	287	-	-
Tax expense	**300**	**134**	**-**	**-**

Note 12 – Holdings and investments in subsidiaries

The Group had the following subsidiaries on 31 December 2019

Namn	Country of registration and operation	Percentage of ordinary shares directly owned by the Group (%) 2019-12-31	Percentage of ordinary shares directly owned by the Group (%) 2018-12-31
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	US	100%	100%

Participations in Group companies

Parent Company	2019	2018
Opening balance	**224,325**	**168,327**
Acquisitions/contributions for the year	152,115	55,998
Closing balance	**376,440**	**224,325**

The Parent Company holds participations in the following subsidiaries:

Company name Corp.Reg. No.	Registred office	Share of equity	Number of shares	Carrying amount 2019-12-31	Carrying amount 2018-12-31
Readly AB	Stockholm, Sverige	100%	50 000	375,391	223,274
Readly Books AB	Stockholm, Sverige	100%	50 000	50	50
Readly Financial Instruments AB	Stockholm, Sverige	100%	50 000	765	765
Readly GmbH	Berlin, Tyskland	100%	25 000	235	235
Readly UK Ltd	London, England	100%	100	-	-
Readly LLC	Nevada, USA	100%	-	-	-

Note 13 – Intangible assets

Group	Capitalised development expenditure
2018 financial year	
Opening carrying amount 1 January 2018	**16,392**
Purhcases/internally developed	3,860
Amortisation	-5,985
Closing carrying amount on 31 December 2018	**14,267**
Carrying amount	
Cost	36,076
Accumulated amortisation	-21,809
At 31 December 2018	**14,267**

Parent Company	Capitalised development expenditure
2018 financial year	
Opening carrying amount 1 January 2018	**16,392**
Purhcases/internally developed	3,860
Amortisation	-5,985
Closing carrying amount on 31 December 2018	**14,267**
Carrying amount	
Cost	36,076
Accumulated amortisation	-21,809
At 31 December 2018	**14,267**

Group	Capitalised development expenditure
2019 financial year	
Opening carrying amount 1 January 2019	**14,267**
Purhcases/internaly developed	8,071
Amortisation	-4,682
Closing carrying amount on 31 December 2019	**17,656**
Carrying amount	
Cost	44,148
Accumulated amortisation	-26,492
At 31 December 2019	**17,656**

Parent Company	Capitalised development expenditure
2019 financial year	
Opening carrying amount 1 January 2019	**14,267**
Divestment of intangible assets	-14,267
Purchases/internally developed	863
Closing carrying amount on 31 December 2018	**863**
Carrying amount	
Cost	863
Accumulated amortisation	-
At 31 December 2018	**863**

Note 14 – Tangible assets

Group	Equipment, tools, fixtures and fittings
2018 financial year	
Opening carrrying amount 1 January 2018	**269**
Purchases	830
Amortisation	-143
Closing carrying amount on 31 December 2018	**956**
Carrying amount	
Cost	1,261
Accumulated amortisation	-305
At 31 December 2018	**956**

Parent company	Equipment, tools, fixtures and fittings
2018 financial year	
Opening carrrying amount 1 January 2018	**95**
Purchases	817
Amortisation	-109
Closing carrying amount on 31 December 2018	**803**
Carrying amount	
Cost	816
Accumulated amortisation	-13
At 31 December 2018	**803**

Group	Equipment, tools, fixtures and fittings
2019 financial year	
Opening carrying amount 1 January 2019	**956**
Purchases	1,283
Exchange-rate differences	2
Amortisation	-471
Closing carrying amount on 31 December 2019	**1,770**
Carrying amount	
Cost	2,566
Accumulated amortisation	-796
At 31 December 2019	**1,770**

Parent company	Equipment, tools, fixtures and fittingsr
2019 financial year	
Opening carrying amount 1 January 2019	**803**
Divestments	-803
Closing carrying amount on 31 December 2019	-
Carrying amount	
Cost	-
Accumulated amortisation	-
At 31 December 2019	**-**

Note 15 – Other non-current receivables

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
The item other non-current receivables companies:				
Receivables from group companies	-	-	1,672	1,057
Deposits with payment providers	6,137	4,372	-	-
Rental deposits	127	82	-	-
Carrying amount	**6,264**	**4,454**	**1,672**	**1,057**

Fair value of non-current receivables is deemed to essentially agree with the carrying amount.

Note 16 – Financial instruments by category

Group	Amortised cost 2019-12-31	Amortised cost 2018-12-31
Financial assets		
Other non-current receivables	6,264	4,454
Accounts receivable	2,588	3,506
Other current receivables	4,050	2,330
Prepaid expenses and accrued income	5,449	2,959
Cash and cash equivalents	130,132	105,886
Total	**148,483**	**119,134**
Financial liabilities		
Non-current leasing liabilities	1,546	-
Current leasing liabilities	2,872	-
Accounts payable	28,958	22,980
Other current liabiliites	-	130
Accrued expenses and deferred income	51,540	40,615
Total	**84,916**	**63,725**

Note 17 – Accounts receivable

Group	2019-12-31	2018-12-31
Accounts receivable	**2,707**	**3,506**
Less provision for doubtful receivables	-118	-
Accounts receivable net	**2,588**	**3,506**

The fair value of accounts receivable corresponds to their carrying amounts since the discount effect is not material.

At 31 December 2019, accounts receivable amounted to SEK 2.6 (3.5) million after reservation for expected customer bad debts.

Group	2019-12-31	2018-12-31
1-30 days	557	1,044
31-60 days	-46	-
> 61 days	148	282
Total overdue accounts receivable	**658**	**1,326**

Other current receivables do not include any impaired assets. The maximum exposure to credit risk as of the closing date is the carrying amount for each category of receivables mentioned above.

Note 18 – Other current receivables

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Receivables from suppliers	-	149	-	-
Receivables from employees	2,053	-	2,053	-
Value-added tax receivable	-	2,181	-	-
Receivables from group companies	-	-	9,548	-
Other current receivables	1,996	-	1,529	-
Total	**4,051**	**2,330**	**13,131**	**-**

Note 19 – Prepaid expenses and accrued income

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Prepaid rental expenses	696	614	-	-
Prepaid marketing expenses	1,485	370	-	-
Other prepaid expenses	1,849	132	81	59
Accrued income	5,449	2,959	-	-
Total	**9,479**	**4,075**	**81**	**59**

Note 20 – Cash and cash equivalents

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Bank balances	130,132	105,586	60,742	86,150
Total	**130,132**	**105,886**	**60,742**	**86,150**

Note 21 – Equity

	2019-12-31		2018-12-31	
	Number of shares	Share capital	Number of shares	Share capital
Ordinary shares	3,273,292	491	2,329,866	350
Preference shares A	332,169	50	332,169	50
Preference shares A1	648,436	97	648,436	97
Preference shares B	912,475	137	871,389	131
Preference shares C	282,869	42	282,860	42
Total	**5,449,232**	**817**	**4,464,720**	**670**

On 31 December 2018, the share capital consists of 5,449,232 (4,464,720) shares consisting of 3,272,292 (2,329,866) ordinary shares and 2,175,940 (2,134,854) preference shares.

The shares can be issued in four classes. Ordinary Shares, Preference Shares A, Preference Shares A1, Preference Shares B and Preference Shares C. All shares have a voting power of 1 vote/share. The preference shares only have priority over the ordinary shares with regard to surpluses upon liquidation.

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

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

Note 22 – Share-based remuneration – Supplier agreements

Agreements settled with equity instruments
At the beginning of the year, Readly had commitments according to an agreement with one supplier for share-based remuneration, meaning an agreement where the supplier provided various kinds of services to Readly and where remuneration shall take place with shares in Readly. Upon settlement, the supplier receives a variable number of shares based on the fair value of the shares on the settlement date estimated based on price and at the latest external new share issue, reduced by contractual discounts. Contractual discounts are settled through allocation of further shares.

The services were received in 2018 and, in 2019, the supplier was remunerated with shares corresponding to the agreed value of SEK 6,345 thousand whereby the commitment is fulfilled. No new agreements were entered into during the year.

Note 23 – Deferred tax

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. Unutilised tax-loss carry-forwards for which no deferred tax assets have been recognised amount to SEK 583.7 (436.7) million at 31 December 2019. Tax-loss carry-forwards do not expire at any time. The unutilised tax-loss carry-forwards relate to Readly International AB, Readly AB and Readly Books AB. Given the expansion plans, Readly has made the assessment that the Group will report tax-loss also in the coming years. Which of, in accordance with IAS 12, no deferred tax asset has been accounted.

Note 24 – Other current liabilities

	Group		Parent Company	
	2019-12-31	**2018-12-31**	**2019-12-31**	**2018-12-31**
Liabilities to group companies	-	-	12,926	49,551
Short-term lease liabilities	2,872	-	-	-
VAT	5,139	5,642	1,018	-
Employee withholding taxes	1,856	858	341	-
Other current liabilities	1,042	130	830	436
Total current interest-bearing liabilities	**10,909**	**6,630**	**15,114**	**49,987**

The fair value of non-current and current liabilities essentially corresponds to the carrying amount.

Note 25 – Accrued expenses and deferred income

	Group		Parent Company	
Group	**2019-12-31**	**2018-12-31**	**2019-12-31**	**2018-12-31**
Accrued renumeration to publisher	51,540	40,615	-	-
Prepaid subscription income	14,223	10,366	-	-
Accrued salaries	1,728	3,247	742	3,247
Accrued holiday pay	2,348	1,645	195	1,644
Other accrued expenses	10,561	8,052	3,826	2,127
Total	**80,400**	**63,925**	**4,764**	**7,018**

Note 26 – Contingent assets, pledged assets and contingent liabilities

	Group		Parent Company	
	2019-12-31	**2018-12-31**	**2019-12-31**	**2018-12-31**
Pledged assets				
Chattel mortages as collateral for bank guarantees	1,160	1,160	1,160	1,160
Total	**1,160**	**1,160**	**1,160**	**1,160**

Note 27 – Related parties

Readly International AB is the highest Parent Company in the Group. Zouk Capital LLP owns 31.4% 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 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 amounts. For other renumeration to related parties, please refer to Note 7.

The following transactions took place with related parties:
Sales of goods and services:

Parent Company	2019-12-31	2018-12-31
Readly AB	18,216	19,621
Readly Books AB	20	-
Readly Financial Instruments AB	20	-
Readly GmbH	663	-
Readly UK Ltd	576	-
Readly LLC	20	-
Total	**19,515**	**19,621**

Sales of services to subsidiaries consist of use of trademarks and administrative fees for the Group-wide expenses that are invoiced to the Parent Company and also the services performed by personnel employed in the Parent Company, which related to the entire Group.

Receivables and liabilities at year-end resulting from the sale and purchases of goods and services

Parent Company	2019-12-31	2018-12-31
Receivables from related parties		
Readly AB	7,425	527
Readly Books AB	25	-
Readly Financial Instruments AB	25	-
Readly GmbH	663	-
Readly UK Ltd	576	-
Readly LLC	20	-
Sum of receivables from related parties	**8,734**	**527**

Parent Company	2019-12-31	2018-12-31
Liabilities to related parties:		
Readly AB	12,926	49,456
Readly Books AB	-	45
Readly Financial Instruments AB	-	50
Readly GmbH	-	-
Readly UK Ltd	-	-
Readly LLC	-	-
Sum of liabilities to related parties	**12,926**	**49,551**

Loans to related parties

Parent Company	2019-12-31	2018-12-31
Loans to Readly GmbH		
At beginning of the year	**817**	**739**
New loans	512	-
Interest expenses	50	46
Interest paid	-	-
Exchange-rate differences	51	32
At year-end	**1,429**	**817**
Loan to Readly UK Ltd		
At beginning of the year	**241**	**424**
Amortised amounts	-	-207
Interest expenses	16	15
Interest paid	-	-
Exchange-rate differences	-13	9
At year-end	**243**	**241**

The Group has no provisions for doubtful receivables attributable to related parties. Nor does the Group have any expenses regarding doubtful receivables from related parties during the period. No collateral is pledged for the receivables.

Receivables from related parties largely originate from 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 an indefinite duration with an annual interest rate of 6%. The loans are not pledged and are paid in cash.

Note 28 – Other non-cash items

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Share-based renumeration, employee share option program	3,491	757	3,491	757
Share-based renumeration, supplier agreements	-	908	6,346	908
Other items not affecting liquidity	165	-	165	-
Total	**3,656**	**1,665**	**10,002**	**1,665**

Note 29 – Reconciliation of liabilities attributable to financing activities

TSEK	2018-12-31	New lease agreements	Cash flow	2019-12-31
Lease liabilities	-	7,040	-2,622	4,418
Reconciliation of liabilities attributable to financing activities	**-**	**7,040**	**-2,622**	**4,418**

TSEK	2017-12-31	New lease agreements	Cash flow	2018-12-31
Lease liabilities	-	-	-	-
Reconciliation of liabilities attributable to financing activiites	**-**	**-**	**-**	**-**

Note 30 – Events after the end of the reporting period

As at 1 of January 2020, VAT in Austria on e-publications was reduced from 20 percent to 10 percent, and in Netherlands from 21 percent to 9 percent.

As at 17 January 2020 an extra general meeting was held where new elections were made of Patrick Svensk, Victor Fritzén and Malin Stråhle. Patrick Svensk was elected as new Chairman of the Board. Nathan Medlock, Alexandra Whelan and founder Joel Wikell remain as ordinary members of Board of Directors.

At the time of writing, there is an uncertainty to which extent, in what way and during which time horizon COVID-19 may affect Readly and its business. It may have an impact with negative financial and other consequences.

As of 20 April Readly entered into an agreement with Kreos Capital that entitles Readly to draw down a credit facility of up to EUR 10 million. The loan agreement includes issuing of new warrants that are subject to approval at an extra shareholders´ meeting on 30 April. The agreement is entered into in order for Readly to secure financing.

Note 31 – Information about the Parent company

Readly International AB is a parent company domiciled in Stockholm, Sweden. The address of the head offices is Kungsgatan 17, 111 43 Stockholm.

The consolidated financial statements for 2019 cover the Parent Company and its subsidiaries, jointly referred to as the Group.

Not 32 Proposed disposition of the Company's profit

The following profits are at the disposal of the Annual General Meeting:

Retained earning	422,386
Net profit for the year	6 558
Tkr	428,944

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

To be carried forward	428,944,351 SEK

The Administration Report for the Group and Parent Company gives a fair overview of the Group's and Parent Company's operations, financial position and results of operations, and describes significant risks and uncertainties that the Parent Company and companies included in the Group face.

The consolidated financial statements and Annual Report have been prepared in accordance with the International Financial Reporting Standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of International Financial Reporting Standards and generally accepted accounting principles, and gives a fair overview of the Group's and Parent Company's financial position and results of operations. The Annual Report and consolidated financial statements were, as stated above, approved for publication by the Board of Directors on 7 April 2020. The Group's 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 25 May 2020.

Key performance indicators

The company presents certain financial measurements in the interim reports that are not defined according to IFRS. The company considers that these measurements provide valuable supplementary information for investors and company management, since they permit an assessment of the company's financial development and financial position. As not all companies calculate the financial measures in the same manner, these are not always comparable with the measures used by other companies. These financial measurements should therefore not be seen as a replacement for measurements that are defined according to IFRS. The tables below present some measurements that are not defined according to IFRS and are therefore defined on pages 81 - 82 in this report.

		Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenues	TSEK	264,739	195,950	126,972
Total revenue growth	%	35.1	54.8	92.2
ARPU[1] (Genomsnittlig intäkt per användare)	SEK	87	86	84
Gross profit[1)]	TSEK	82,773	58,319	33,288
Gross profit margin[1)]	%	31.3	29.8	26.2
Gross contribution[1)]	TSEK	-16,303	-15,439	-14,763
Gross contribution margin[1)]	%	-6.2	-7.9	-11.6
EBITDA[1)]	TSEK	-134,618	-100,752	-63,503
EBITDA-margin[1)]	%	-50.8	-51.4	-50.0
EBIT	TSEK	-142,539	-106,976	-69,252
EBIT margin	%	-53.8	-54.6	-54.5
Adjusted EBIT (excl IAC)	TSEK	-138,123	-106,976	-69,252
Adjusted EBIT margin (excl IAC)	%	-52.2	-54.6	-54.5
Operating expenses	TSEK	-407,278	-302,926	-196,224
Net result for the period	TSEK	-146,565	-107,980	-69,892
Items affecting compatibility[1)]	TSEK	4,416	-	-
Net margin[1)]	%	-55.4	-55.1	-55.0
Cash flow from operating activities[1)]	TSEK	- 131,472	-68,374	-35,633
Average number of employees	nr	55	44	31
Key data per share				
Earnings per share, basic	SEK	-29,62	-27,57	-21,0
Equity per share, basic[1)]	SEK	11.1	10.6	12.8
Weighted number of outstanding shares, basic and diluted	nr	4,947,854	3,917,162	3,325,235
Number of outstanding shares at the end of the period	nr	5,449,232	4,464,720	3,806,408

1) For the calculation of alternative performance measures, see Definitions of key performance indicators and disclosures, pages 81-82.

Definitions of key performance indicators and calculations

Key performance indicators	Definition	Purpose
Gross profit/loss	Revenues less publishing expenses.	Used as a measurement of the core business' operating profit, regardless of the effect of other operations, items affecting comparability between periods and financing and corporate taxation.
Gross margin	Gross profit/loss divided by revenues.	Used as a measurement of the core business' profitability, regardless of the effect on other operations.
Equity per share	Equity divided by the number of shares outstanding at the end of the period.	This measurement is used by investors, analysts and the company's management for evaluation of the company's financial position.
Publishing expenses	Agreed costs that are paid to publishers based on revenues, transaction costs and IT costs related to e-publications.	Used as a measurement of the costs attributable to the core business, regardless of the effect of other operations, items affecting comparability between periods and financing and corporate taxation. .
Average revenue per user (ARPU)	RPU is calculated by total revenues divided by the number of fully paid subscribers.	This measurement is used to identify what revenue amount is attributable to each fully paying subscriber.
Items affecting comparability	ARPU beräknas genom totala intäkter dividerat med antal fullt betalande prenumeranter.	Used to inform about items that affect the comparability between periods.
Marketing expenses	External marketing expenses related to customer acquisition, campaigns and similar marketing activities.	Used as a measurement of marketing expenses, regardless of the effect of other operations, items affecting comparability between periods and financing and corporate taxation.
Net margin	Profit/loss for the period divided by total income	Used as an alternative performance measure of the business' profitability.
Operating profit/loss (EBIT)	Operating income less operating expenses.	A measurement of the company's operating profit/loss before interest and tax that is used by investors, analysts and the company's management for the evaluation of the company's profitability.

Key performance indicators	Definition	Purpose
Operating margin	The operating profit/loss in relation to the operating income.	A profitability measurement that is used by investors, analysts and the company's management for evaluation of the company's profitability
Operating profit adjusted for items affecting comparability	Operating income less operating expenses, adjusted for significant items and events attributable to the Group's strategy or structure.	A key measure used to understand the development and comparability between periods.
Operating margin adjusted for items affecting comparability	The operating profit/loss in relation to the operating income, adjusted for significant items and events attributable to the Group's strategy or structure.	A key measure used to understand the development and comparability between periods.
Earnings per share	Profit/loss for the period after tax in relation to the average number of shares outstanding over the period.	This measurement is used by investors, analysts and the company's management for the evaluation of the value of the company's outstanding shares.
Total revenue growth	Increase in total revenues compared with the previous period	Used as a measurement of the growth of the company's total revenues.
Contribution margin	Gross profit/loss less the operating marketing expenses.	A measurement of the company's gross profit/loss after marketing expenses that is used by investors, analysts and the company's management for the evaluation of the company's profitability.
Contribution ratio	Contribution margin divided by operating revenues.	A profitability measurement that is used by investors, analysts and the company's management for evaluation of the company's profitability.

Reconciliation of Alternative Performance Measures

Gross contribution & Gross contribution margin

TSEK	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenues	264,739	195,950	126,972
Publisher cost	-181,966	-137,632	-93,684
Marketing cost	-99,076	-73,757	-48,050
Gross contribution	**-116,303**	**-15,439**	**-14,763**
Gross contribution margin	**-6.2%**	**-7.9%**	**-11.6%**

Operating expenses

TSEK	jan-dec 2019	jan-dec 2018	jan-dec 2017
Publisher cost	-181,966	-137,632	-93,684
Marketing cost	-99,076	-73,757	-48,050
Other operating cost	-59,482	-40,538	-16,142
Personnel costs	-58,833	-44,775	-32,599
Depreciation	-7,921	-6 224	-5,749
Operating expenses	**-407,278**	**-302,926**	**-196,224**

Gross profit & Gross profit margin

TSEK	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenues	264,739	195,950	126,972
Publisher cost	-181,966	-137,632	-93,684
Gross profit	**82,773**	**58,319**	**33,288**
Gross profit margin	**31.3%**	**29.8%**	**26.2%**

EBIT & EBIT margin

TSEK	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenues	264,739	195,950	126,972
Operating expenses	-407,278	-302,926	-196,224
Gross profit	**-142,539**	**-106,976**	**-69,252**
EBIT margin	**-53.8%**	**-54.6%**	**-54.5%**

Adjusted EBIT (excl IAC)

TSEK	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Operating result (EBIT)	**-142 539**	**-106,976**	**-69,252**
Items affecting comparability			
Costs related to IPO	4,416	-	-
Adjusted EBIT (excl IAC)	**-138,123**	**-106,976**	**-69,252**
Total revenues	264,739	195,950	126,972
Adjusted EBIT margin (excl IAC)	**-52.2%**	**-54.6%**	**-54.5%**

Net margin

TSEK	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Net result for the period	-146,565	-107,980	-69,829
Totala revenues	264,739	195,950	126,972
Net margin	**-55.4%**	**-55.1%**	**-55.0%**

Total revenue growth

TSEK	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenues	264,739	195,950	126,972
Total revenue growth	**35.1%**	**54.8%**	**92.2%**

EBITDA & EBITDA margin

TSEK	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
EBITDA	**-134,618**	**-100,752**	**-63,503**
Total revenues	264,739	195,950	126,972
EBITDA margin	**-50.8%**	**-51.4%**	**-50.0%**

Equity per share

TSEK	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Weighted number of outstanding shares	4,947,854	3,917,162	3,325,235
Total equity	54,773	41,680	42,961
Equity per share	**11.1%**	**10.6%**	**12.8%**

Declaration by the Board of Directors and the President and CEO

The Board of Directors and the President and CEO declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations. The Board of Directors' Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 2020-04-21

Patrick Svensk
Chairman

Viktor Fritzén
Board Member

Nathan Medlock
Board Member

Malin Stråhle
Board Member

Alexandra Whelan
Board Member

Joel Wikell
Board Member

Maria Hedengren
CEO

Our auditor's report was submitted on 2020-04-21
Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

Translation of the Swedish original

Auditor's report

To the general meeting of the shareholders of Readly International AB, 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 for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 37-85 in this document.

In our opinion, the annual accounts and consolidated 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 2019 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. 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.

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.

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

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 1-36 in this document.

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 Directors 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. 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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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 Directors and the Managing Director of Readly International AB for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit or loss be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors 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 Directors 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's 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 fulfill 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.

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 websitewww.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 21 April 2020
Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant