Readly

INVITATION TO ACQUIRE SHARES IN READLY INTERNATIONAL AB (PUBL)

Sole Global Coordinator and Sole Bookrunner

ABG SUNDAL COLLIER

Lead Manager

Handelsbanken Capital Markets

Retail Manager

AVANZA

Validity of the Prospectus

This Prospectus was approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) on 7 September, 2020. The Prospectus is valid for a period of maximum 12 months from this date, provided that Readly International AB (publ) complies with the obligation, in accordance with the Prospectus Regulation, if applicable, to provide supplements to the Prospectus in the event of significant new factors, material mistakes or material inaccuracies, which may affect the assessment of the shares in the Company. The obligation to prepare a supplement to the Prospectus is valid from the time of approval until the end of the subscription period. The Company is under no obligation to prepare supplements to the Prospectus after the end of the subscription period.

Important information to investors

This prospectus (the "**Prospectus**") has been prepared in connection with the offering to the public in Sweden and to institutional investors in Sweden and abroad to acquire new and existing shares in Readly International AB (publ) and the Company's application for admission to trading of the Company's shares on Nasdaq Stockholm (the "**Offering**" or the "**Listing**"). In the Prospectus the "**Company**" refers to Readly International AB (publ). The "**Group**" or "**Readly**" refers to the group of companies in which the Company is the parent company and refers to the overall business. "**Group Company**" or "**Group Companies**" refers to one or more companies in the Group. "**Main Shareholder**" refers to Cleantech Europe II Luxembourg Sarl. "**Selling Shareholders**" refers to the Main Shareholder, Joel Wikell, Växjö Cityfastigheter AB, Readly Co-Investment LP, Channel 4 Ventures Limited, Henrik Widov, Fredrik Petrini, Millium AB, State 5 Software AB and Glintsoft AB. In the Prospectus, "**ABG**", "**Sole Global Coordinator**" or "**Sole Bookrunner**" refers to ABG Sundal Collier AB.

The Offering is not directed to the public in any country other than Sweden. Nor is the Offering directed to any individuals whose participation would require additional prospectuses, registration or actions other than those required by Swedish law. No measures have been or will be taken in any jurisdiction other than Sweden that would allow shares to be offered to the public or allow the Prospectus or any other documents pertaining to the Company or the Company's shares to be held or distributed in such a jurisdiction. Applications to acquire shares that violate such rules may be deemed invalid. Individuals who obtain copies of the Prospectus are requested by the Company and ABG to inform themselves of and observe such restrictions. Neither the Company nor ABG accept any legal responsibility for any violation of any such restrictions, regardless of whether or not such a violation is made by a prospective investor.

The shares in the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or the securities legislation of any other state or other jurisdiction in the US and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the US except under an available exemption from, or by a transaction not subject to, the registration requirements under the US Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the US. The shares in the Offering have not been recommended, approved or rejected by any US federal or state securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the US.

An investment in securities is associated with certain risks. When investors make an investment decision, they must rely on their own assessment of Readly including applicable facts and risks. Prior to making an investment decision, prospective investors should engage their own professional adviser and carefully evaluate and give due consideration to the investment decision. Investors may rely only on the information contained in the Prospectus and any supplements to the Prospectus. No person has been authorised to provide any information or make any statements other than those contained in the Prospectus. If this nevertheless takes place, such information and such statements are not to be deemed as approved by the Company or the Sole Global Coordinator and neither the Company nor the Sole Global Coordinator are responsible for such information or such statements. Neither publication nor distribution of the Prospectus, nor any transactions that take place on the basis of the Prospectus, are to be deemed to implicate that the information in the Prospectus is correct and valid at any other time than the date of publication or that any changes have been made to Readly's operations after this date. If any substantial changes are made to the information in the Prospectus, such changes will be published in accordance with the provisions on supplements to prospectuses as stipulated in Regulation (EU) 2017/1129.

Stabilisation Measures
Sole Global Coordinaator may, in connection with the Offering, conduct transactions in order to maintain the market price for the shares at a level above that which might otherwise prevail in the open market. Such stabilisation transactions may be carried out on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq Stockholm and ending not later than 30 calendar days thereafter. However, Sole Global Coordinator has no obligation to undertake any stabilisation measures and there is no assurance that stabilisation measures will be undertaken. Under no circumstances will transactions be conducted at a price higher than the one set in the Offering.

Sole Global Coordinator may use the Overallotment Option to overallot shares in order to facilitate any stabilisation transaction. The stabilisation transactions, if conducted, may be discontinued at any time without prior notice but must be discontinued no later than within the aforementioned 30-day period. Sole Global Coordinator must, no later than by the end of the seventh trading day after stabilisation transactions have been undertaken, in accordance with article 5(4) of the Market Abuse Regulation (EU) 596/2014 and the Commission Delegated Regulation (EU) 2016/1052, disclose that stabilisation measures have been undertaken. Within one week of the end of the stabilisation period, Sole Global Coordinator will disclose whether or not stabilisation measures were undertaken, the date on which stabilisation started, the date on which stabilisation was last carried out as well as the price range within which stabilisation was carried out for each of the dates when stabilisation measures were conducted.

Forward-looking statements
The Prospectus contains forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events, and such statements and opinions pertaining to the future that, for example, contain wordings such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability, and the general economic and regulatory environment, and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial position and operating profit, to differ from the information presented in such statements, to fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements contained herein, and are strongly advised to read the entire Prospectus, including the following sections. "*Summary*", "*Risk factors*", "*Market overview*", "*Business overview*", "*Selected historical financial information*" and "*Legal considerations and supplementary information*", which contain more detailed descriptions of factors that may impact the Company's business and the market in which the Company operates. Neither the Company nor ABG can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those presented in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets in which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in levels of competition, changes in laws and regulations, and the occurrence of accidents or environmental damages.

After the date of the Prospectus, neither the Company nor ABG assumes any obligation, except as required by law or Nasdaq Stockholm's Rule Book for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

Industry and market information
The Prospectus contains information about the Company's geographic markets and product markets, market size, market shares, market position and other market information pertaining to Readly's business and market. Unless otherwise stated, such information is based on the Company's analysis of several different sources, including statistics and information from external industry and market reports, market research, public information and commercial publications. Such information provided by third parties has been accurately reproduced and, as far as Readly is aware and can assure through comparison with other information published by such third parties, no information has otherwise been omitted that could render the reproduced information inaccurate or misleading. Industry and market publications generally state that the information reproduced therein has been obtained from sources deemed to be reliable, but the accuracy and completeness of such information cannot be guaranteed. Since the information has not been independently verified by the Company, the Company cannot guarantee the correctness of the market information contained in the Prospectus or that it has been collected or derived from such market publications. Market information and market statistics are inherently forward-looking, subject to uncertainty, could be interpreted subjectively and do not necessarily reflect actual or future market conditions. Such information and statistics are based on market research, which itself is based on selection and subjective interpretations and assessments by both the researchers and the respondents, including assessments about what types of products and transactions should be included in the relevant market. Accordingly, prospective investors should be aware that the financial information, market information and forecast and estimated market information contained in the Prospectus do not necessarily constitute reliable indicators of Readly's future results.

The Prospectus is available from Readly's head office and website (corporate.readly.com), ABG's website (www.abgsc.com), the website of the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (www.fi.se) and the European Securities and Markets Authority's website (www.esma.europa.eu).

Presentation of financial information
Certain financial and other information presented in the Prospectus has been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns do not tally exactly with the total amount specified. Except as expressly indicated herein, no information in the Prospectus has been audited or reviewed by the Company's auditor. All financial amounts are presented in Swedish crowns ("**SEK**"), unless otherwise indicated.

Contents

Summary of the Offering

Offering Price:	SEK 59 per share
Application period for the public in Sweden:	8 – 15 September 2020
Application period for institutional investors:	8 – 16 September 2020
First day of trading on Nasdaq Stockholm:	17 September 2020
Settlement date:	21 September 2020

Financial calendar

Interim report for the period 1 January – 30 September 2020	12 November 2020
Year-end report for the period 1 January – 31 December 2020	18 February 2021

Other information

Ticker:	READ
ISIN code:	SE00005468881

Summary

Introduction and warnings

Introduction and warnings

This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor.

The investor may lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have prepared the summary, including any translations thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

About Readly

Readly International AB (publ) is a Swedish public limited liability company with the corporate registration number 556912-9553. The address of the Company's head office is Kungsgatan 17, SE-111 43 Stockholm. The Company's Legal Entity Identifier (LEI) code is 549300TT4PAJYUCR4952. The ISIN-code for Readly's ordinary share is SE0005468881.

Information on Selling Shareholders

In addition to the shares offered by Readly, the Selling Shareholders are offering not more than 6,406,779 existing shares in the Offering, provided that the Overallotment Option is exercised in full. Information about the Selling Shareholders is presented in the table below.

Name	Address	LEI code	Legal form	Country of formation and jurisdiction
Cleantech Europe II Luxembourg Sarl[1]	E-Building, 6, Rue Gabriel Lippmann, Luxembourg	213800T4PUCAV91BS318	Fund	Luxembourg
Joel Wikell	3800 N. Ocean Dr, Singer Island FL, 33404, USA	N/A	N/A	Sweden
Växjö Cityfastigheter AB	Box 3203, 352 53 Växjö	54930027UIR2STVSRZ86	Aktiebolag	Sweden
Channel 4 Ventures Limited	124 Horseferry Road, London, SW1P 2TX, UK	213800YSOOK4XGP8C532	Limited	UK
Henrik Widov	Falkgatan 8, 352 36 Växjö	N/A	N/A	Sweden
Fredrik Petrini	Brännhult 2, 342 62 Moheda	N/A	N/A	Sweden
Millium AB	Brännhult 2, 342 62 Moheda	9845007FFD-3CFJ68F448	Aktiebolag	Sweden
State 5 Software AB	Kung Magnus väg 8 BV, 352 34 Växjö	984500FF0C7BV5D7F853	Aktiebolag	Sweden
Readly Co-Investment LP	100 Brompton Road, London, SW3 1ER, UK	2138004KRF5YCMTTK671	Limited Partnership	UK
Glintsoft AB	Smedjegatan 37, 352 46 Växjö	9845003C5GF387V68B33	Aktiebolag	Sweden

1) Cleantech Europe II Luxembourg Sarl is a fund controlled by Zouk Capital LLP.

Competent authority

The Prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*), which is the regulatory authority responsible for approving the Prospectus in accordance with the Prospectus Regulation. Contact information for the Swedish Financial Supervisory Authority is:

Finansinspektionen
Post box 7821, 103 97 Stockholm
Telephone number +46 (0)8 408 980 00
finansinspektionen@fi.se
www.fi.se

The Prospectus was approved by the Swedish Financial Supervisory Authority on 7 September 2020.

Key information on Readly

General information about Readly

Readly International AB (publ) is a Swedish public limited liability company that was formed in Sweden and registered with the Swedish Companies Registration Office on 4 December 2012. The Company's company name was registered on 21 September 2018. Readly's corporate registration number is 556912-9553 and the registered seat of the Company is in Stockholm municipality, Stockholm county. The Company's operations are governed by the Swedish Companies Act (2005:551). The Company has six wholly owned subsidiaries. The Company's LEI code is 549300TT4PAJYUCR4952.

Readly's business

Readly was founded in 2012 and is the European category leader[2] for digital magazine services.[3] Readly offers a digital subscription service to customers in the digital magazine market with content from third party publishers. The product can be accessed online or via an app that can be downloaded from Apple App Store, Google Play, Amazon Appstore and Huawei App Gallery. Readly's subscribers have unlimited access to quality content from approximately 800 publishers and editors for a fixed monthly fee. Since inception, Readly has attracted a large amount of subscribers and as of 30 June 2020, Readly had 323,811 fully paying subscribers, primarily in its core markets Germany, the United Kingdom and Sweden, which together represented

2) Among identified "all-you-can-read" competitors in Europe, Readly is defined as the European category leader in the category "all-you-can-read" on the basis of: highest number of magazine titles, relationships with most major publishers in core markets, highest average monthly website visits between October and December 2019 (worldwide) and highest iOS-store rating, PwC Strategy& market study.
3) PwC Strategy& market study.

Readly's business (cont.)

85 percent of the Group's total sales in the first and second quarter 2020. As of the date of the Prospectus, Readly provides its subscription service in more than 50 countries and 17 languages.

Readly is headquartered in Stockholm, Sweden and has offices in Växjö, Sweden, Berlin, Germany and London, the United Kingdom. As of 30 June 2020, the Company had 70 full-time equivalent employees.

Readly's ownership structure

The table below shows the shareholders who hold not less than 5 percent of the shares and votes (as well as any additional known holdings owned by such shareholders) in the Company as of 31 August 2020, including any known changes after that date.The Company is not owned or controlled directly or indirectly by any party.

Shareholders based on the assumption that the Offering is fully subscribed	Holding immediately prior to the Offering		After the Offering (if the Offering is fully subscribed and the Overallotment Option is not exercised)		After the Offering (if the Offering is fully subscribed and the Overallotment Option is exercised in full)	
Shareholders	**No.**	**%**	**No.**	**%**	**No.**	**%**
Major shareholders						
Cleantech Europe II Luxembourg Sarl[4]	9,453,645	32.47%	8,089,873	22.02%	6,259,365	17.04%
Joel Wikell (privately and through company[5])	2,796,020	9.60%	1,541,783	4.20%	1,541,783	4.20%
Swedbank Robur Fonder AB[6]	2,307,675	7.93%	3,494,116	9.51%	3,494,116	9.51%
Tredje AP Fonden (AP3)	1,756,060	6.03%	2,264,535	6.16%	2,264,535	6.16%
Total major shareholders	**16,313,400**	**56.03%**	**15,390,307**	**41.89%**	**13,559,799**	**36.91%**
Other shareholders	12,800,930	43.97%	11,351,143	30.89%	11,351,143	30.89%
Additional new shareholders	-	-	*9,999,998*	*27.22%*	*11,830,506*	*32.20%*
Total new and existing shareholders	**29,114,330**	**100.00%**	**36,741,448**	**100.00%**	**36,741,448**	**100.00%**

4) Cleantech Europe II Luxembourg Sarl is a fund controlled by Zouk Capital LLP.
5) Joel Wikell owns 2,648,500 shares privately and 147,520 shares through Växjö Cityfastigheter AB.
6) The fund Swedbank Robur Ny teknik BTI holds 1,153,840 shares and the fund Swedbank Robur Microcap holds 1,153,835 shares.

Senior executives

Maria Hedengren (born 1970) is the Group's Chief Executive Officer. The other members of the management team are Johan Adalberth (born 1979) (Chief Financial Officer), Joe Armstrong (born 1974) (Chief Operating Officer), Ranj Begley (born 1972) (Chief Content Officer), Nima Boustanian (born 1983) (Chief Product Officer), Patrik Brännfors (born 1979) (Chief Business Development Officer), Joakim Johansson (born 1973) (CTO), Cecilia von Krusenstierna (born 1975) (Chief Growth Officer), Victor Marklund (born 1984) (Chief Analytics Officer) and Frida Svensson (born 1983) (Chief People Officer).

Auditor

The Company's auditor is Öhrlings PricewaterhouseCoopers AB, with Aleksander Lyckow (born 1980) as responsible auditor and he has been the responsible auditor during the financial years 2018 and 2019. During the financial year 2017 the Company's auditor was Öhrlings PricewaterhouseCoopers AB, with Mattias Johansson (born 1983) as responsible auditor. The 2020 annual general meeting re-elected Öhrlings Pricewaterhouse-Coopers AB, with Aleksander Lyckow as responsible auditor, for the period until the end of the next annual general meeting. Aleksander Lyckow is an authorised public accountant and a member of FAR (the professional institute for authorised public accountants). Öhrlings PricewaterhouseCoopers AB's office address is Torsgatan 21, SE-113 97 Stockholm.

Key financial information for Readly

Condensed income statement	**2019**	**2018**	**2017**	**1 jan–30 jun 2020**	**1 jan–30 jun 2019**
Total revenue, SEK million	264.7	196.0	127.0	160.6	122.0
Operating result, SEK million	-142.5	-107.0	-69.3	-97.2	-64.5
Net result for the period, SEK million	-146.6	-108.0	-69.8	-102.2	-66.2
Total revenue growth, %	35.1%	54.3%	92.2%	31.7%	35.2%
Operating margin, %	-53.8%	-54.6%	-54.5%	-60.5%	-52.9%
Net margin, %	-55.4%	-55.1%	-55.0%	-63.6%	-54.3%
Earnings per share before and after dilution, SEK	-29.6	-27.6	-21.0	-18.7	-14.8

Condensed balance sheet

SEK million	**31 dec 2019**	**31 dec 2018**	**31 dec 2017**	**30 jun 2020**
Total assets	177.0	135.5	102.9	232.7
Equity	54.8	41.7	42.7	40.3
Net financial debt[7]	-125.7	-105.9	-73.3	-109.1

7) In 2017 and 2018, net financial debt only refers to cash equivalents. In 2019, cash equivalents are adjusted with long- and short term lease liabilities. In 2020, net financial debt refers to lease liabilities as well as borrowings and derivatives from agreement with Kreos the same year.

Key financial information for Readly (cont.)

Condensed cash flow statement			**1 jan–30 jun**	**1 jan–30 jun**
SEK million	**2019**	**2018**	**2020**	**2019**
Cash flow from operating activities	-114.6	-64.5	-92.3	-59.9
Cash flow from investing activities	-11.2	-7.3	-5.4	-5.6
Cash flow from financing activities	153.5	105.2	140.1	0.0
Cash flow for the period	27.7	33.4	42.4	-65.4

Specific key risks for Readly

Risks related to the Company's strategy and operations

Readly operates in a competitive market
Readly is dependent on being able to offer a variety of, and compelling, content to its subscribers and therefore competes with other digital magazine providers to gain access to the content. There is a risk that competitors to Readly enter into exclusive agreements with magazine publishers, which would prevent Readly from gaining access to certain content in current and new markets. There is also a risk that publishers themselves develop technologies, products or services to provide content exclusively to their customers and not through Readly's platform. If the publishers were to do this to a greater extent than what is done today, it could have a material adverse impact on the number of subscribers and lead to loss of market share in established markets and to Readly not being able to establish operations on new markets. Competitors to Readly may adopt an aggressive pricing strategy to capture market shares. Readly has to constantly analyse the effect of the competitors' pricing strategies. There is a risk that Readly could misjudge the competitors' pricing strategies, which could lead to failure in optimising Readly's own pricing. Increasing competition may result in increased price pressure, lower profit margins, increased R&D costs, and/or increased marketing and sales costs. Readly may fail to proactively handle competitors in relation to new services and price strategy, which could lead to loss of market share in established markets.

Readly has never been profitable and there is a risk that the Company will not reach profitability in accordance with its financial goals
Readly will continue to focus on growth in its existing markets and plans to also expand further both within Europe and beyond. Readly's operations and number of employees have grown substantially since the Company was founded, in particular during recent years. Potential investors should not necessarily take historical growth as an indication of future developments. Earlier growth has exposed, and future growth will expose, the Group, its executive management, administration, IT systems as well as operational and financial infrastructure to several challenges and require access to working capital. Since inception, the Company has not been profitable. Since 2012 and up to the date of the Prospectus, the Company has raised SEK 734.3 million in gross proceeds in equity that have been used to finance growth. The Company's board of directors ("**BoD**") has adopted a financial goal in relation to profitability, which is that the Company is to reach a positive EBITDA[8] in four to five years. In light of the Group's need for working capital, the BoD has decided to condition the Offering upon the Company generating proceeds of a minimum of SEK 300 million before deduction of transaction costs. This level is sufficient to secure the Group's working capital beyond twelve months from the date of the Prospectus, as the working capital need for the period amount to approximately SEK 40 million. There is a risk that Readly fails to execute its growth and development plans to reach its financial goals and that the Company will have to seek to raise additional capital by way of new share issues or from other sources of funding for purposes of obtaining sufficient liquidity and additional working capital.

Readly needs to attract new subscribers and retain existing subscribers
Readly's ability to attract new subscribers and retain existing subscribers depends in large part on its ability to continue to offer an attractive service, compelling content, superior functionality and an engaging user experience. Readly is dependent on revenues derived from its subscribers. The Group's revenues from the subscribers corresponded to 99.6 percent of the Group's total revenue during 2019. If Readly fails to offer a compelling content and product features to meet the subscribers' demands, the Group's ability to grow or sustain the reach of its product, attract and retain subscribers may be adversely affected. Readly is dependent on a pricing structure that meets the expectations from subscribers. If Readly increases the price of its services it could lead to disappointment from Readly's subscribers and a negative impact on the subscriber base which can materially adversely affect the Company's revenue growth and profitability. Subscriber base growth is also an important factor for current and future investors when assessing Readly's overall performance. There is a risk that the growth of Readly's subscriber base fails to live up to expectations from investors, which could decrease the Readly's market value and decrease the possibility to raise the funding required to support the Group's planned growth strategy when additional capital is needed. This could affect, for example, the planned rate of expansion and fulfilment of commitments and have a material adverse effect on the Company's growth, revenue and long-term profitability.

Risks related to increased marketing costs and unsuccessful marketing activities
Marketing is crucial to Readly's ability to attract new subscribers and increase brand awareness. Readly has historically invested significantly in marketing activities to enable and support continued growth. As a share of total revenue, marketing costs have amounted to 37.8 percent during 2017, 37.6 percent during 2018 and 37.4 percent during 2019. Readly has incurred and will continue to incur significant expenses in marketing through a broad range of activities and channels to attract new subscribers, grow net sales, and enhance Readly's overall brand awareness. Readly balances the marketing costs with the Group's overall growth strategy to increase its subscribers base in strategically important markets. The costs for marketing have increased over the years and at the same time it has become much more complex. It requires significant work to tailor messages to the online audience and to different markets. Due to the rapid changes in the marketing environment Readly may fail to leverage the appropriate methods of marketing and there is an increased risk of unsuccessful marketing campaigns, which may affect the number of subscribers and the interest from investors and publishers, Readly's message to the market, revenue, and due to its marketing costs, the Group's adjusted operating profit.

8) The measure provides an overview of the profit generated by the operations, which is useful for illustrating the underlying earnings potential of the business and facilitates comparability between periods.

Specific key risks for Readly (cont.)

Readly is dependent upon third-party publishers
All content offered through Readly's platform is licensed from third party publishers. The agreements with the publishers are entered into on a non-exclusive basis. Being able to offer its subscribers as attractive content as possible is crucial to Readly's business and continued development. Furthermore, there is a risk that Readly cannot expand to new markets as the Company is required to enter into agreements with magazine publishers in local markets. Readly is dependent on publishers in the eleven markets where the Company offers content from local publishers. There is a risk that Readly becomes dependent on certain key publishers. In order for Readly to maintain and also increase the number of partnerships with publishers it is important that Readly continues to build relationships with publishers, increase its subscriber base and that the publishers benefit from the collaboration, both monetarily and in other ways. In general, the agreements with publishers are entered into for an initial period of six months and are automatically prolonged by one year at a time unless terminated with three months' notice. A majority of Readly's agreements with the top ten publishers in terms of revenue/publisher costs are valid until further notice with varying notice of termination periods of between one to six months. There is no guarantee that these agreements will continue to be available in the future at rates and on terms that are favourable or commercially reasonable. Readly may fail to work proactively with publishers to ensure existing agreements are extended, which could lead to loss of important contracts. The terms of these agreements may change as a result of changes in Readly's bargaining power, changes in the industry, changes in the law, or for other reasons. Increases in compensation to publishers or changes to other terms of these agreements may materially impact Readly's business, operating results, and financial condition. If such agreements are terminated it could decrease Readly's content offering in certain markets and the overall content offering. This may lead to reduced demand for Readly's service and risk that subscribers change to competing services for digital magazines, which can lead to reduced revenues and adversely affect the Group's financial position. Furthermore, a reduced subscriber base can reduce Readly's attractiveness and negotiating power toward publishers. This could lead to increased publishers costs or deterioration of other terms in these agreements, which could have a material adverse effect on the Group's revenue and earnings.

Readly is dependent on being innovative and adapting to technological advances and subscriber preferences
Readly competes with other companies offering similar services. The market in which Readly operates is characterised by rapid technological development. Readly has since 2012 until 2019 reported SEK 42.7 million in capitalised development costs for its proprietary subscription platform. Readly's ability to predict technical advances, market needs, subscriber preferences and to adapt its services accordingly is critical for its continued success. There is a risk that Readly could misjudge these developments. There is also a risk that Readly does not or will not be able to provide sufficient resources to the product team or R&D, which could lead to Readly not being able to develop the existing product and new services or work on new ideas quickly enough to meet subscriber expectations. If Readly's research and development investments fail to keep up with the rate of development in the market, the available technology or do not meet subscriber expectations, this could lead to a lack of demand for Readly's services and a bad reputation amongst subscribers and other stakeholders which could have a material adverse effect on the Group's revenue from paying subscribers and its ability to enter into contracts with, for example, publishers.

Risks related to personal data and anonymised data
As Readly handles a large amount of personal data, incorrect handling or a data breach could lead to many data subjects being affected, which could lead to high administrative penalties such as civil and/or criminal law measures imposed by the Swedish Data Protection Authority and other data protection authorities, which may as well affect Readly's reputation in relation to subscribers, partners and publishers within the digital magazine market. Readly shares anonymised and aggregated data with its publishers consisting of, for example, the age, gender of the users, country of origin, when and what the user reads and on what type of device the magazine usually is read on. Anonymisation must prevent any party from singling out an individual otherwise the data is not deemed to be anonymised and thus falls within the definition of personal data according to the General Data Protection Regulation 2016/679 ("**GDPR**"). The sharing of anonymised data with its publishers is part of the agreements with the publishers and hence important for maintaining an ongoing relationship with the publishers. There a risk that the anonymised data can be used in combination with other data to identify a natural person and thus constitute personal data. If such risk were to materialise there is a risk that Readly is or has in the past been handling personal data incorrectly, which could lead to high administrative penalties such as civil and/or criminal law measures imposed by the Swedish Data Protection Authority and other data protection authorities, which may as well affect Readly's reputation in relation to subscribers, partners and publishers within the digital magazine market. In addition, Readly occasionally provides to some publishers' specific data, including names and physical addresses only for the strictly limited purposes as disclosed in Readly's privacy policy. Further, there is a risk that Readly may be adversely affected by changes to the GDPR, interpretation of the GDPR or government policies in relation to anonymised data. Strict or changing regulatory regimes, government policies and legislation in any of markets Readly operates in may prohibit sharing of anonymised data to publishers which could negatively affect the offering of value-added services to the publishers and the relationships with the publishers.

Financial risks

Risks related to liquidity
Readly is currently in a growth phase and has therefore reported a negative cash flow from operations for the financial years 2017, 2018 and 2019. As of 30 June 2020, the Group's cash and cash equivalents amounted to SEK 169.3 million. The Company has historically not been able to finance its business operations from its own generated cash flow and is therefore dependent on financing from other sources. This means that Readly needs to put considerable resources on planning and monitoring of its need for capital and cash. Readly is dependent on capital or debt resources to support its planned growth when additional capital is needed. There is a risk that Readly will not be able to obtain the liquidity required in time to meet its growth objectives and strategy. If new share capital and/or external borrowing would not be available to the Group in time in the event of future needs, this could affect, for example, the planned rate of expansion and have a material adverse effect on the Group's growth and long-term profitability.

Readly has revenue and costs in several currencies which exposes the Company to currency exchange risk
Readly's main inflow of foreign exchange is euro ("**EUR**") and Great British Pound ("**GBP**") in conjunction with the sale of its

Specific key risks for Readly (cont.)

services. This means that the Group is continuously exposed to transaction risk. If the exchange rate in SEK had been 10 percent lower in the 2019 financial year, it would have created currency effects for the Group in relation to the main currencies of EUR and GBP, which would have increased the Group's operating profit by SEK 3,7 million. If the exchange rate in SEK had been 10 percent higher in the 2019 financial year, the Company's operating profit would have declined by SEK -3,7 million.

Translation risk takes the form of a risk arising when the net assets of foreign subsidiaries are translated to the reporting currency, SEK. The Group receives revenues in local currencies depending on the market. The Group is impacted by the translation of the income statements and balance sheets of foreign subsidiaries to SEK. As of the date of the Prospectus, the Group has no currency hedge for these exposures. Since the exchange rate for foreign currencies fluctuates in relation to SEK, there is a risk that future changes in exchange rates could have a substantial adverse impact on the Group's financial position and earnings.

Key information on the securities

The main features of the securities

Key information regarding the securities
As of the date of the Prospectus, several classes of shares have been issued in the Company.

As of the date of the Prospectus, according to the Company's articles of association, the share capital may not be less than SEK 873,000 and may not exceed SEK 3,492,000 and the number of shares may not be less than 29,100,000 and not exceed 116,400,000. As of the balance sheet date of 30 June 2020, the Company's share capital amounted to SEK 869,912.35 represented by 5,822,866 shares. As of the date of the Prospectus, the Company's share capital amount to SEK 873,429.90 represented by 29,114,330 shares. The shares consist of preference shares and ordinary shares, distributed by the following amount of preference shares and classes 1,660,845 Pref A, 3,242,180 Pref A1, 4,562,375 Pref B, 1,414,300 Pref C and 18,234,630 ordinary shares.

The existing preference share structure will be settled in connection with the listing of the Company's shares on Nasdaq Stockholm. Accordingly, the Company will only have one share class, ordinary shares, following completion of the Offering which will carry the same rights. The ISIN code for the Company's ordinary share is SE0005468881.

The shares are denominated in SEK and each share has a quotient value of SEK 0.03. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. No public takeover bid has been made for the offered shares during the current or preceding financial year.

Each share in the Company entitles the holder to one vote at general meetings of shareholders and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Settlement of the existing share structure
As of the date of the Prospectus, there are several different share classes in the Company. In connection with the listing of the Company's ordinary shares on Nasdaq Stockholm, all preference shares will be automatically converted (1:1) ordinary shares in accordance with the conversion right clause in the Company's articles of association (the "**Share Conversion**"). The settlement of the existing share structure is expected to be registered with the Swedish Companies Registration Office on or about 17 September 2020. Accordingly, after the Share Conversion, there will be only one share class in the Company, ordinary shares.

Preferential rights to new shares, etc.
If the Company issues new shares, warrants or convertibles in a cash issue or an offset issue, as a general rule, shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue.

Rights to dividends and balances in the event of a liquidation
All shares carry equal rights to dividends and to the Company's assets and any potential surplus in the event of a liquidation. Decisions regarding dividends in limited liability companies are made by the general meeting of shareholders. Entitlement to receive dividends accrues to those who, on the record date adopted by the general meeting of shareholders, are registered in the share register maintained by Euroclear Sweden AB ("**Euroclear**") as shareholders. Dividends are normally distributed to the shareholders as a cash amount per share through Euroclear, but may also be distributed in other forms than cash (distribution in kind). Should a shareholder be unreachable through Euroclear, the shareholder will continue to have a claim against the Company with regard to the dividend and this is only limited by rules concerning a ten-year statute of limitation. Should the claim become barred by the statute of limitations, the dividend amount accrues to the Company.

No restrictions on the right to receive dividends apply to shareholders resident outside of Sweden. With reservation for any limitations imposed by the banks and clearing systems in the concerned jurisdictions, disbursements to such shareholders are conducted in the same manner as to the shareholders in Sweden.

Dividend policy
The Company's BoD does not intend to propose the distribution of a dividend in the short or mid-term and intends to use the cash flow generated for continued investments in growth. The BoD shall each year evaluate the possibility of distributing a dividend after taking into account the development of the business as well as its operating profit and financial position. The Company's shareholders have not decided to distribute dividends during the period included in the historical financial information in the Prospectus.

Where will the securities be traded?

On 26 August 2020, Nasdaq Stockholm accepted the Company's application on provided that customary terms and conditions, including fulfilment of the distribution requirement for the Company's shares, are met no later than the first day of trading in the Company's shares on Nasdaq Stockholm and that the Company applies for trading of the shares on Nasdaq Stockholm. The expected first day of trading on Nasdaq Stockholm is 17 September 2020.

Key risks that are specific to Readly's securities

Risk of an illiquid market and price volatility
The Company's shares have not previously been traded on a stock market. It is therefore difficult to predict the amount of trading or the interest that may be shown in the shares. The price for which the shares are traded and the price at which investors can make their investment will be affected by a number of factors, some of which are specific to the Company and its business, while others are general for listed companies and outside Readly's control. The listing and admission to trading of the Company's shares on Nasdaq Stockholm should not be interpreted as meaning that there will be a liquid market for the shares. There is a risk that the price of the shares will be highly volatile in connection with the admission to trading on Nasdaq Stockholm. If active and liquid trading does not develop or does not prove sustainable, this could make it difficult for shareholders to sell their shares and the market price could differ considerably from the price of the shares in the Offering.

Risks related to future sales of large blocks of shares
The Main Shareholder, directors and senior executives who own shares, and other current shareholders have committed to a so-called lock-up agreement not to sell their respective holdings for a certain period as of the first day of trading on Nasdaq Stockholm. As of the date of the Prospectus, 54.9 percent of the shares in Readly are subject to lock-up arrangements. However, ABG could decide to grant exceptions from the limitations on the sale of shares during the lock-up period. When the lock-up period has expired, the affected shareholders are free to divest their shares. Future sales of large blocks of shares as well as disposals made by the Main Shareholder, directors and/or senior executives could have a negative impact on the Company's share price.

Risk of no dividend
The Company does not intend to propose the distribution of a dividend in the short or mid-term and intends to use any positive cash flow generated for continued investments in growth. The BoD shall each year evaluate the possibility of distributing a dividend after taking into account the development of the business as well as its operating profit and financial position. Under Swedish law, decisions regarding dividends are to be made by the annual general meeting. The timing and size of potential future dividends is proposed by the BoD. When giving consideration to future dividends, the BoD will weigh in factors such as the requirements with respect to the size of the equity given the nature, scope and risks associated with the operations and the Company's need to strengthen its balance sheet, liquidity and financial position in general. Readly may not have sufficient funds to make dividend payments and the Company's shareholders may decide not to approve dividend payments in the future.

Undertakings by Cornerstone Investors are not secured
The Cornerstone Investors have undertaken to acquire shares in the Offering corresponding to a total of SEK 390 million. Provided the Offering is fully subscribed the undertaking is for 6,610,172 shares, corresponding to 47.1 percent of the total number of shares encompassed (under the assumption that the Offering is fully subscribed and the Overallotment Option is exercised in full) by the Offering and 18.0 percent of the total number of shares in the Company after the Offering. However, the Cornerstone Investors' undertakings are not secured by bank guarantees, blocked funds, pledges of collateral or similar arrangements, for which reason there is a risk that the Cornerstone Investors may not meet their undertakings. The Cornerstone Investors' undertakings are also subject to conditions. If any of these conditions is not satisfied, there is a risk that the Cornerstone Investors will not fulfil their undertakings, which could have a negative impact on the completion of the Offering.

Shareholders in the US or other countries outside Sweden may not be permitted to take part in potential future rights issues
If the Company issues new shares with preferential rights for the existing shareholders in the future, shareholders in some countries, may be subject to restrictions that mean that they are unable to participate in such rights issues or that their participation is otherwise obstructed or limited. For example, shareholders in the US may not be permitted to exercise their rights to subscribe for new shares unless there are registration documents in accordance with the US Securities Act regarding such shares or an exemption from the registration requirements under the US Securities Act is applicable. Shareholders in other jurisdictions outside Sweden may similarly be affected. The Company has no obligation to submit registration documents in accordance with the US Securities Act or to seek similar approval or relevant exemptions in accordance with legislation in any jurisdiction outside Sweden, and these actions may be associated with practical difficulties and costs. Insofar as Readly's shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their proportional interests in the Company will be reduced. Such issues may therefore entail that existing shareholders will see their share of the Company's share capital diluted and this may have a negative impact on the share price, earnings per share and net asset value per share.

Key information on the offer of securities to the public and admission to trading on a regulated market

Under which conditions and timetable can I invest in these securities?

On 26 August 2020, the Nasdaq Stockholm Listing Committee assessed that the Company meets Nasdaq Stockholm's listing requirements, provided that customary conditions, including the distribution requirement for the Company's shares, are met no later than the first day of trading of the Company's shares on Nasdaq Stockholm, which is expected to take place on 17 September 2020.

The Offering comprises not more than 12,203,389 shares, of which 7,627,118 are newly issued shares and a maximum of 4,576,271 shares are existing shares in Readly. Provided that the Offer is fully subscribed, the Company will be provided with gross proceeds of SEK 450 million before deduction of transaction costs. The Company's transaction costs are expected to amount to approximately SEK 22 million. The Offering is divided into two parts:

- The offer to the general public in Sweden[9]
- The offer to institutional investors in Sweden and abroad[10]

The Offering Price is SEK 59 per share. Provided that the Offering is fully subscribed, the number of shares in the Company will increase from 29,114,330 to 36,741,448, corresponding to a dilution of 20.8 percent of the total number of shares in the Company after completion of the Offering.

Applications for acquisition of shares within the offer to the general public in Sweden should be made during the period 8 - 15 September 2020. Institutional investors in Sweden and from abroad are invited to participate in the book-building process during the period 8 - 16 September 2020.

9) The offer to the general public in Sweden entails an offer of shares to acquire a maximum of 17,000 shares.
10) "Institutional investors" include private individuals and legal entities that apply to acquire more than 17,000 shares.

Under which conditions and timetable can I invest in these securities? (cont.)

Allotment is expected to take place on or about 17 September 2020. As soon as possible thereafter, contract notes will be sent to those having received allotment in the Offering. Full payment for allotted shares will be deducted from the specified bank account on the settlement date, 21 September 2020.

The outcome of the Offering is expected to be announced through a press release on or about the 17 September 2020.

Who is the offeror?

In addition to the shares offered by Readly, the Selling Shareholders are offering not more than 6,406,779 existing shares in the Offering, provided that the Overallotment Option is exercised in full. Information about the Selling Shareholders is presented in the table below.

Name	Address	LEI code	Legal form	Country of formation and jurisdiction
Cleantech Europe II Luxembourg Sarl[11]	E-Building, 6, Rue Gabriel Lippmann, Luxembourg	213800T4PUCAV91BS318	Fund	Luxembourg
Joel Wikell	3800 N. Ocean Dr, Singer Island FL, 33404, USA	N/A	N/A	Sweden
Växjö Cityfastigheter AB	Box 3203, 352 53 Växjö	54930027UIR2STVSRZ86	Aktiebolag	Sweden
Channel 4 Ventures Limited	124 Horseferry Road, London, SW1P 2TX, UK	213800YSOOK4XGP8C532	Limited	UK
Henrik Widov	Falkgatan 8, 352 36 Växjö	N/A	N/A	Sweden
Fredrik Petrini	Brännhult 2, 342 62 Moheda	N/A	N/A	Sweden
Millium AB	Brännhult 2, 342 62 Moheda	9845007FFD-3CFJ68F448	Aktiebolag	Sweden
State 5 Software AB	Kung Magnus väg 8 BV, 352 34 Växjö	984500FF0C7BV5D7F853	Aktiebolag	Sweden
Readly Co-Investment LP	100 Brompton Road, London, SW3 1ER, UK	2138004KRF5YCMTTK671	Limited Partnership	UK
Glintsoft AB	Smedjegatan 37, 352 46 Växjö	9845003C5GF387V68B33	Aktiebolag	Sweden

11) Cleantech Europe II Luxembourg Sarl is a fund controlled by Zouk Capital LLP.

Why is this Prospectus prepared?

Background

The Main Shareholder and the BoD believe that it is an appropriate time to broaden the Company's shareholder base and apply for listing on Nasdaq Stockholm. The Offering and listing will support the Group's continued growth and provide Readly with access to the capital markets and a diversified base of Swedish and international shareholders. Readly also believes that a listing on Nasdaq Stockholm will increase awareness of Readly among subscribers, publishers and the general public.

Use of net proceeds

The execution of Readly's strategy and marketing initiatives over the next four to five years requires significant investments. Readly estimates that the current working capital is insufficient to meet the Group's needs over the next twelve months from the date of the Prospectus. The Company intends to carry out a new share issue in connection with the listing on Nasdaq Stockholm in order to support Readly's strategy in the coming four to five years and to finance the estimated working capital deficit over the next twelve months. Assuming that the Offering is fully subscribed, the proceeds will amount to approximately SEK 428 million after deduction of transaction costs. Readly intends to use such net proceeds in accordance with the following order of priority:

- Marketing for increased brand awareness, geographical expansion and conversion marketing, 50-60 percent.
- Research and development in relation to Readly's technical product and new services, 15-20 percent.
- General corporate purposes for conducting operating activities, 25-30 percent.

Due to the Group's working capital requirements, the BoD and Main Shareholder have decided that the Offering shall be conditional upon the Company receiving a minimum amount of SEK 300 million before deduction of transaction costs. This minimum amount is sufficient to cover the Group's working capital requirements beyond twelve months from the date of the Prospectus, as the working capital need for the period amount to approximately SEK 40 million.

In the event that this degree of subscriptions is not reached, the Offering will be revoked and the subsequent listing on Nasdaq Stockholm will not take place. The Company will then seek alternative sources of financing to secure the Company's financial position. In that situation, the Company may utilise the outstanding loan amount in a loan agreement with Kreos for a maximum credit facility of EUR 10 million. The loan amount under the credit facility can be used to a maximum of two instalments up to and including 31 December 2020. As of the date of the Prospectus, the outstanding loan amount under the Loan Agreement is EUR 5 million. If there are additional working capital needs and shareholders are not willing to subscribe for new shares, it could mean that Readly will have to limit its operations primarily with regard to its marketing campaigns, expansion into new markets and development of the service.

Material conflicts of interest

In connection with the Offering, ABG provides financial advisory and other services to the Company and the Main Shareholder, services for which ABG will receive remuneration from the Company and the Selling Shareholders respectively. From time to time, ABG may provide services to the Company and the Selling Shareholders in the ordinary course of business and in connection with other transactions.

In connection with the Offering, the Company has engaged Avanza Bank AB in the role as Retail Manager. Viktor Fritzén, who is a board member of the Company, is also a board member of Avanza Bank AB. Viktor Fritzén has not been involved in any decisions made in connection with the Company hiring Avanza Bank AB.

Risk factors

An investment in Readly's shares is associated with various risks. The risk factors stated below are limited to such risks as Readly considers to be material and specific to Readly and its securities and that Readly considers to be important to make an informed investment decision. The assessment of materiality regarding the risk factors stated in this Prospectus has been determined based on the likelihood that they will occur as well as the expected magnitude of the adverse impact.

The risk factors are presented in the four categories "Risks related to Readly's strategy and operations", "Legal and compliance risks", "Financial risks" and "Risks related to the Company's shares". Under each heading, the Company has ranked the most significant risks first. The risks that follow are presented in no particular order.

Risks related to Readly's strategy and operations

Readly operates in a competitive market

Readly offers a digital subscription service that gives access to unlimited reading of a wide range of digital magazines from various third party publishers. The product can be accessed online or via an app that can be downloaded from Apple App Store, Google Play, Amazon Appstore and Huawei App Gallery. Readly offers content from local publishers in eleven markets - Sweden, the United Kingdom, Germany, Austria, Switzerland, the Netherlands, the United States, Ireland, Italy, Australia and New Zealand and its service is available to access in around 50 markets. Readly's core markets are Germany, the United Kingdom and Sweden, which together represented 85 percent of Readly's total sales in the first and second quarter 2020. The competitive landscape for Readly can be categorised along four dimensions:

- I. **Company type** – i.e. if the company provides content from a broad set of publishers, like Readly, or a publisher platform that distributes content from a single publisher or a specific title.[1]
- II. **Business model** – The business models for digital media providers, and payment of content, are an "all-you-can-read", like Readly, or a digital newsstand model or a mix of both.[1]
- III. **Content** – The content offered on different providers' platforms is measured in terms of both breadth and depth of content. The breadth is either a multi-format platform or a focused platform. Readly offers a focused platform, including only one type of format, in this case digital magazines. The depth of the content is determined based on how broad the portfolio of content is in terms of titles, categories and coverage of various interest.[1]
- IV. **Geographical presence** – The reach of the platform is either limited to a few markets or available in a large number of countries, like Readly's platform.[1]

Readly is dependent on being able to offer a variety of, and compelling, content to its subscribers and therefore competes with other digital magazine providers to gain access to the content. There is a risk that competitors to Readly enter into exclusive agreements with magazine publishers, which would prevent Readly from gaining access to certain content in current and new markets. There is also a risk that publishers themselves develop technologies, products or services to provide content exclusively to their customers and not through Readly's platform. If competitors enter into exclusive agreements with publishers or if publishers develop products or services with exclusive content, it may result in Readly not having access to content in its services and being unable to compete in the Company's markets, which could have a material adverse impact on the number of subscribers and lead to loss of market share in established markets and to Readly not being able to establish operations in new markets.

There is a risk that competitors could develop and launch services that offer a better performance than Readly's service and thereby take market share from Readly. An example of such services or better performance is the development of providing digital magazines as audio content. Competitors to Readly may adopt an aggressive pricing strategy to capture market shares. Readly has to constantly analyse the effect of the competitors' pricing strategies. There is a risk that Readly could misjudge the competitors' pricing strategies, which could lead to failure in optimising Readly's own pricing. Increasing competition may result in increased price pressure, lower profit margins, increased R&D costs, and/or increased marketing and sales costs. Readly may fail to proactively handle competitors in relation to new services and price strategy, which could lead to loss of market share in established markets. As Readly's core markets Germany, the United Kingdom and Sweden together represented 85 percent of Readly's total sales in the first and second quarter 2020, a loss of market share on these markets could have a material negative impact on the Company's total revenue and financial position.

Readly has never been profitable and there is a risk that the Company will not reach profitability in accordance with its financial goals

Readly will continue to focus on growth in its existing markets and plans to also expand further both within Europe and beyond. Readly's operations and number of employees have grown substantially since the Company was founded, in particular during recent years. Potential investors should not necessarily take historical growth as an indication of future developments. Earlier growth has exposed, and future growth will expose, the Group, its executive management, administration, IT systems as well as operational and financial infrastructure to several challenges and require access to working capital. Since inception, the Company has not been profitable. Since 2012 and up to the date of the Prospectus, the Company has raised SEK 734.3 million in gross

1) PwC Strategy& market study.

proceeds in equity that have been used to finance growth. The Company's board of directors ("**BoD**") has adopted a financial goal in relation to profitability, which is that the Company is to reach a positive EBITDA[2] in four to five years. In light of the Group's need for working capital, the BoD has decided to condition the Offering upon the Company generating proceeds of a minimum of SEK 300 million before deduction of transaction costs. This level is sufficient to secure the Group's working capital beyond twelve months from the date of the Prospectus, as the working capital need for the period amount to approximately SEK 40 million. There is a risk that Readly fails to execute its growth and development plans to reach its financial goals and that the Company will have to seek to raise additional capital by way of new share issues or from other sources of funding for purposes of obtaining sufficient liquidity and additional working capital. There is a risk that such funding cannot be obtained on terms that are acceptable to the Company, or at all. See also risk factor under the section Financial risks "*Risks related to liquidity*" below.

If Readly fails to handle growth and development as set out by the financial goals, it could have a material and adverse impact on Readly's growth strategy and earnings.

Readly needs to attract new subscribers and retain existing subscribers

Readly offers a digital subscription service for magazines where the subscribers gain unlimited access to all content. The subscribers normally pay a monthly fee in advance and the subscription can be cancelled at any point in time. Readly's ability to attract new subscribers and retain existing subscribers depends in large part on its ability to continue to offer an attractive service, compelling content, functionality and an engaging user experience. Readly is dependent on revenues derived from its subscribers. The Group's revenues from the subscribers corresponded to 99.6 percent of the Group's total revenue during 2019. Readly's data show that one year after a group has signed up for a subscription during any given month, approximately 73 percent of the initial income remains. After five years, the corresponding figure is approximately 52 percent. As consumer tastes and preferences change in the digital service market and with new user experiences, mobile devices a nd other digital services being introduced, Readly may need to enhance and improve its existing product, introduce new services and features and other digital content that are in the interest of current and future subscribers. Such services and features could be to provide audio content within Readly's service. If Readly fails to offer a compelling content and product features to meet consumer demands, the Group's ability to grow or sustain the reach of its product, attract and retain subscribers may be adversely affected. As revenue from subscribers corresponded to 99.6 percent of the Group's total revenue during 2019, a decrease of subscribers would decrease to Group's total revenue and materially adversely affect the Group's financial position.

Readly is dependent on a pricing structure that meets the expectations from subscribers. If Readly increases the price of its services it could lead to disappointment from Readly's subscribers and a negative impact on the subscriber base which can materially adversely affect the Company's revenue growth and profitability.

Subscriber base growth and at the same time uphold high revenue retention is also an important factor for current and future investors when assessing Readly's overall performance. There is a risk that the growth of Readly's subscriber base fails to live up to expectations from investors, which could decrease Readly's market value and decrease the possibility to raise the funding required to support the Group's planned growth strategy when additional capital is needed. This could affect, for example, the planned rate of expansion and fulfilment of commitments and have a material adverse effect on the Group's growth, revenue and long-term profitability.

Risks related to increased marketing costs and unsuccessful marketing activities

Readly's marketing strategy is to increase its subscriber base by investing in acquisition of new subscribers via digital performance marketing channels, so called conversion marketing, and to increase brand awareness.

Marketing is crucial to Readly's ability to attract new subscribers and increase brand awareness. Readly has historically invested significantly in marketing activities to enable and support continued growth. As a share of total revenue, marketing costs have amounted to 37.8 percent during 2017, 37.6 percent during 2018 and 37.4 percent during 2019. Readly has incurred and will continue to incur significant expenses in marketing through a broad range of activities and channels to attract new subscribers, grow net sales, and enhance Readly's overall brand awareness. Readly balances the marketing costs with the Group's overall growth strategy to increase its subscribers base in strategically important markets.

Readly invests in brand awareness marketing in order for potential subscribers to become aware of the Company and its product and service offering, as well as increasing awareness and creating a demand for the digital magazine subscription model in general. Readly has historically invested significantly in brand awareness campaigns, primarily in its core markets, which is expected to contribute to lower average subscriber acquisition cost over time as the organic inflow from subscribers increases. Historically, approximately one third of the total marketing costs have been used for brand awareness marketing.

Readly also invests in digital conversion marketing in various channels with the aim of increasing the awareness of Readly, offer

2) The measure provides an overview of the profit generated by the operations, which is useful for illustrating the underlying earnings potential of the business and facilitates comparability between periods.

target group the possibility to test the service during a limited period to eventually being converted into fully paying subscribers. The digital conversion marketing is based upon a data-driven approach to attracting new subscribers based on a cost and benefit analysis, which enables the marketing team to efficiently target new potential subscribers through the most effective channels. Historically, approximately two thirds of the total marketing costs have been used for conversion marketing.

The costs for marketing have increased over the years and at the same time as it has become more complex. It requires significant work to tailor messages to the online audience and to different markets. Due to the rapid changes in the marketing environment Readly may fail to leverage the appropriate methods of marketing and there is an increased risk of unsuccessful marketing campaigns, which may affect the number of subscribers and the interest from investors and publishers, Readly's message to the market, revenue, and due to its marketing costs, the Group's adjusted operating profit.

Readly is dependent upon third-party publishers

Readly has entered into agreements with third-party publishing companies granting Readly the right to make magazine titles available on Readly's platform. As of 30 June 2020, Readly offers its subscribers access to approximately 5,000 magazine titles from approximately 800 publishers. The publishers Readly has agreements with include 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. All content offered through Readly's platform is licensed from third party publishers. The agreements with the publishers are entered into on a non-exclusive basis. Being able to offer its subscribers as attractive content as possible is crucial to Readly's business and continued development. Furthermore, there is a risk that Readly cannot expand to new markets as Readly is required to enter into agreements with magazine publishers in local markets.

Readly is dependent on publishers in the eleven markets where the Company offers content from local publishers. There is a risk that Readly becomes dependent on certain key publishers. In order for Readly to maintain and also increase the number of partnerships with publishers it is important that Readly continues to build relationships with publishers, increase its subscriber base and that the publishers benefit from the collaboration, both monetarily and in other ways, for example through, access to advanced data analysis.

In general, the agreements with publishers are entered into for an initial period of six months and are automatically prolonged by one year at a time unless terminated with three months' notice.

A majority of Readly's agreements with the top ten publishers in terms of revenue/publisher costs are valid until further notice with varying notice of termination periods of between one to six months. There is no guarantee that these agreements will continue to be available in the future at rates and on terms that are favourable or commercially reasonable. Readly may fail to work proactively with publishers to ensure existing agreements are extended, which could lead to loss of important contracts. The terms of these agreements may change as a result of changes in Readly's bargaining power, changes in the industry, changes in the law, or for other reasons. Increases in compensation to publishers or changes to other terms of these agreements may materially impact Readly's business, operating results, and financial condition. If such agreements are terminated it could decrease Readly's content offering in certain markets and the overall content offering. The agreements with the key publishers mentioned above are particularly important as these publishers provide either separate titles or a number of titles, which makes Readly competitive in Readly's core markets, Germany, United Kingdom and Sweden. These markets represented 85 percent of the Group's net revenue during the first and second quarter of 2020. This may lead to reduced demand for Readly's service and risk that subscribers change to competing services for digital magazines, which can lead to reduced revenues and adversely affect the Group's financial position. Furthermore, a reduced subscriber base can reduce Readly's attractiveness and negotiating power towards publishers. This could lead to increased publishers costs or deterioration of other terms in these agreements, which could have a material adverse effect on the Group's revenue and earnings.

Readly is dependent on being innovative and adapting to technological advances and subscriber preferences

Readly competes with other companies offering similar services. The market in which Readly operates is characterised by rapid technological development. Readly has since 2012 until 2019 reported SEK 42.7 million in capitalised development costs for its proprietary subscription platform. Readly's ability to predict technical advances, market needs, subscriber preferences and demands and to adapt its services accordingly is critical for its continued success. There is a risk that Readly could misjudge these developments. There is also a risk that Readly does not or will not be able to provide sufficient resources to the product team or R&D, which could lead to Readly not being able to develop the existing product and new services or work on new ideas quickly enough to meet subscriber expectations. If Readly's research and development investments fail to keep up with the rate of development in the market, the available technology or do not meet subscriber expectations, this could lead to a lack of demand for Readly's services and a bad reputation amongst subscribers and other stakeholders which could have a material adverse effect on the Group's revenue from paying subscribers and its ability to enter into contracts with, for example, publishers.

Readly needs to predict which magazines its subscribers are most interested in. Readly's ability to predict consumer behaviour and consumer preferences and select magazines suitable for its subscribers' individual preferences is dependent on its ability to collect and effectively analyse large amounts of user data to understand demographic patterns, economic trends and cultural concerns. Readly's ability to predict and provide content that is relevant and appreciated by its subscribers is crucial for the perceived value of its services. Unsuccessful predictions can have a significant effect on Readly's ability to attract new and retain existing subscribers which can have an adverse effect on the Group's financial position and reputation.

Readly is exposed to risk attributable to the Company's IT systems

Readly uses certain key third-party service providers, such as Amazon Web Services that provide Readly with systems, infrastructure and cloud databases for IT operations. Use of services provided by third parties exposes the Group's business to a number of risks, including a risk that critical service providers are unable to deliver according to the contract which could be for reasons that is outside of the service providers' control or that they are subject to data breaches or technical interruptions.

Readly's business relies on its technology and digital infrastructure, including software, hardware, telecommunications and other systems, to operate its platforms, deliver its services, provide transaction and payment processing, and to manage and secure its business and data, particularly with respect to internal communications, controls, reporting and relations with subscribers and publishers. Readly may fail to establish and maintain disaster recovery for its IT systems. Readly's disaster recovery plans in the event of such occurrence, and their existing back-up systems and plans may not prove effective.

In addition, despite implementing network security measures, Readly's and its business' servers may be vulnerable to computer viruses, break-ins and similar disruptions from unauthorised tampering with, and/or cyber-attacks on, such computer systems. Readly may be required to spend significant capital and other resources to protect its platforms against computer viruses and hackers and to remedy any problems caused by them. Moreover, if a computer virus or cyber-attack affecting such system is highly publicised, Readly's reputation or users' trust in the relevant business could be materially damaged and the user base or utilisation of the relevant platform may decrease.

Any disruption to the services provided by third parties or failure in the systems can affect the availability of Readly's system and platforms and could lead to increases in the response times of its services or otherwise disrupt the functionality or operations of Readly's business. This could materially affect Readly's reputation, subscriber and partnership relationships. For example, Readly has entered into agreements with partners for the purpose of providing value added services to the partners' customers and to increase Readly's brand awareness and subscriber base by marketing and sales initiatives from the partners. These partnership agreements can be terminated if the service availability level falls under a certain threshold indicated in the agreements. Historically, Readly's service has not been affected to any great extent by, for example, system shutdown, disruptions unauthorised tampering and/or cyber-attacks. If the availability of Readly's service were to be limited or completely down for a period, it could have a material negative impact on Readly's reputation and customer and partner relationships, which could lead to reduced revenues and earnings.

Readly is dependent on third party payment solution providers

Readly accepts payments through various third-party payment solution providers, such as payment with cards and the digital payment service provider PayPal. Readly may add additional payment solution options in the future. The services provided include handling transactions between Readly and its subscribers for monthly subscription payments and handling of settlement of the transactions with the credit card companies and the subscribers' banks. These payment solution providers provide services to the Group in exchange for a fee, which may be subject to change. During 2019 the costs related to external payment providers corresponded to 3.7 percent of total revenue. There is a risk that the transaction fee issued by existing or future payment solutions providers is increased in connection with agreement negotiations with current payment solution providers or if the Company enters into agreements with new providers. A factor that can impact the negotiations is if the payment solutions provider considers that Readly's volumes are not high enough and that Readly thereby cannot enter into agreements on competitive terms. As the majority of the Group's revenue is derived from subscribers through card and bank transactions, an increase of transactions fees would have a direct negative impact on the Group's profit margins and earnings.

Readly is dependent on retaining and recruiting new senior executives and key individuals

Readly's success is dependent on senior executives and other highly qualified key employees and consultants with specific specialist expertise. All of the employees and consultants, including the executive management, are free to terminate their relationship with Readly at any time (with customary notice of termination periods), and their knowledge of Readly's business and industry may be difficult to replace. As per 31 December 2019, 37 percent of Readly's workforce consisted of consultants. Readly has strategically and operationally important people employed in Växjö and Stockholm who are responsible for IT development. Individuals with industry experience and specialist expertise in the Group's industry are highly sought after and there is fierce competition to employ or hire these people and Readly may incur significant costs to attract them. If the Group is unable to attract and retain its executive management and key employees and consultants, the Group may not be able to achieve its strategic objectives, growth strategy and its business could be harmed. Thus, loss of key employees and consultants or failure to attract new employees or consultants could have a material adverse impact on Group's relationships with publishers and subscribers and on its ability to grow to new markets and further develop its service.

Risks related to the Covid-19 pandemic

The Company assesses that the Covid-19 pandemic has an impact on Readly's operations as there is a risk that the publishers with whom Readly has collaborations will not be able to provide the requested content and that the disruptions in the global economy and capital markets may lead to difficulties for the Company to obtain the required liquidity to continue to finance its operations.

The publishing industry has been affected by the Covid-19 pandemic to a great extent. This relates to changing purchase behaviours from customers, for example due to closed stores that have led to a reduced purchases of the publishers' printed products and thus reduced revenues. Because of this, some publishers will need to take cost saving actions that may have an impact on what content is provided to Readly. Some publishers have decided to discontinue certain magazine titles. There is a risk that the content from the publishers will be further reduced, that the publishers will choose other strategies to reach out with their titles or that the publishers will no longer be able to carry on their business. Since Readly is dependent on magazine titles to be able to conduct its business, such a development may lead to Readly's content offering and service not being as attractive, impairing the possibility of expanding to new markets and thereby leading to reduced revenue from subscribers, which may have a material adverse effect on the Group result and prospects.

The extent of the Covid-19 pandemic and the financial effects that may follow from the pandemic are still unknown at the date of the Prospectus. The Covid-19 pandemic has disturbed market conditions globally and has thus affected the prospects, operating results and financial conditions of countries, companies and banks. It cannot be guaranteed that government or other measures taken will lead to rapid and adequate improvement of such market conditions in the future, and if the situation worsens further or further restrictions are imposed, or current or new restrictions persist for an extended period of time, it can have a material adverse effect on the global economy. There is a risk that the Covid-19 pandemic will make it more difficult for the Company to obtain the liquidity needed in the near future, as the Covid-19 pandemic has already negatively impacted the global economy and there is great uncertainty in the capital markets around the world, which may lead to a reduced willingness to invest in the Company. Should the Covid-19 pandemic continue for an extended period of time, it would further affect the Company's ability to obtain financing in the longer term.

Legal and compliance risks

Risks related to personal data and anonymised data

Readly handles large amounts of personal data mainly in relation to its subscribers. Readly's subscribers register their personal data on Readly's website and/or app, and the personal data is stored by Readly. Readly had, as of 30 June 2020, 323,811 fully paying subscribers, all being individuals. In the event that the Swedish Data Protection Authority would deem that Readly is, or has in the past been, handling personal data incorrectly, or that a data breach occurs due to security deficiencies which can lead to dissemination of personal data outside of Readly's control, this could result in significant penalties. In August 2019, the Swedish Data Protection Authority issued its first penalty fee to a company within the education sector, which amounted to SEK 200,000. In determining the size of the penalty fee, the Data Swedish Data Protection Authority took into account how many data subjects that were affected by the violation. In the mentioned case, the number of persons amounted to 22.

As Readly handles a large amount of personal data, incorrect handling or a data breach could lead to many data subjects being affected, which could lead to high administrative penalties such as civil and/or criminal law measures imposed by the Swedish Data Protection Authority and other data protection authorities, which may also affect Readly's reputation in relation to subscribers, partners and publishers within the digital magazine market.

Readly shares anonymised and aggregated data with its publishers consisting of, for example, the age, gender of the users, country of origin, when and what the user reads and on what type of device the magazine usually is read on. Anonymisation must prevent any party from singling out an individual otherwise the data is not deemed to be anonymised and thus falls within the definition of personal data according to the General Data Protection Regulation 2016/679 ("**GDPR**"). The sharing of anonymised data with its publishers is part of the agreements with the publishers and hence important to maintain an ongoing relationship with the publishers. There a risk that the anonymised data can be used in combination with other data to identify a natural person and thus constitute personal data. If such risk were to materialise there is a risk that Readly is or has in the past been handling personal data incorrectly, which could lead to high administrative penalties such as civil and/or criminal law measures imposed by the Swedish Data Protection Authority and other data protection authorities, which may also affect Readly's reputation in relation to subscribers, partners and publishers within the digital magazine market. In addition, Readly occasionally provides to some publishers' specific data, including names and physical addresses only for the strictly limited purposes as disclosed in Readly's privacy policy.

Further, there is a risk that Readly may be adversely affected by changes to the GDPR, interpretation of the GDPR or government policies in relation to anonymised data. Strict or changing regulatory regimes, government policies and legislation in any of the markets Readly operates in may prohibit sharing of anonymised data to publishers which could negatively affect the offering of value-added services to the publishers and the relationships with the publishers.

Financial risks

Risks related to liquidity

Readly is currently in a growth phase and has therefore reported a negative cash flow from operations for the financial years 2017, 2018 and 2019. As of 30 June 2020, the Group's cash and cash equivalents amounted to SEK 169.3 million. The Group has historically not been able to finance its business operations from its own generated cash flow and is therefore dependent on financing from other sources. This means that Readly needs to put considerable resources on planning and monitoring of its need for capital and cash. Readly is dependent on capital or debt resources to support its planned growth when additional capital is needed. There is a risk that Readly will not be able to obtain the liquidity required in time to meet its growth objectives and strategy. If new share capital and/or external borrowing would not be available to the Group in time in the event of future needs, this could affect, for example, the planned rate of expansion and have a material adverse effect on the Group's growth and long-term profitability.

Readly has revenue and costs in several currencies which exposes the Group to currency exchange risk

Readly is an international group with subsidiaries and subscribers in several countries. The reporting currency is SEK. This means that the Group is exposed to currency risks as fluctuations in exchange rates can impact earnings and equity. The majority of the operations are carried out by the subsidiary Readly AB. Readly's currency risk comprises the components transaction risk and translation risk.

Transaction risk is the risk of an impact on the Group's operating profit and cash flow due to the value of flows in foreign currencies changing in the event of changes in exchange rates. Readly's main inflow of foreign exchange is euro ("**EUR**") and Great British Pound ("**GBP**") in conjunction with the sale of its services. This means that the Group is continuously exposed to transaction risk. If the exchange rate in SEK had been 10 percent lower in the 2019 financial year, it would have created currency effects for the Group in relation to the main currencies of EUR and GBP, which would have increased the Group's operating profit by SEK 3.7 million. If the exchange rate in SEK had been 10 percent higher in the 2019 financial year, the Company's operating profit would have declined by SEK -3.7 million.

Translation risk takes the form of a risk arising when the net assets of foreign subsidiaries are translated to the reporting currency SEK. The Group receives revenues in local currencies depending on the market. The Group is impacted by the translation of the income statements and balance sheets of foreign subsidiaries to SEK. As of the date of the Prospectus, the Group has no currency hedge for these exposures. Since the exchange rate for foreign currencies fluctuates in relation to SEK, there is a risk that future changes in exchange rates could have a substantial adverse impact on the Group's financial position and earnings.

Risks relating to loan agreement with Kreos Capital VI (UK) Limited

The Company has, through its subsidiary Readly AB, entered into a secured credit facility agreement dated 20 April 2020 with Kreos Capital VI (UK) Limited ("**Kreos**") as lender, consisting of one credit facility with a loan amount of EUR 10 million (the "**Loan Agreement**"). As of 30 June 2020, the Group's total loan amount was SEK 44.6 million. The credit facility under the Loan Agreement may be drawn down in two tranches up to and including 31 December 2020. As per the date of the Prospectus, the amount drawn down under the Loan Agreement is EUR 5 million and security for the Loan Agreement consists primarily of pledge over the shares in certain Group Companies, trademarks, and business mortgages and a parent guarantee provided by the Company. The proceeds under the Loan Agreement may solely be used by the Group for the purpose of working capital and general corporate purposes. In case the business of the Group does not develop in accordance with the Company's business plan, there is a risk that the Group cannot fulfil its obligations under the Loan Agreement. If the Group is unable to pay amounts when they fall due under the Loan Agreement, an event of default will occur under the Loan Agreement. On the occurrence of an event of default Kreos may declare all loans and other outstanding amounts under the Loan Agreement immediately due and payable, which as of the date of the Prospectus amounts to EUR 5 million. In such situation, there is a risk that the Group's possibilities to obtain both short- and long-term external financing to refinance the outstanding amounts under the Loan Agreement, are negatively affected. If the Group is unable to refinance the amounts due and payable under the Loan Agreement, there is a risk that Kreos will enforce (subject to the occurrence of an event of default which is continuing that has resulted in Kreos declaring the loan and all outstanding amounts immediately due and payable) the security or the guarantees provided by the Group to secure or guarantee (as applicable) the obligations and liabilities under the Loan Agreement. In addition, a repayment of the outstanding credit amount of EUR 5 million and the absence of additional credit of EUR 5 million under the Loan Agreement, could affect the Company's possibilities to conduct its business in accordance with its strategy. If the risk were to materialise, it may have a material negative impact on the Company's business, future prospects and financial position.

Readly has tax losses carried forward

Readly has tax losses carried forward. The preliminary total tax losses carried forward for the Group as of 31 December 2019 amounted to SEK 582.2 million where the whole amount relates to Sweden. The Group has not booked any deferred tax asset related to the tax losses carried forward in the consolidated financial statement. Swedish tax law contains certain change of control rules, implying a risk that such tax losses carried forward may not be fully utilised in case of a change of control. A change in the current tax legislation may also have an adverse impact on the future possibility to utilise such tax losses. Such restrictions and changes could have an adverse impact on the Group's financial position and tax cost since future profits may in such case not be offset, wholly or partially, against the tax losses carried forward.

Risk related to input VAT recovery

In 2016, the Swedish Tax Agency ("**STA**") published a guideline in which it was stated that a parent company's right to recover incurred input VAT could be restricted if it does not actively participate in the management of all of its subsidiaries, i.e. provides VAT-liable goods or services to all subsidiaries against payment.

In 2019, the Court of Appeal granted a full deduction for input VAT to a parent company in a group that only invoiced one of its group companies, due to the fact that the subsidiary had re-invoiced parts of the costs to other group companies and because if corresponded to the actual resource consumption.

During the financial years 2014-2018, the Company invoiced VAT liable services to the subsidiary Readly AB. In these years, Readly AB re-invoiced VAT liable services to all other active group companies. The Company's view is that the invoicing and re-invoicing fully reflects how the Group Companies have consumed the Company's resources. From financial year 2019 and onwards, all subsidiaries in the Group have been invoiced for VAT liable services.

During the financial years 2014-2018, the Company's total deductions for input VAT amounted to SEK 25 million. It cannot be completely ruled out that the Swedish Tax Agency would question parts of these deductions. The Company's assessment is, however, that the handling is correct and that the risk is low.

Risks related to the Company's shares

Risk of an illiquid market and price volatility

The Company's shares have not previously been traded on a stock market. It is therefore difficult to predict the amount of trading or the interest that may be shown in the shares. The price for which the shares are traded and the price at which investors can make their investment will be affected by a number of factors, some of which are specific to the Company and its business, while others are general for listed companies and outside Readly's control.

The listing and admission to trading of the Company's shares on Nasdaq Stockholm should not be interpreted as meaning that there will be a liquid market for the shares. There is a risk that the price of the shares will be highly volatile in connection with the admission to trading on Nasdaq Stockholm. If active and liquid trading does not develop or does not prove sustainable, this could make it difficult for shareholders to sell their shares and the market price could differ considerably from the price of the shares in the Offering.

Risks related to future sales of large blocks of shares

The Company's largest shareholders that own more than five percent of the Company's shares are Cleantech Europe II Luxembourg Sarl, Joel Wikell (private and through company), Swedbank Robur Fonder AB (through the funds Swedbank Robur Ny Teknik BTI and Swedbank Robur Microcap) and Tredje AP Fonden (AP3), whose combined share ownership amounts to 56.03 percent of the Company's total shares. The Main Shareholder, directors and senior executives who own shares, and certain other current shareholders have committed to a so-called lock-up agreement not to sell their respective holdings for a certain period as of the first day of trading on Nasdaq Stockholm. As of the date of the Prospectus, 54.9 percent of the shares in Readly are subject to lock-up arrangements. However, ABG could decide to grant exceptions from the limitations on the sale of shares during the lock-up period. When the lock-up period has expired, the affected shareholders are free to divest their shares. Future sales of large blocks of shares as well as disposals made by the Main Shareholder, directors and/or senior executives could have a negative impact on the Company's share price.

Risk of no dividend

The Company does not intend to propose the distribution of a dividend in the short or mid-term and intends to use the cash flow generated for continued investments in growth. The BoD shall each year evaluate the possibility of distributing a dividend after taking into account the development of the business as well as its operating profit and financial position. Under Swedish law, decisions regarding dividends are to be made by the annual general meeting. The timing and size of potential future dividends is proposed by the BoD. When giving consideration to future dividends, the BoD will weigh in factors such as the requirements with respect to the size of the equity given the nature, scope and risks associated with the operations and the Company's need to strengthen its balance sheet, liquidity and financial position in general. Readly may not have sufficient funds to make dividend payments and the Company's shareholders may decide not to approve dividend payments in the future.

Undertakings by Cornerstone Investors are not secured

The Cornerstone Investors have undertaken to acquire shares in the Offering corresponding to a total of SEK 390 million. Provided the Offering is fully subscribed the undertaking is for 6,610,172 shares, corresponding to 47.1 percent of the total number of shares encompassed (under the assumption that the Offering is fully subscribed and the Overallotment Option is exercised in full) by the Offering and 18.0 percent of the total number of shares in the Company after the Offering. However, the Cornerstone Investors' undertakings are not secured by bank guarantees, blocked funds, pledges of collateral or similar arrangements, for which reason there is a risk that the Cornerstone Investors may not meet their undertakings. The Cornerstone Investors' undertakings are also subject to conditions. If any of these conditions is not satisfied, there is a risk that the Cornerstone Investors will not fulfil their undertakings, which could have a negative impact on the completion of the Offering.

Shareholders in the US or other countries outside Sweden may not be permitted to take part in potential future rights issues

If the Company issues new shares with preferential rights for the existing shareholders in the future, shareholders in some countries, as is the case in this Offering, may be subject to restrictions that mean that they are unable to participate in such rights issues or that their participation is otherwise obstructed or limited. For example, shareholders in the US may not be permitted to exercise their rights to subscribe for new shares unless there are registration documents in accordance with the US Securities Act regarding such shares or an exemption from the registration requirements under the US Securities Act is applicable. Shareholders in other jurisdictions outside Sweden may similarly be affected. The Company has no obligation to submit registration documents in accordance with the US Securities Act or to seek similar approval or relevant exemptions in accordance with legislation in any jurisdiction outside Sweden, and these actions may be associated with practical difficulties and costs. Insofar as Readly's shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their proportional interests in the Company will be reduced. Such issues may therefore entail that existing shareholders will see their share of the Company's share capital diluted and this may have a negative impact on the share price, earnings per share and net asset value per share.

Invitation to acquire shares in the Company

To facilitate Readly's continued development and growth, the BoD and the Main Shareholder have decided to diversify the ownership of the Company's shares. On 26 August 2020, the listing committee of Nasdaq Stockholm assessed that the Company meets Nasdaq Stockholm's listing requirements, provided that customary terms and conditions, including fulfilment of the distribution requirement for the Company's shares, are met no later than the first day of trading in the Company's shares on Nasdaq Stockholm, which is expected to occur on 17 September 2020.

Investors are hereby invited, in accordance with the terms of this Prospectus, to acquire a maximum of 12,203,389 shares, of which the Company offers up to 7,627,118 newly issued shares and the Selling Shareholders offer 4,576,271 existing shares.

The final price in the Offering (the "**Offering Price**") is 59 SEK per share decided on by the BoD and the Main Shareholder in consultation with the Sole Global Coordinator[1].

The new share issue, which will be issued pursuant to the authorisation given at the Extra General Meeting on 4 September 2020, is expected to provide Readly with up to SEK 450 million after deduction of expenses related to the Offering.[2] Provided that the Offering is fully subscribed, the number of shares in the Company will increase by 7,627,118 shares from 29,114,330 shares to 36,741,448 shares, corresponding to a dilution of 20.8 percent of the total number of shares in the Company after completion of the Offering.

The Selling Shareholders offer 4,576,271 existing shares, which, based on a full subscription in the Offering represents approximately 12.5 percent of the total number of shares in the Company after completion of the Offering.

To cover any overallotment in connection with the Offering, the Main Shareholder will issue an option to the Sole Global Coordinator, which can be utilised, in full or in part, during a period of 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm, to sell additional existing shares, corresponding to a maximum of 15 percent of the maximum total number of shares included in the Offering (the "**Overallotment Option**"). Provided that the Offering is fully subscribed, the Overallotment Option will entail the right to sell an additional maximum of 1,830,508 shares, corresponding to 15 percent of the maximum total number of shares included in the Offering.

Provided that the Offering is fully subscribed, the Overallotment Option is fully exercised, the Offering will comprise a maximum of 14,033,897 shares, corresponding to approximately 38.2 percent of the shares and votes in the Company after completion of the Offering.

The Cornerstone Investors have, on the same terms as other investors, undertaken to acquire shares in the Offering for SEK 390 million, corresponding to 47.1 percent of the Offering and 18.0 percent of the shares in the Company following the Offering (provided that the Offering is fully subscribed and the Over-allotment Option is exercised in full). The Cornerstone Investors will be prioritised in the allotment of shares in the Offering and receive full allocation in accordance with their respective commitments. The commitments do not entitle any compensation.

The total value of the Offering amounts to approximately SEK 828 million, provided that the Offering is fully subscribed and the Overallotment Option is fully exercised.

For more information, refer to the full Prospectus, which has been prepared by the board of directors of the Company in connection with the Offering and the application for admission to trading of the Company's shares on Nasdaq Stockholm. The board of directors of the Company is responsible for the content of the Prospectus. To the best of the board of directors' knowledge, the information provided in the Prospectus complies with the factual circumstances and no information has been omitted from the Prospectus that could affect its content.

Stockholm, 7 September 2020
Readly International AB (publ)
Board of directors

The prospectus has been approved by the Swedish Financial Supervisory Authority, as the qualified authority in accordance with Regulation (EU) 2017/1129. The Financial Supervisory Authority approves the Prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency set out in Regulation (EU) 2017/1129. This approval should not be regarded as any kind of support for the Company referred to in the Prospectus and any kind of support for the quality of the securities referred to in the Prospectus. Investors should make their own assessment of whether it is appropriate to invest in these securities.

1) Sole Global Coordinator refers to ABG Sundal Collier AB in the Prospectus.

2) Readly's costs for the Offering are estimated to amount to a maximum of approximately SEK 22 million. Please also refer to the section "*Legal considerations and supplementary information - Costs related to the Offering*".

Background and reasons

Readly is the European category leader[1] for digital "all-you-can-read" subscriptions.[2] Readly's subscribers have unlimited access to quality content from approximately 800 publishers and editors for a fixed monthly fee.

Since inception, Readly has attracted a large group of subscribers and as of 30 June 2020, Readly had 323,811 fully paying subscribers, primarily in its core markets Germany, the United Kingdom and Sweden, which together represented 85 percent of the Group's net sales in the first and second quarter 2020. As of the date of the Prospectus, Readly provides its subscription service in more than 50 countries and 17 languages.

Readly has shown a significant growth in revenue during the last years reaching SEK 264.7 million in 2019. Total revenue has grown by a compounded annualised growth rate ("**CAGR**")[3] of 44.4 percent between 2017 and 2019 pertaining to all of Readly's core markets. Further, the subscriber base has grown by a CAGR of 33.6 percent between 2017 and 2019.

The Main Shareholder and the BoD believe that it is an appropriate time to broaden the Company's shareholder base and apply f or listing on Nasdaq Stockholm. The Offering and listing will support the Group's continued growth and provide Readly with access to the capital markets and a diversified base of Swedish and international shareholders. Readly also believes that a listing on Nasdaq Stockholm will increase awareness of Readly among subscribers, publishers and the general public.

Based on its scalable business model and product, its favourable position as the European category leader[1], its proposition for its publisher, partners and subscribers and a high engagement among its users and revenue retention metrics. Based on that, Readly has adopted an ambitious growth strategy to enable it to benefit from the favourable conditions of the market in which the Group operates.

Readly will continue to focus on growth in its existing markets and plans to also expand further both within Europe and beyond through continued investments in its service offering, increasing its brand awareness and increasing the subscriber base with new subscribers via digital performance marketing channels. Further, Readly has an intention to act as a catalyst in the digitalisation of the magazine industry as well as to focus on subscribers' preferences for reliable and transparent content in a climate-friendly format.[2] Readly further intends to generate additional revenue from sales of advertising via its proprietary *Readly Ads* technology, provide enhanced data analysis to its publishers via its proprietary *Readly Insight* tool, as well as pursue potential e-commerce opportunities.

The execution of Readly's strategy and marketing initiatives over the next four to five years requires significant investments. Readly estimates that the current working capital is insufficient to meet the Group's needs over the next twelve months. The Company intends to carry out a new share issue in connection with the listing on Nasdaq Stockholm in order to support Readly's strategy in the coming four to five years and to finance the estimated working capital deficit over the next twelve months. Assuming that the Offering is fully subscribed, the proceeds will amount to SEK 450 million and approximately SEK 428 million after deduction of transaction costs.

The Company intends to use such net proceeds in accordance with the following order of priority:

- Marketing for increased brand awareness, geographical expansion and conversion marketing, 50-60 percent.
- Research and development in relation to Readly's technical product and new services, 15-20 percent.
- General corporate purposes for conducting operating activities, 25-30 percent.

Due to the Group's working capital requirements, the BoD and Main Shareholder have decided that the Offering shall be conditional upon a minimum amount of SEK 300 million in proceeds, before deduction of transaction costs. This minimum amount will be sufficient to cover the Group's working capital requirements beyond twelve months from the date of the Prospectus, as the working capital need for the period amount to approximately SEK 40 million.

In the event that this degree of subscriptions is not reached, the Offering will be revoked and the subsequent listing on Nasdaq Stockholm will not take place. The Company will then seek alternative sources of financing to secure the Company's financial position. In that situation, the Company may utilise the outstanding loan amount in a loan agreement with Kreos for a maximum credit facility of EUR 10 million. The loan amount under the credit facility can be used to a maximum of two instalments up to and including 31 December 2020. As of the date of the Prospectus, the outstanding loan amount under the Loan Agreement is EUR 5 million. If there are additional working capital needs and shareholders are not willing to subscribe for new shares, it could mean that Readly will have to limit its operations primarily with regard to its marketing campaigns, expansion into new markets and development of the service.

1) Among identified "all-you-can-read" competitors in Europe, Readly is defined as the European category leader in the category "all-you-can-read" on the basis of: highest number of magazine titles, relationships with most major publishers in core markets, highest average monthly website visits between October and December 2019 (worldwide) and highest iOS-store rating, PwC Strategy& market study.

2) PwC Strategy& market study.

3) Calculated as follows: (Amount for last year / Amount for first year) ^ (1 / number of years after deducting the first year in the time period) -1. CAGR refers to the Company's development of total revenue between 2017 and 2019. Total revenue for respective year in figures is detailed in the Company annual accounts that can be found in the section "*Historical Financial Information*".

For further information, refer to the information in this Prospectus, which has been prepared by the board of directors of Readly for the application for admission to trading of the Company's shares on Nasdaq Stockholm and the Offering submitted in conjunction therewith.

The board of directors of the Company is responsible for the content of this Prospectus. To the best of the board of directors' knowledge, the information provided in the Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Stockholm, 7 September 2020

Readly International AB (publ)
Board of directors

To the best of the Selling Shareholders' knowledge, the information provided in the terms of the Offering, as presented in the section "Terms and instructions", is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

The Selling Shareholders

Terms and instructions

The Offering

The Offering comprises not more than 12,203,389 shares, of which 7,627,118 are newly issued shares and 4,576,271 are existing shares in Readly. Provided that the Offer is fully subscribed, the Company will be provided with proceeds of SEK 450 million before deduction of transaction costs. The Offering is divided into two parts:

- The offer to the general public in Sweden.[1]
- The offer to institutional investors in Sweden and abroad.[2]

The outcome of the Offering is expected to be announced through a press release on or about 17 September 2020.

Over-allotment Option

To cover any over-allotments in the Offering, the Selling Shareholders will grant the Sole Global Coordinator an option to acquire an additional 1,830,508 shares, corresponding to maximum 15 percent of the total number of shares in the Offering ("**The Over-allotment Option**"). The Over-allotment Option is exercisable, in whole or in part, for a period of 30 days from the first day of trading of the shares on Nasdaq Stockholm. For further information about the Over-allotment Option, see section – "*Legal considerations and supplementary information — Terms and conditions for completion of the Offering*".

Allotment of shares

The allotment of shares between each part of the Offering will be based on demand. The allotment will be determined by the BoD and the Main Shareholder in consultation with the Sole Global Coordinator.

The Offering Price

The Offering Price is SEK 59 per share. The Offering Price has been set by the BoD and the Main Shareholder in consultation with the Sole Global Coordinator, based on a number of factors, including negotiations with Cornerstone Investors, the anticipated investment interest from institutional investors, the prevailing market climate and comparisons with market prices for comparable listed companies.

Application

The offer to the general public in Sweden

Applications for acquisition of shares within the offer to the general public in Sweden should be made during the period 8 - 15 September 2020 and relate to a minimum of 100 shares and a maximum of 17,000 shares in even lots of 50 shares each. The application is binding.

Application for acquisition of shares can be made through Avanza Bank AB ("**Avanza**") or Nordnet AB ("**Nordnet**") according to the respective banks' instructions.

If more than one application is made, only the first application will be considered. Late applications as well as incomplete or incorrectly filled in applications may be disregarded.

The Company, in consultation with the Sole Global Coordinator, reserves the right to extend the application period. Such an extension will be announced in a press release before the end of the application period.

Readly employees who wish to acquire shares in the Offering must follow specific instructions from the Company.

Application via Avanza

Persons who apply for shares through Avanza must have a securities depository, or an investment savings account, with Avanza. Persons who do not have a securities depository with Avanza must open such an account or such depository before applying for shares. Opening a securities depository or an investment savings account with Avanza is free of charge and takes about three minutes.

Securities depository account customers with Avanza can apply for shares via Avanza's internet service from 8 September 2020 up until 15 September 2020. Please note that in order to be eligible for the allotment, the balance on the account specified in the application must correspond to at least the amount to which the application relates, calculated on the Offering Price.

To ensure that they do not lose their right to allotment, securities depository customers with Avanza must have sufficient funds available in their depository accounts from 15 September 2020 up until 21 September 2020. This means that the account holder undertakes to keep an amount corresponding to the subscription available on the securities depository or investment savings account specified in the application during the said period, and that the account holder is aware that allotment may not occur if the amount is insufficient. More information on the application process through Avanza is available on www.avanza.se.

Application via Nordnet

Securities depository account customers with Nordnet can apply for shares via Nordnet's internet service from 8 September 2020 up until 15 September 2020. To ensure that they do not lose their right to allotment, securities depository customers with Nordnet must have sufficient funds available in their depository accounts from 8 September 2020 up until 21 September 2020.

1) The offer to the general public in Sweden entails an offer of shares to acquire a maximum of 17,000 shares.

2) "Institutional investors" include private individuals and legal entities that apply to acquire more than 17,000 shares.

More information on the application process through Nordnet is available on www.nordnet.se.

The Offering to institutional investors

Institutional investors in Sweden and from abroad are invited to participate in the book-building process during the period 8 - 16 September 2020. Applications from institutional investors in Sweden and from abroad shall be submitted to the Sole Global Coordinator (in accordance with special instructions).

The BoD reserves the right to shorten or extend the book-building process to institutional investors in Sweden and abroad. Announcement of such potential early termination or extensions will be made through a press release prior to the end of the book-building process. Should the application period be shortened or extended, the announcement of the outcome of the Offering, the first day of trading as well as the date for allotment and payment may be adjusted accordingly.

Important information regarding LEI and NPID

According to the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("**MiFID II**") all investors need a global identification code to be able to carry out securities transactions from 3 January 2018. These requirements call for all legal entities to apply for registration of a LEI-code (Legal Entity Identifier), and all physical persons to obtain their NPID-number (National Personal ID or National Client Identifier), in order to be able to acquire shares in the Offering. Please note that it is the investor's legal status that determines whether a LEI-code or NPID-number is required, and that the Sole Global Coordinator may not be able to execute the transaction for the person in question if a LEI-code or NPID-number (as applicable) is not presented. Legal entities needing to acquire a LEI-code can turn to any of the suppliers available on the market. Instructions regarding the global LEI-system can be found on www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations[3]. For physical persons with only a Swedish citizenship, the NPID-number is "SE" followed by the personal identity number. If the person in question has multiple citizenships or another citizenship than Swedish, the NPID-number can be any other type of number.

Those intending to apply to acquire shares in the Offering are encouraged to apply for registration of a LEI-code (legal entities) or retrieve their NPID-number (physical persons) as early as possible as this information needs to be stated in the application.

Allotment

Decision on allotment of shares in the Offering will be made by the BoD and the Main Shareholder in consultation with the Sole Global Coordinator, whereby the goal will be to achieve a strong institutional ownership base and a broad distribution of the shares among the general public in Sweden, in order to facilitate a regular and liquid trading in the shares on Nasdaq Stockholm. The allotment does not depend on when the application is submitted during the application period. Only one application per person or company will be considered.

Allotment to the general public in Sweden

In the event of oversubscription, allotment may not occur or take place with a lower number of shares than the application states, whereupon allotment wholly or partly may take place by random selection. Allotment to those persons receiving shares in the Offering will occur, in the first place, so that a certain number of shares are allotted per application. In addition thereto, allotment takes place with a certain, equal share of the excess number of shares that the application concerns and will only take place in even lots of 50 shares. Note, to ensure that customers with Avanza or Nordnet reserve their right to allotment, securities depository customers must have sufficient funds available in their depository accounts based on the application corresponding to the Offering Price.

In addition, employees in the Company and certain related parties to the Company as well as customers to the Sole Global Coordinator, may be considered separately during allotment. Allotment may also be made to employees of the Sole Global Coordinator, however, without prioritising them. In such cases, the allotment takes place in accordance with the rules of the Swedish Securities Dealers Association and the Swedish Financial Supervisory Authority's regulations.

Allotment to institutional investors

Decision on the allotment of shares within the framework of the offer to institutional investors in Sweden and abroad will, as mentioned above, be made with the aim of achieving a good and strong institutional owner base. Allotment to the institutions submitting expressions of interest will take place on a fully discretionary basis. Cornerstone Investors will be guaranteed allotment in accordance with their respective commitments.

Information regarding allotment and payment

Allotment is expected to take place on or about 17 September 2020. As soon as possible thereafter, contract notes will be sent to those having received allotment in the Offering. Full payment for allotted shares shall be paid in cash no later than 21 September 2020. If full payment is not made in time, allotted shares may be transferred and sold to another party. The party who initially received allotment of shares in the Offering may bear the difference, should the selling price in the event of such a transfer be less than the Offering Price.

3) The information on the website does not form part of the Offering Circular and has not been scrutinised or approved by the Swedish Financial Supervisory Authority.

The Offering to the general public in Sweden

Allotment and payment for customers with Avanza

Notification of allotment for those who have registered via Avanza will be carried out through deduction of payment for allotted shares from the specified bank account. Information about allotment for applications is expected to be available around 09.00 CET on 17 September 2020.

Note, to ensure that customers reserve their right to allotment, securities depository customers must have sufficient funds available in their depository accounts based on the application corresponding to the Offering Price. To ensure that they do not lose their right to allotment, customers with Avanza must have sufficient funds available in their depository accounts from 15 September 2020 up until 21 September 2020. This means that the account holder undertakes to keep an amount corresponding to the subscription available on the securities depository or investment savings account specified in the application during the said period, and that the account holder is aware that allotment may not occur if the amount is insufficient. Payment for allotted shares will be drawn no later than settlement date, 21 September 2020.

Allotment and payment for customers with Nordnet

Notification of allotment for those who have registered via Nordnet will be carried out through deduction of payment for allotted shares from the specified bank account. Information about allotment for applications is expected to be available around 09.00 CET on 17 September 2020. Those who have not been allotted shares in the Offering will not be notified.

Note that to ensure that customers reserve their right to allotment, securities depository customers must have sufficient funds available in their depository accounts based on the application corresponding to the Offering Price from 8 September 2020 up until 21 September 2020. Payment for allotted shares will be drawn no later than settlement date, 21 September 2020.

The institutional Offering

Institutional investors are expected to receive information regarding allotment on or about 17 September 2020 in a particular order from the Sole Global Coordinator, whereupon contract notes will be distributed. Full payment for allotted shares shall be made in cash not later than settlement date, 21 September 2020, in accordance with instructions set out in the contract note.

Registration and recognition of allotted shares

Registration of allotted shares with Euroclear Sweden AB ("**Euroclear**") is, for both institutional investors and the general public in Sweden, expected to be effected on or about 21 September 2020, after which Euroclear will distribute notices stating the number of shares that have been registered in the receiver's securities account. Notification to shareholders whose holdings are nominee-registered will take place in accordance with the practices of the respective nominee.

Listing on Nasdaq Stockholm

Nasdaq Stockholm's listing committee on 26 August 2020 made the assessment that the Company fulfils the listing requirements. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq Stockholm subject to certain conditions, including that the Company submits such an application and fulfils the distribution requirement for its shares. Trading in the Company's shares on Nasdaq Stockholm is expected to commence on or about 17 September 2020.

Furthermore, the Offering is subject to certain conditions for completion. Since trading on Nasdaq Stockholm will commence before these conditions are fulfilled, the trading that takes place in the Company's shares on Nasdaq Stockholm up to and including the settlement date on 21 September 2020 will be conditional on the completion of the Offering. If the Offering is not fulfilled, any delivered shares and payments shall be returned. For more information, see section – "*Terms and conditions for completion of the offering*". Trading in the Company's shares will commence prior to the terms in the Offering have been fulfilled. Trading will hence be conditional, if the terms are not fulfilled any delivered shares and payments shall be returned. Trading in the Company's shares is expected to commence on 17 September 2020 with delivery and payment on 21 September 2020.

The ticker on Nasdaq Stockholm for the Company's share will be READ.

For more information, see section - "*Important information regarding the potential sale of allotted shares*" below.

Stabilisation

In connection with the Offering, the Sole Global Coordinator may, to the extent permitted in accordance with Swedish law, carry out transactions aimed to stabilise, maintain, or in other ways support the market price of the Company's shares, for a period of up to 30 days from the commencement of trading in the Company's shares on Nasdaq Stockholm. If stabilisation is carried out, it will under no circumstances be done at a price level exceeding the price in the Offering. Sole Global Coordinator is not obliged to take such stabilisation measures, and such stabilisation measures, if they occur, may be discontinued at any time without prior notice. Please refer to section "*Legal considerations and supplementary information - Stabilisation*" for more information.

Announcement of the outcome of the Offering

The final outcome of the Offering will be announced through a press release which will be available on Readly's website, corporate.readly.com [4], on or about 17 September 2020.

Right to dividend

The shares in the Offering carry a right to dividend for the first time on the record date for dividend that occurs following listing of the shares. Decisions regarding the distribution of dividend are proposed by the BoD and resolved by the general meeting of shareholders. Any dividend payments are administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the individual nominee. See section– "*Business overview – Dividend policy*" and "*Share capital and ownership structure – Right to dividend and balances in the event of liquidation*"

Terms and conditions for completion of the Offering

The Offering is conditional upon a placing agreement (the "**Placing Agreement**") being entered into between Readly and the Sole Global Coordinator on or about 16 September 2020, and that certain terms and conditions in the Placing Agreement are fulfilled and that the agreement is not terminated at the latest on settlement date 21 September 2020. Furthermore, the Offering is conditional upon that the Company receiving a minimum amount of SEK 300 million before deduction of transaction costs. If any of these above conditions are not fulfilled or the Sole Global Coordinator terminates the Placing Agreement in which case the Offering will be suspended. Neither delivery of, nor payment for, shares will be affected under the Offering.

For further information on terms and conditions for completion of the Offering and the Placing Agreement, see section "*Capital structure, indebtedness and other financial information - Working Capital Statement - Statement regarding working capital*".

Important information regarding the potential sale of allotted shares

Notification of allotment is expected to take place 21 September 2020. Once payment for the allotted shares has been processed by the Sole Global Coordinator, duly paid shares will be transferred to the securities account, securities depository account or investment savings account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to such acquirers means that these acquirers will not have shares available in the specified account or depository account until on or about 21 September 2020, at the earliest. Trading in the Company's shares on Nasdaq Stockholm is expected to commence on 17 September 2020. Note, if the shares are not available in the acquirer's account or depository account the acquirer may not be able to sell these shares on Nasdaq Stockholm from the first trading day.

Miscellaneous

Information to investors

The fact that the Sole Global Coordinator is Manager does not necessarily imply that the Sole Global Coordinator considers the applicant in the Offering (the "**Offering Investor**") as a client of the bank. The Offering Investor is considered as a client for the Offering with bank only if the bank has advised the Offering Investor regarding the Offering or otherwise has contacted the Offering Investor individually regarding the Offering. The consequence of the bank not viewing an Offering Investor of the Offering as a client is that the rules regarding protection of investors under the Swedish Securities Markets Act (Sw. *lagen (2007:528) om värdepappersmarknaden*) will not be applied to the investment. This means that neither the so-called client classification nor the suitability assessment will be applicable regarding the investment. The Offering Investor is thus solely responsible for having sufficient experience and knowledge to understand the risks involved with the investment.

Information to distributors

With reference to the product governance requirements in: (a) MiFID II, (b) Articles 9 and 10 in the Commission Delegated Directive 2017/593/EU of 7 April 2016 supplementing MiFID II, and (c) Chapter 8 Sections 13 and 14 of the Swedish Securities Act as well as Chapter 5 Section 5 of the Swedish Financial Supervisory Authority's regulations regarding investment services and activities, FFFS 2017:2, (together the "**Product governance requirements of MiFID II**"), and without liability for damages that may otherwise rest with a "producer" in accordance with the Product governance requirements of MiFID II, shares in the Company have been subject to a product approval process, where the target market for the shares in the Company are (i) non-professional investors and (ii) investors who fulfil the requirements of a professional investor and eligible counterparty, each a "**Target Market**" pursuant to MiFID II. Notwithstanding the Target Market assessment the distributors shall note that: the value of the shares in the Company may decrease and it is not guaranteed that an investor will get whole or a part of the invested amount in return; shares in the Company does not offer a guaranteed income or a capital protection; and an investment in shares in the Company is only suitable for an investor who does not need a guaranteed income or a capital protection who (alone or together with a suitable financial or other advisor) is capable of evaluating the benefits and the risks with such an investment and who has sufficient financial means to bear any losses that may arise. The Target Market review does not affect the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. The Target Market assessment shall not be considered as (a) a suitability assessment pursuant to MiFID II; or (b) a recommendation to any investor or group of investors to invest in, acquire, or take any other action regarding shares in the Company. Each distributor

4) Information on Readly's webpage, or other webpages that are mentioned in the Prospectus, are not included in the Prospectus and has not been reviewed or approved by the Swedish Financial Supervisory Authority unless this information is incorporated in the Prospectus through references.

is responsible for its own Target Market assessments regarding shares in the Company and for determining the appropriate distribution channels.

Information about handling personal information

Anyone acquiring shares in the Offering will submit information to the Sole Global Coordinator, Avanza, and/or Nordnet. Personal information submitted to the Sole Global Coordinator and/or Nordnet will be processed in data systems to the extent required to provide services and administer customer arrangements. Personal information obtained from sources other than the customer may also be processed. The personal information may also be processed in the data systems of companies or organisations with which the Sole Global Coordinator and/or Nordnet cooperate. Information pertaining to the treatment of personal information can be obtained from the Sole Global Coordinator's or Nordnet's offices, which also accept requests for the correction of personal information. Address details may be obtained from the Sole Global Coordinator, Avanza or Nordnet through an automatic procedure executed by Euroclear.

Avanza

Avanza processes its customers' personal information in accordance with current personal data legislation. Personal data provided to Avanza will be handled in computer systems to the extent necessary to provide services and administer customer arrangements. Personal data obtained from other sources than the customer to whom the processing relates may also be processed. Personal data may also be processed in computer systems of companies or organisations with which Avanza cooperates. For more information, see Avanza's website.

Terms and conditions for completion of the Offering

The Offering is conditional upon the Company, the Selling Shareholders and the Sole Global Coordinator entering into the Placing Agreement, which is expected to take place on or about 16 September 2020. The Offering is conditional upon there being sufficient interest in the Offering, according to the Sole Global Coordinator, to enable trading in the shares, the Placing Agreement being signed, certain terms and conditions in the Placing Agreement being fulfilled and the Placing Agreement not being terminated. The Placing Agreement stipulates that the Sole Global Coordinator' undertaking to serve as an intermediary for buyers in the acquisition of shares in the Offering is conditional on, *inter alia*, the guarantees provided by the Company being correct and no events occurring that will have such a material negative impact on the Group that it would be inappropriate to carry out the Offering. If any material negative events occur, if the guarantees that the Company has issued to the Sole Global Coordinator fall short or if any of the other conditions stipulated by the Placing Agreement are not fulfilled, the Sole Global Coordinator is entitled terminate the Placing Agreement up to and including the settlement date on 21 September 2020. If these conditions are not fulfilled and if the Sole Global Coordinator terminate the Placing Agreement, the Offering may be terminated. In such a case, neither delivery nor payment will be carried out under the Offering. In accordance with the Placing Agreement, the Company will undertake to compensate the Sole Global Coordinator for certain requirements under certain conditions.

The Offering is also conditional upon the Company generating proceeds of a minimum of SEK 300 million before deduction of transaction costs. This level is considered sufficient to secure the Company's working capital beyond twelve months from the date of the Prospectus, as the working capital need for the period amount to approximately SEK 40 million. If interest in the Offering is not sufficient and this minimum requirement is not met the Offering will be withdrawn and the subsequent listing on Nasdaq Stockholm will not take place.

Rules applicable for takeover bids, etc.

From the date of the Prospectus, the Financial Instruments Trading Act (1991:980) and the Swedish Takeover Act (2006:451) apply to any public takeover bid submitted to acquire the shares in the Company as do Nasdaq Stockholm's Takeover Rules dated 1 April 2018.

If the BoD or the CEO of the Company, based on information arising from a party intending to submit a public takeover bid for the shares of the Company, has justifiable grounds to assume that such an offer is imminent, or if such an offer has been submitted, then pursuant to that stated under Chapter 5, Section 1 of the Swedish Takeover Act, the Company may, following a resolution passed by the general meeting of shareholders, implement measures intended to impair the conditions for submission or completion of the takeover bid. Notwithstanding the above, the Company may explore alternative offers.

During a public takeover bid, shareholders are free to determine whether they wish to sell of their shares via the public takeover bid. Following a public takeover bid, if the party that submitted the offer has thereafter obtained not less than nine tenths of the shares, the party is entitled to purchase the remaining shareholders' shares in accordance with the general rules on compulsory buy-outs set out in Chapter 22 of the Swedish Companies Act (2005:551).

The shares in the Company are not subject to any offer made due to a mandatory bid, redemption rights or buy-out obligation. Nor has any public takeover bid been submitted regarding the shares during the current or preceding financial year.

Tax consequences for investors

Investors should note that the tax legislation in Sweden or in another state to which the investor has a connection or in which the investor domiciled for tax purposes may impact the proceeds from the securities. Each shareholder should, individually, obtain tax advice to ensure the tax consequences which may arise based on the shareholder's specific situation, including the applicability of foreign legislation, agreements and tax treaties.

Right to withdraw the Offering

The BoD reserves the right to withdraw the Offering if the BoD and the Main Shareholder, in consultation with the Sole Global Coordinator, deem that the necessary conditions for appropriate, regular and liquid trading in the share on Nasdaq Stockholm cannot be achieved, in the event that circumstances occur that have a material negative impact on the Group that makes it inappropriate to carry out the Offering or in the case that other circumstances that make the Offering impossible. Provided the first day of trading in the Company's shares on Nasdaq Stockholm is 17 September 2020, the Offering may be withdrawn until 21 September 2020, at the latest. Should the Offering be withdrawn, an announcement will be made by way of a press release published without delay by 21 September 2020, at the latest.

Market overview

*Information concerning market growth and size as well as Readly's market position in relation to the competitors specified in the Prospectus comprises an overall assessment by Readly, which is based on both internal and external sources. Readly has obtained certain market and competitive position data in this Prospectus primarily from PwC – Global Entertainment & Media Outlook 2019 dated 5 June 2019 and supplementary information from a study purchased by the Company from PwC Strategy&, dated 6 February 2020 ("**PwC Strategy& market study"**). The PwC Strategy& market study was prepared at the request of the Company in return for payment and it is the Company's opinion that it is reliable. As part of its research for the PwC Strategy& market study, the consultancy firm PwC Strategy& received market and company information from Readly. Note that the PwC Strategy& market study was prepared before the Covid-19 outbreak, which might impact the 2020 assumptions as well as the post 2020 outlook. In addition, Readly has made several statements and assumptions in the Prospectus about the industry and its competitive position. These statements and assumptions are based on the Company's experience and its own market surveys. None of Readly's available information has been verified by independent sources, which may have estimates or views of industry-related information that differ from those of Readly itself. Market and business information may include estimates concerning future market trends and other forward-looking statements. Forward-looking statements are not a guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements.*

Information from third parties has been accurately reproduced and, as far as Readly is aware and can ascertain by comparisons with other information published by the relevant third party, no information has been omitted that could render the reproduced information inaccurate or misleading.

Overview of the magazine market

Readly is the European category leader[1] in the "all-you-can-read" category for digital magazines. Readly is a digital subscription service that gives access to unlimited reading of a wide range of digital magazines from various third party publishers. The subscription model is, by the industry, referred to as "all-you-can-read" and reflects the difference compared to other players who, for example, offer the purchase of individual digital articles or unlimited reading of one digital magazine.[2]

Introduction

The global magazine market's main providers are publishers, which provide issues of magazine titles in various categories, both in print and in digital format. Publishers own the publishing rights to magazine titles commonly referred to as their content portfolio.

Within the framework of Readly's operations, the term "magazine" is used as an overall description of all content offered in the service. Daily newspapers are not part of the total magazine market.

Revenue on the global magazine market comprises sales of issues and the sale of advertising space in each issue. In addition, the market is divided into two separate sub-segments, printed magazines and digital magazines. Readly primarily addresses the market for sales of digital issues.

Financial challenges and digital trends have resulted in publishers being forced to seek revenue streams from sources other than print magazines. With digital magazines, it is possible to collect and store a large amount of data, which is requested by publishers to gain deeper insights in reading habits, which is not, in comparison, possible for printed magazines. In addition, it is possible to measure the results of advertising placed in digital magazines to a considerably greater extent than advertising in print magazines, which allows the companies to optimise the advertising space. Providers of "all you can read" subscriptions, such as Readly, also help to set up a wider network of readers that enables increased advertising revenue in line with increased sales of issues. The large base of subscribers in print allows for publishers to reach new target groups outside the network of readers who usually read the magazine, including people in a geographical location where the publishers' magazines are not availiable.[3]

The global magazine market

The global magazine market is going through a 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. This has resulted in an overall decline in the total global market, similar to the development previously observed in other media industries. The global magazine market amounted to USD 77.7 billion in 2015 and has decreased to USD 73.0 billion in 2019, equivalent to a compounded annualised growth rate ("**CAGR**")[4] of -1.6 percent. The negative growth rate is attributable to a decline in both sales of digital issues and sales of advertising space in printed magazines, where sales of advertising space is declining at the fastest rate. Consumers are shifting a larger share of their consumption toward digital content such as podcasts, blogs or social media, while advertisers focus more on media that offers personalised and targeted opportunities. These structural trends are expected to continue going forward, contributing to a

1) Among identified "all-you-can-read" competitors in Europe, Readly is defined as the European category leader in the category "all-you-can-read" on the basis of: highest number of magazine titles, relationships with most major publishers in core markets, highest average monthly website visits between October and December 2019 (worldwide) and highest iOS-store rating, PwC Strategy& market study.

2) Refers to a subscription based model for digital magazines with unlimited reading.

3) PwC Strategy& market study.

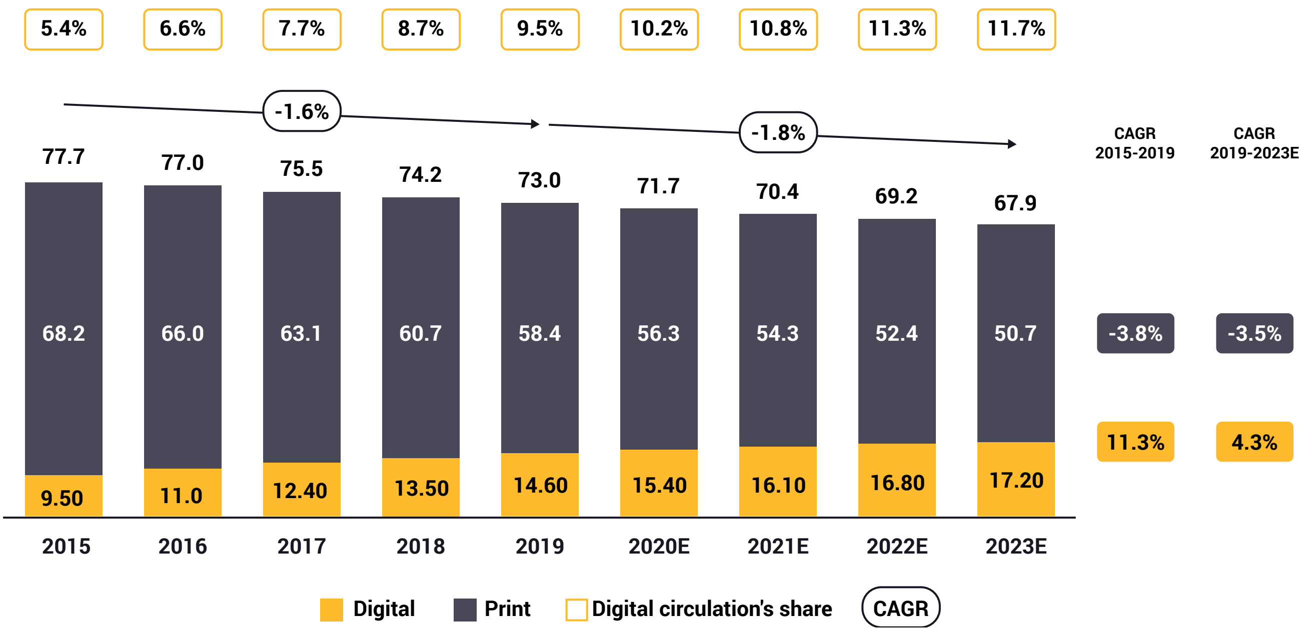
4) Calculated as follows: (Amount for last year / Amount for first year) ^ (1 / number of years after deducting the first year in the time period) -1. CAGR refers to the Company's development of total revenue between 2017 and 2019. Total revenue for respective year in figures is detailed in the Company annual accounts that can be found in the section "*Historical Financial Information*".

continuing market decline for print magazines.[5] For further information about the trends affecting the digital magazine market, refer to section "*Trends in the magazine industry*" below.

The global digital magazine market is growing

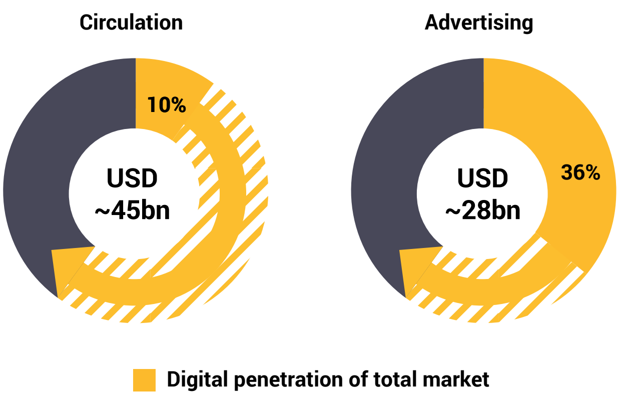
The global digital magazine market has grown from USD 9.5 billion in 2015 to USD 14.6 billion in 2019, corresponding to a CAGR of 11.3 percent. Globally, the digital penetration of sales of issues increased from 5.4 percent in 2015 to 9.5 percent in 2019. Furthermore, the digital penetration of advertising was 36.3 percent in 2019. 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 17.2 billion in 2023, corresponding to a CAGR of 4.3 percent compared to 2019. The digital penetration within sales of issues is estimated to reach 11.7 percent in 2023.[5] See graph 1 below for an outlook of the global magazine market between 2015 and 2023, and graph 2 below for a summary of the digital penetration in the global magazine market.

Graph 1: Global magazine market outlook 2015-2023E
USDbn



Source: PwC Strategy& market study

Graph 2: Global magazine industry 2019



Source: PwC Strategy& market study

5) PwC Strategy& market study.

Overview of Readly's markets

Readly is as of the date of the Prospectus available to subscribers in more than 50 countries and has agreements with local publishers and offers local content, i.e. magazines in local languages, from eleven countries. In Europe, Readly provides local content from Austria, Germany, Ireland, Italy, the Netherlands, Sweden, Switzerland and the United Kingdom. Outside of Europe, Readly provides local content from the United States, Australia and New Zealand. Below table shows the net sales from Readly's core markets and the other markets divided into quarterly figures for 2019, 2018, 2017 and the first and second quarter 2020.[6]

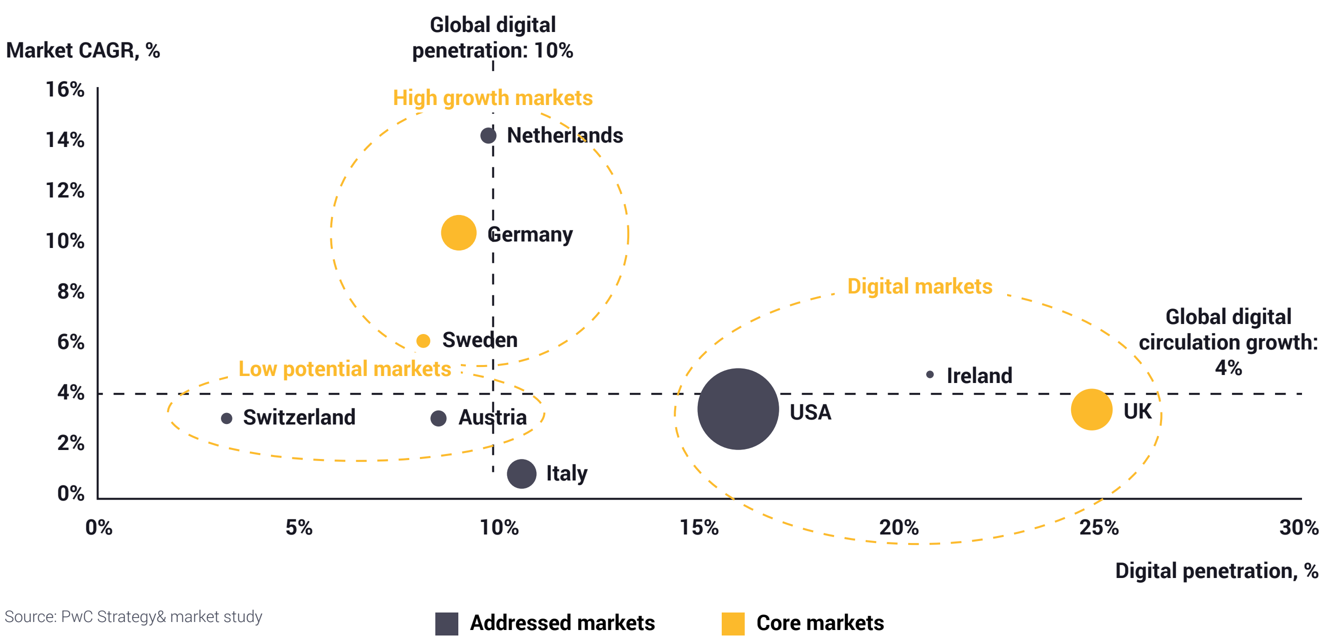
SEK million	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Net sales by market														
Germany	33.6	32.2	30.5	28.5	26.1	24.5	22.5	21.0	19.5	14.3	14.1	11.3	8.8	7.8
Sweden	19.6	19.6	19.3	18.8	15.8	15.2	14.3	12.5	12.7	12.8	12.1	10.6	10.3	10.2
United Kingdom	16.0	13.8	15.1	13.7	13.5	13.7	13.4	12.5	12.0	11.5	10.9	8.5	7.5	6.6
Rest of the World	13.6	10.8	8.3	7.8	7.0	5.7	4.0	5.0	3.1	3.7	2.5	2.3	1.6	1.4

As of the date of the Prospectus, Readly primarily addresses the share of the market that represents issues of digital magazines. Readly is also able to target the sale of advertising in magazines through its advertising capabilities with *Readly Ads*. The digital market can be divided into three primary players: (i) publishers, (ii) digital newsstands and (iii) "all-you-can-read" subscriptions.

Readly is active on both high growth and digitally mature markets

Readly is active on both high growth and mature digital circulation magazine markets. Readly offers subscriptions on three magazine markets classified as "high growth", i.e. an expected growth above the estimated global digital magazine market growth between 2019-2023.[7] These markets are Germany, the Netherlands and Sweden. Apart from the Netherlands, these markets have a lower digital penetration rate compared to the global average, indicating significant headroom for further growth. The digital penetration rate for magazines in the Netherlands roughly corresponds to the global average and is primarily driven by an adoption from younger generations. The low digital penetration in combination with the high expected growth within the segment sales of digital issues indicates that there is a good potential for players that offers sales of digital issues in Germany, the Netherlands and Sweden.[8] See graph 3 below for Readly's market prospects for digital magazines in addressed countries.

Graph 3: Active markets digital circulation outlook 2019-2023E



Source: PwC Strategy& market study

6) Note that the information in the table is based on information from the Group's internal book-keeping system and thus the information is not audited.

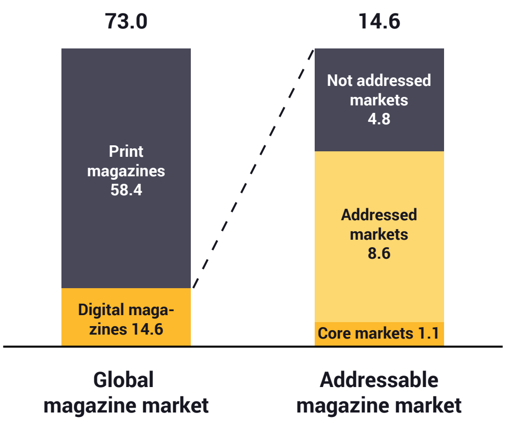
7) Note that the PwC Strategy& market study was conducted before the Company launched its subscription service in Australia and New Zealand.

8) PwC Strategy& market study.

Readly's active markets

As of the date of the Prospectus, Readly conducts its business in eleven active markets. These markets consists of the core markets Germany, Sweden and the United Kingdom and the addressed markets Austria, Ireland, Italy, the Netherlands, Switzerland, the United States, Australia and New Zealand. The market value on the Company's active markets amounted to USD 9.7 billion in 2019. Thus, Readly's active markets cover approximately 70 percent of Readly's addressable market, which was estimated at approximately USD 14.6 billion in 2019.[9] See graph 4 below for a summary of the global magazine market and Readly's addressable markets.

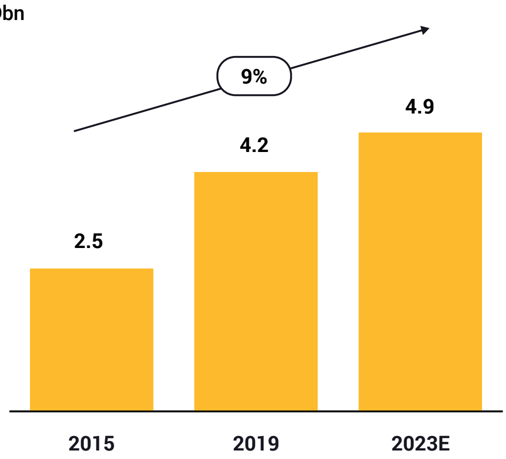
Graph 4: Global magazine market 2019
USDbn



Source: PwC Strategy& market study

The digital magazine market has grown in recent years and is expected to continue to grow, from USD 14.6 billion in 2019 to USD 17.2 billion in 2023, corresponding to a CAGR of 4.3 percent.[9] For example, the market for digital issues of magazines amounted to USD 4.2 million in 2019 and is expected to grow to USD 4.9 million in 2023, as shown in graph 5 below.

Graph 5: Global digital magazine circulation market outlook 2015-2023E
USDbn



Source: PwC Strategy& market study

9) PwC Strategy& market study.

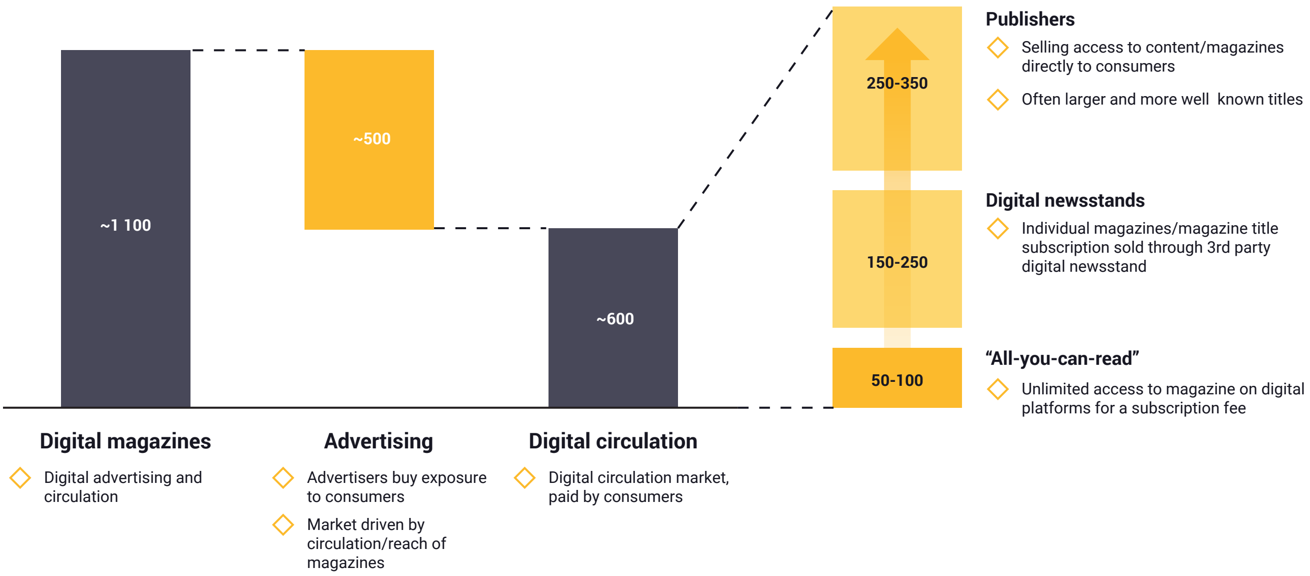
Readly's core markets

Readly's core markets – Germany, United Kingdom and Sweden – together represented 85 percent of the Group's total sales in the first and second quarter 2020.

Readly's core markets comprised a total of USD 1.1 billion in 2019, of which sale of digital issues amounted to USD 600 million and USD 500 million in sale of digital advertising. In contrast to the expected negative development within sale of printed magazines, the market for digital magazines is expected to increase in Readly's core markets and globally. Within the category sale of digital issues, the publishers' own platforms constitute the largest share of the sales, amounting to approximately USD 250-350 million in 2019. This means that platforms for "all-you-can-read" subscriptions are continuously relatively small within Readly core markets and amounted to approximately USD 50-100 million in 2019.[10]

Although the current market penetration is low, three trends indicate that "all-you-can-read" subscriptions has a significant possibility in relation to sales of printed magazines and in relation to the other two business models. Firstly, the subscription model has become the new standard and the way consumers prefer to consume content in other media industries. Secondly, consumers have become increasingly receptive to subscribing to multiple media services. Finally, approximately 50 percent of consumers demonstrate some or strong interest in companies offering "all-you-can-read".[10] For further information on trends refer to the section "*Trends in the magazine industry*" below. See graph 6 below for an overview of the value of Readly's core markets, divided by segment, for 2019.

Graph 6: Readly's core markets 2019, by segment
USDm



Source: PwC Strategy& market study

10) PwC Strategy& market study.

An overview of total sales of issues, the market size for digital issues, money spent on magazines per capita for 2019 and CAGR from 2015 to 2019 and 2019 to 2023 for each core market is presented in figure 7 below.

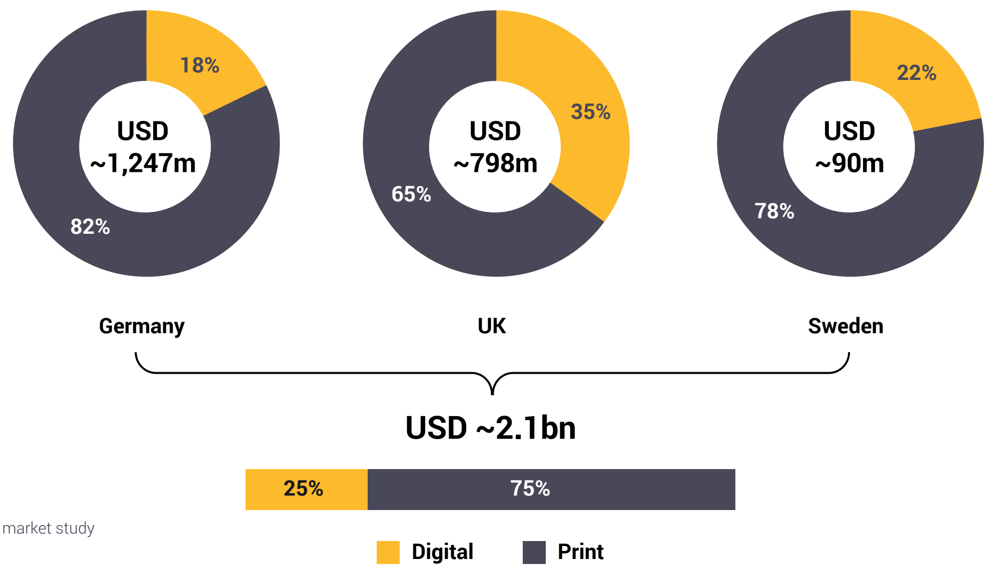
Graph 7: Readly's core market magazine circulation 2019
USDm

		Germany	UK	Sweden
Magazine circulation market size		2,332	1,570	219
Digital magazine circulation market size		209	390	18
Digital penetration		9%	25%	8%
Magazine spend per capita (USD)		28	24	22
CAGR	2015-2019	19%	12%	17%
	2019-2023E	10%	3%	6%

Source: PwC Strategy& market study

The magazine advertising market size in core markets amounted to approximately USD 2.1 billion in 2019 with a digital penetration of 25 percent. The digital penetration level in the United Kingdom is significantly higher than in the other core markets Germany and Sweden. In Sweden, advertising continues to grow strongly as publishers try new concepts. In Germany, however, advertising in magazines has struggled in the face of competition from other media formats.[11] See graph 8 below for a summary of the market for digital and print ads in magazines in Readly's core markets.

Graph 8: Readly's core market magazine advertising 2019
USDm



Source: PwC Strategy& market study

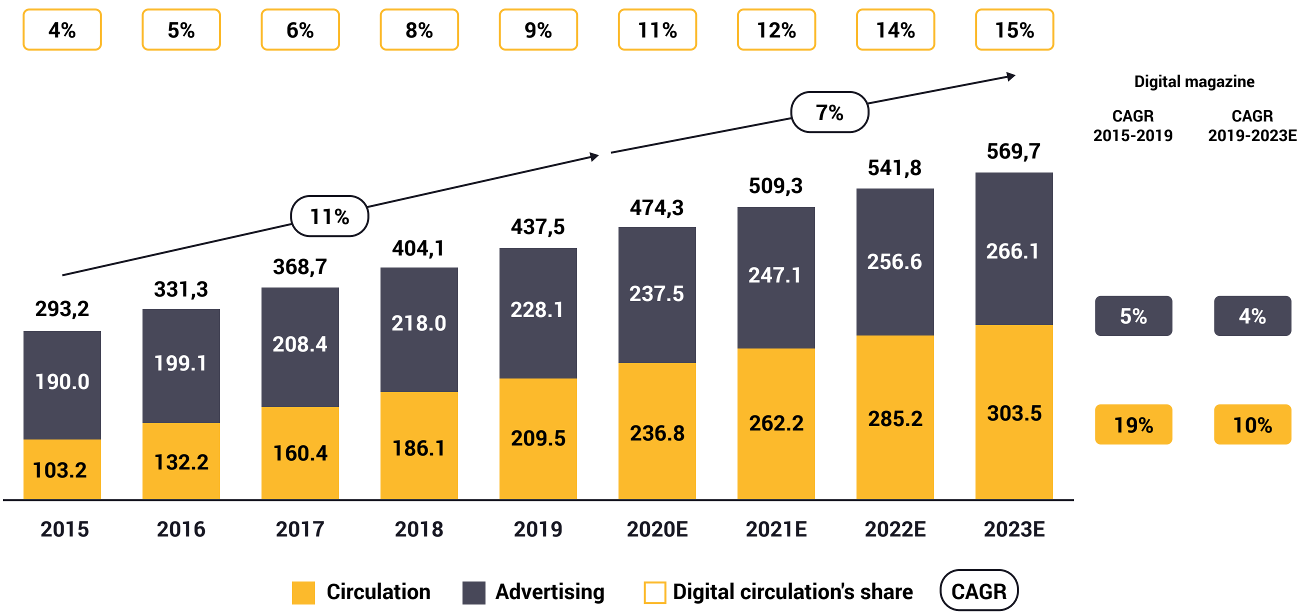
11) PwC Strategy& market study.

Germany

Out of Readly's core markets, Germany is the largest, which is driven by a magazine readership culture in the country. The German total magazine Circulation market size was USD 2,331.9 million in 2019 with a digital penetration of 9.0 percent. Compared to the other two core markets, consumers in Germany are the most prominent readers with 72 percent indicating that they have read a magazine article within the last six months in comparison to 65 percent in the United Kingdom and 43 percent in Sweden. In Germany, it is also common to purchase print via newsstands, which is the underlying factor for the high share of readership and the large magazine market in Germany.[12] Moreover, Readly believes that this likely is the reason for the digital penetration being lower in Germany compared to the global average.

Despite the relatively low digital penetration, the digital magazine market has grown significantly and increased from USD 293.2 million in 2015 to approximately USD 437.5 million in 2019 , corresponding to a CAGR of 10.5 percent. The primary driver has been the development in sale of digital issues, which has had a CAGR of 19.4 percent between 2015 and 2019. The market for sale of digital advertising has had a CAGR of 4.7 percent during the same period. The development in sales of digital issues has been driven by an early adoption of paywalls for digital content during the last five years as well as experimenting on different subscription models by some pioneering market players.[12] See graph 9 below for the market outlook for digital magazines in Germany between 2015 and 2023.

Graph 9: Outlook for the digital magazine market in Germany, USDm



Source: PwC Strategy& market study

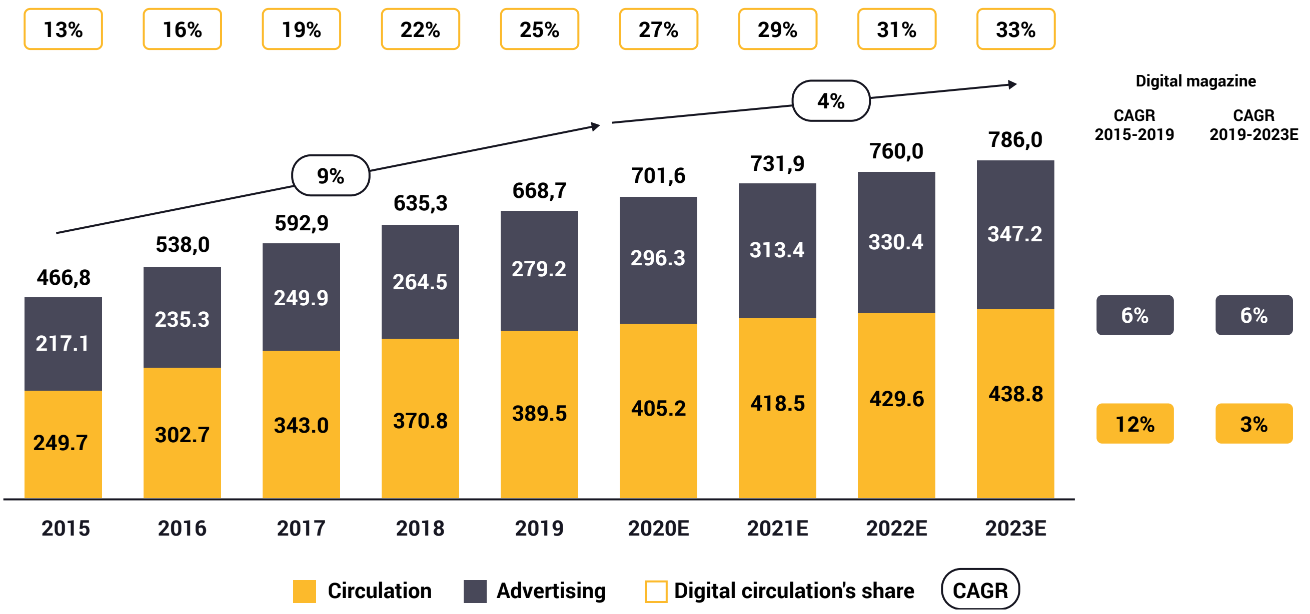
12) PwC Strategy& market study.

United Kingdom

Although the United Kingdom magazine market is smaller than the German magazine market, it has a significantly larger digital magazine market size and therefore higher digital penetration. During 2019, the digital penetration amounted to 25 percent of the total market. The United Kingdom's market for sales of issues amounted to USD 1,569.9 million in 2019 with the digital share representing USD 389.5 million of the total market.[13] Naturally, the market is characterised by the English language's magazine titles having global readership.

Consumers in the United Kingdom were early adopters of digital magazines and the digital magazine market grew from to USD 466.8 million in 2015 to USD 668.7 million in 2019, corresponding to a CAGR of 9.4 percent. The digital magazine market in the United Kingdom is expected to have positive growth during the coming years with an expected CAGR of 4.1 percent between 2019 and 2023. The growth in sales of digital magazines has been higher compared to digital advertising, with a CAGR of 11.8 percent compared to 6.5 percent between 2015 and 2019. This can partly be explained by the fact that the sale of advertising in magazines has been subject to increased competition during the past years.[13] See graph 10 below for the market outlook for digital magazines in the United Kingdom between 2015 and 2023.

Graph 10: Outlook for the digital magazine market in the United Kingdom, USDm



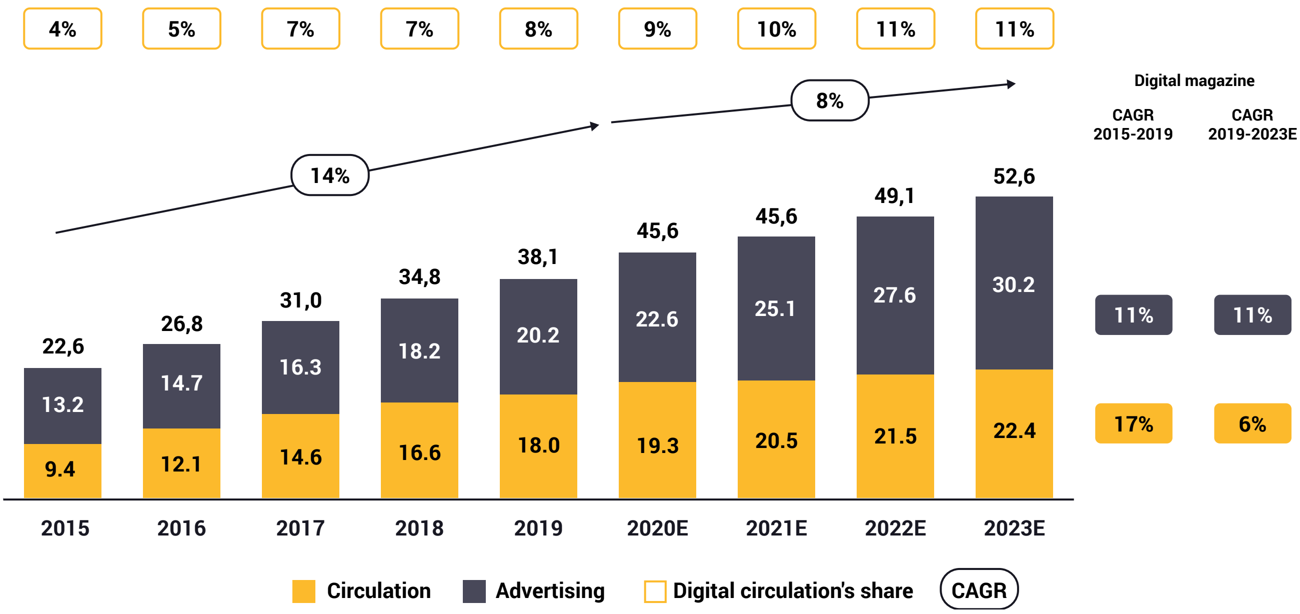
Source: PwC Strategy& market study

13) PwC Strategy& market study.

Sweden

The market for sales of issues in Sweden amounted to USD 218.6 million in 2019 and is the smallest of the core markets. The digital penetration amounted to 8.2 percent in 2019, which is in line with the digital penetration in Germany. The digital magazine market in Sweden increased from USD 22.6 million in 2015 to USD 38.1 million in 2019, corresponding to a CAGR of 14.0 percent. Thus, the Swedish market for digital magazines has demonstrated the fastest growth for any of the core markets between 2015 and 2019. The segment for sale of digital issues grew by a CAGR of 17.5 percent between 2015 and 2019 and digital advertising grew by a CAGR of 11.3 percent during the same period. The Swedish digital magazine market is positively impacted by a higher willingness to pay for digital content, 27 percent pay for digital news, compared to 13 percent globally. While there are some structural drivers pushing print to digital, most publishers still rely on print to generate high revenue. An important factor in the Swedish market pushing print to digital is the increasing cost of print distribution. As an example, Postnord has announced that there will be price increases in the future and new recycling rules are planned to be implemented in 2021, increasing print costs further.[14] See graph 11 below for the market outlook for digital magazines in Sweden between 2015 and 2023.

Graph 11: Outlook for the digital magazine market in Sweden, USDm



Source: PwC Strategy& market study

14) PwC Strategy& market study.

Trends in the magazine industry

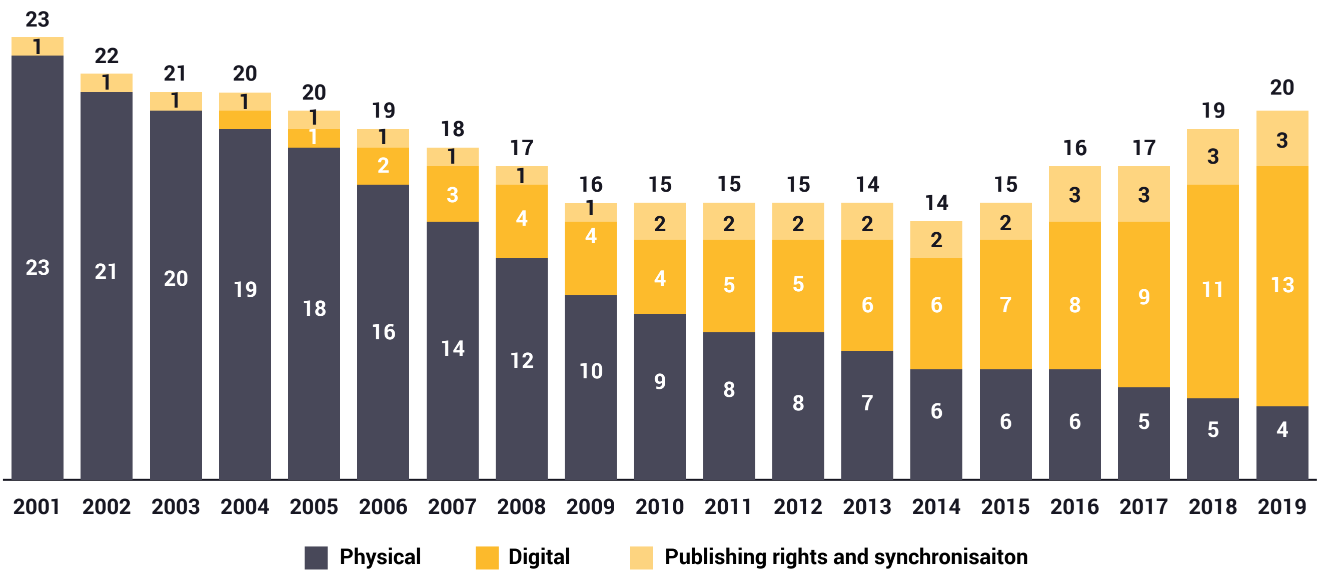
The digitalisation of the magazine industry is driven by several secular trends, following the patterns of other media industries. These trends include:

- Increasing demand for digital content
- Shifting consumer demands
- Increased demand for reliable sources of content
- Increasing willingness to pay for magazines

Increasing demand for digital content

Several media industries have in recent years experienced declining total markets but an underlying strong growth in digital business models. The shift to digital business models has for example been evident in the music industry, where Spotify pioneered the development and was part of leading the digital transformation. Spotify revolutionised the music industry, a once declining market that is now experiencing an overall market growth thanks to digitalisation. Historically, music was consumed by purchasing single copies of a song or an album, resulting in a linear correlation between the amount of music you have access to and the price you pay for it. See graph 12 below for an overview of the digital transformation of the global music industry between 2000 and 2018.

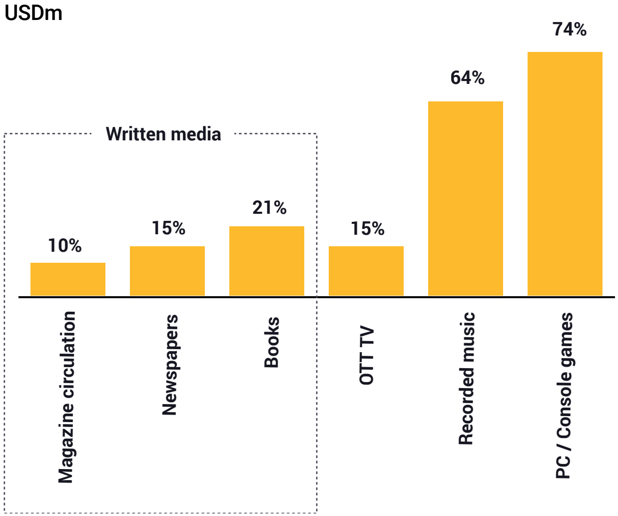
Graph 12: Global recorded music industry, USDbn



Source: IFPI Global Music Report 2020

In 2019 written media (magazine issues, newspapers and books as illustrated in the graph 13 below) had a digital penetration of maximum 21 percent, which means that the digital penetration within these categories is lower compared to other media types. Moreover, the sale of digital issues had a significantly lower digital penetration compared to all other media types, comprising only 10 percent in 2019. In comparison, the recorded music industry has a digital penetration of 64 percent.[15] This highlights the significant difference in maturity for written media in comparison to other media industries, providing a significant opportunity for further growth. The increasing digital penetration of media industries, has been, and is driven by, an increasing demand from consumers for digital content. The increasing demand for digital content is driven by a shifting consumption behaviour which is based on an increased use of mobile platforms underpinned by an increasing penetration of smartphones and tablets.[16]

Graph 13: Core market magazine circulation 2019 USDm



Source: PwC Strategy& market study, IFPI Global Music Report 2020

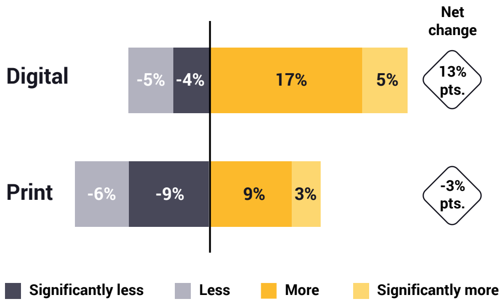
15) IFPI Global Music Report 2020.

16) PwC Strategy& market study.

Shifting consumer demands

A total of 22 percent of consumers, regardless of age, indicate that they will read more digital magazines and 9 percent indicate that they will read less digital magazines in the coming year compared to the previous year, which means a positive net change of 13 percentage points. However, only 12 percent of the consumers indicate that they will read more print magazines and 15 percent indicate that they will read less print magazines in the coming year compared to the previous year, which means a negative net change of 3 percentage points. In summary, this means that consumers will read more digital magazines and less printed magazines in the coming years compared to previous years, as illustrated in graph 14.[17]

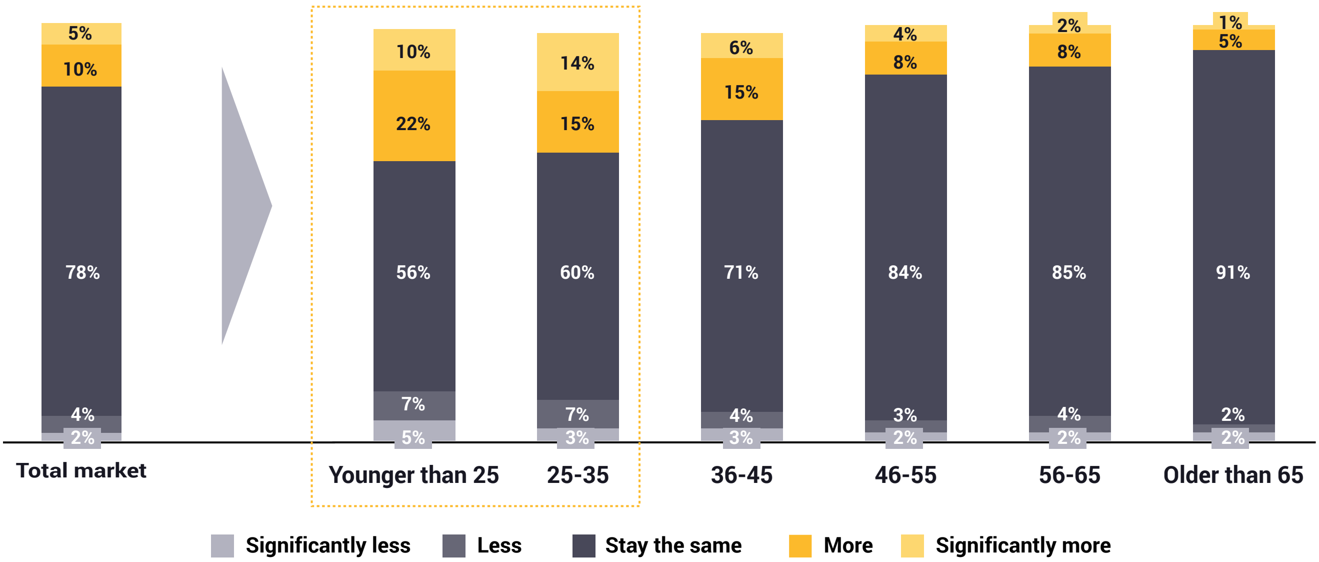
Graph 14: Consumers are expecting to read more digitally the coming year



Source: PwC Strategy& market study

There is a clear difference between the younger generations (people younger than 35) and older generations (people older than 56) when it comes to the adoption of digital magazines, where the younger generations are the underlying driver of the increased demand for digital solutions. A total of 38 percent of consumers under 35 expect to read more digital magazines compared to only 7 percent who expect to read less. People older than 65 is the only age group showing a negative trend in relation between reading less or more digital magazines, albeit very slightly at 13 percent for less and 12 percent for more.[17] See graph 15 below for a summary of the expected future magazine readership in these age groups.

Graph 15: Expected magazine readership in the coming year 2019

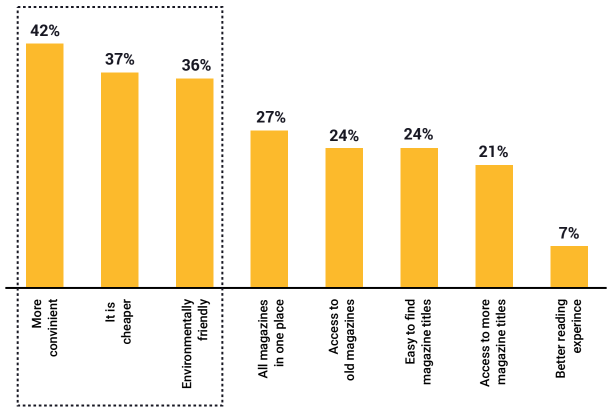


Source: PwC Strategy& market study

17) PwC Strategy& market study.

The increase in consumer demand for digital magazines varies among consumers. However, there are three main reasons as indicated in the graph 16 below. The most common reason is that reading digital magazines is more convenient in comparison to the print format. The second reason is that it is a cheaper alternative compared to buying print magazines individually. The third reason is that it is perceived as a more environmentally friendly alternative compared to print magazines.[18] Rising awareness of ESG[19] issues is driving consumers, partners and publishers to become more environmental conscious and use less paper. Consumers are trying to reduce the use of paper, instead focusing on digital alternatives that are considered better for the environment. Companies, in general, and potential partners to Readly are also looking to move from print magazines for environmental and cost reasons. For example, a majority of airlines have removed print magazines due to their weight, which adds both to fuel costs and emissions. Instead, airlines offer either proprietary solutions or use a third party digital platform such as Readly. A driver for publishers is to reduce their environmental impact and costs related to printing and distribution of magazines by moving from print magazines to digital magazines.[18]

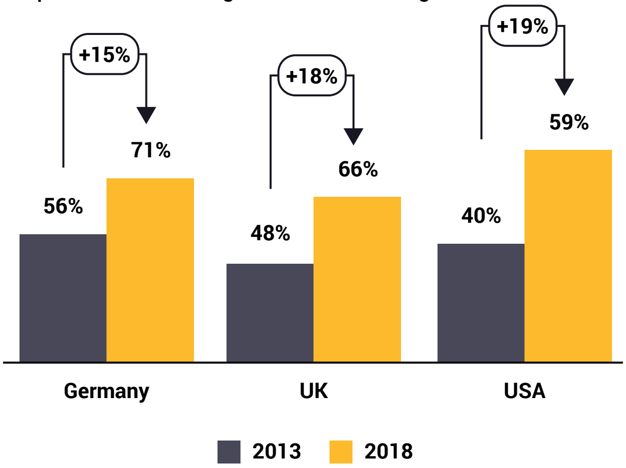
Graph 16: Key reasons for choosing to read digital magazines



Source: PwC Strategy& market study

Graph 17 show that consumer awareness of climate change is increasing, which in turn could lead to an increased demand for digital magazines as a more environmentally friendly alternative. Furthermore, whether consumers choose to read digital magazines because it is considered to be a more environmentally friendly alternative to print magazines varies by demographic. For example, 34 percent of the respondents are younger than 35 years, which indicates that this reason is more important among the younger generation. Further, 31 percent of these respondents have an income over USD 80,000 per year and 29 percent of these respondents are frequent readers.[18]

Graph 17: Climate change awareness is rising in all countries



Source: PwC Strategy& market study

Increased demand for reliable sources of content

One of the main reasons for an expected increase in magazine readership, especially among the younger generations, is the demand for more reputable sources of information. This could be due to counteracting the increasing frequency of false and misleading information seen on other media platforms. As the flow and channels of information have rapidly increased, it has resulted in a spread of false information to a greater extent than before and difficulties in ascertaining whether the information is correct or not.

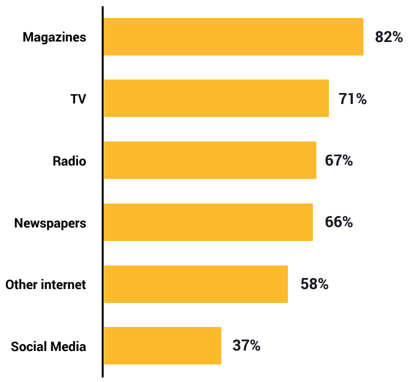
This has also resulted in an increased awareness amongst consumers of the existence of false and misleading information, and thus, they have become more aware of the origins of the information and of the need to evaluate sources. The increased occurence of false and misleading information has also impacted people's level of trust in media. As an example, 68 percent of Europeans indicate that they come across false information at least once a week and 83 percent think false information is a danger to democracy. In addition, 59 percent of Readly's subscribers are concerned about the spread of misinformation. The rising awareness is pushing readers toward more reputable sources of journalism where magazines are considered to be the most trustwhorty media platform, even before other media such as daily newspapers, as shown in graph 18 below.[18]

18) PwC Strategy& market study.

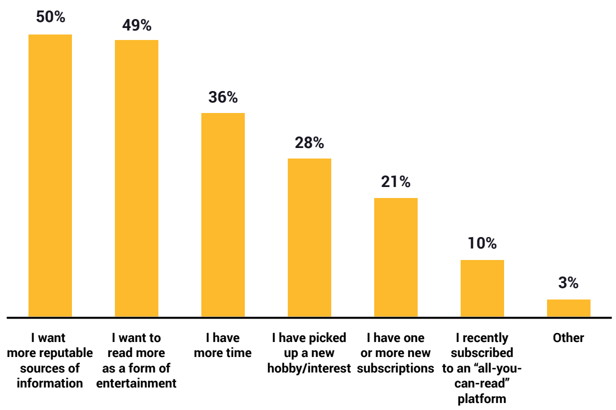
19) ESG stands for Environmental, Social and Governance.

Companies such as Readly are positively affected by the push towards trusted sources. Graph 19 below show that, 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. At the same time, 49 percent indicate that they want to read as a form of entertainment. For working age groups, reading as a form of entertainment is considered extra important, making digital magazines a direct competitor to other media forms.[20]

Graph 18: Magazines are seen as the most trustworthy media platform



Graph 19: Key reasons for reading more magazines (% share of respondents)



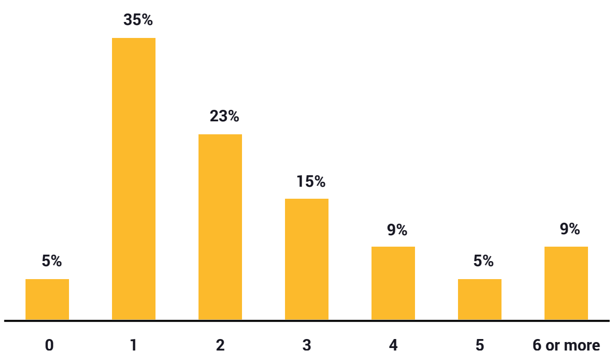
Source: PwC Strategy& market study

Increased willingness to pay for magazines

Today, with the introduction of digital subscription models in the music industry, consumers are offered unlimited access to a large portfolio of music at a fixed monthly price. The new way to consume music has translated into other media, such as film and TV series and books, and the digital subscription model has become the new standard. For example, Netflix drove the digitalisation of the film and TV series industry, creating a new market for subscription-based video-on-demand, providing consumers with unlimited access to a broad range of films and TV series.

The receptiveness to subscribe to several media services is steadily increasing and 61 percent of consumers have two or more unique media subscriptions, illustrating the willingness to subscribe for media consumption. The willingness to subscribe is primarily based on age. For example, 80 percent of younger generations have multiple subscriptions compared to only 47 percent of the older generations. There are more younger consumers with more than three subscriptions compared to older consumers with more than two subscriptions. The number of subscriptions per consumer is increasing, for example, in the US the amount of consumers with multiple media streaming subscriptions has increased by 10 percentage points from 2018 to 2019.[20] See graph 20 below for a summary of the number of media subscriptions per consumer.

Graph 20: Number of media subscriptions per consumers



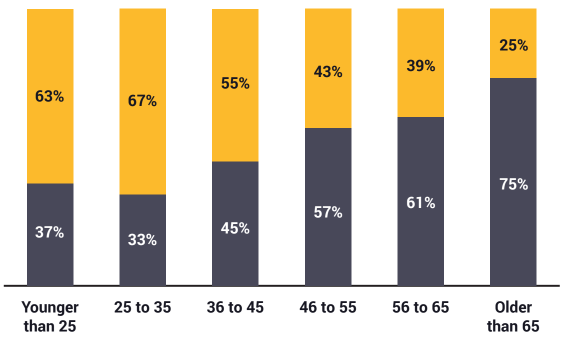
Source: PwC Strategy& market study

The penetration of "all-you-can-read" subscriptions in Readly's core markets is still relatively low, with Sweden showing the highest overall penetration across age groups. However, there is a significantly higher digital 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. Although the penetration of "all-you-can-read" platforms is relatively low, consumers in Readly's core market indicate a significant interest in these type of platforms. 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. The strongest interest for "all-you-can-read" subscription models was indicated among consumers reading magazines for more than ten hours per week. However, approximately 75 percent of all consumers reading magazines less than five hours per week express an interest in "all-you-can-read" platforms. No awareness of the service is the most common reason for not subscribing to an "all-you-can-read" service, which is indicated by approximately 45 percent of consumers, which points out the potential for an increased penetration rate by utilising awareness driven marketing for digital "all-you-can-read" platforms.[20] See graph 21 below for a

20) PwC Strategy& market study.

summary of the indicated interest in "all-you-can-read" platforms in different age groups.

Graph 21: Indicated interest in "all-you-can-read" platforms



Source: PwC Strategy& market study.

Competitive landscape

The competitive landscape in the digital magazine market

The competitive landscape for digital media providers can be categorised along four dimensions, as illustrated in graph 22 below:

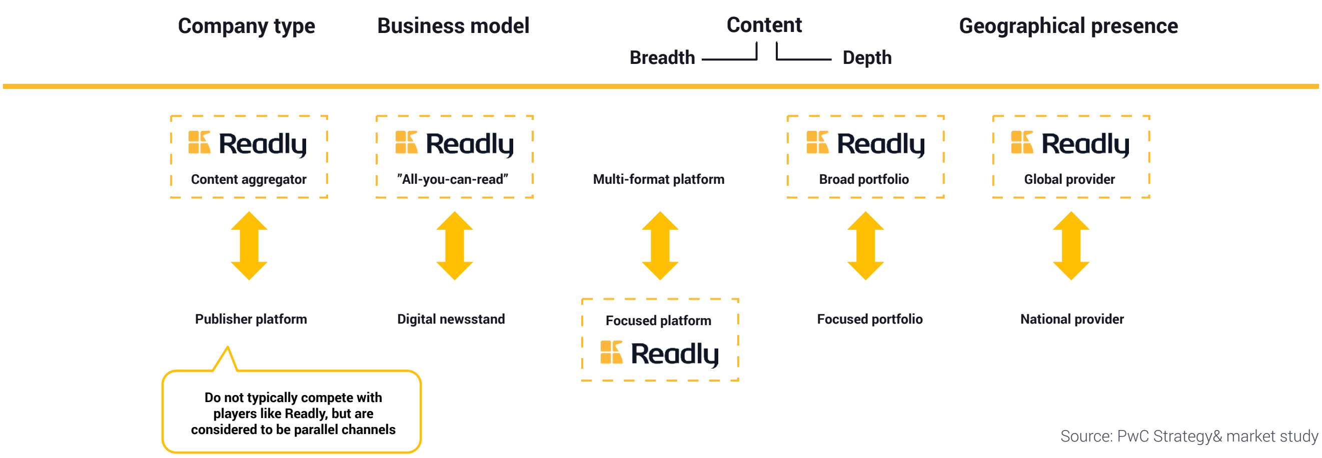
I. **Company type** – The company type for digital media providers can be divided into a content aggregator or publisher platform. A content aggregator, like Readly, aggregates and provides content from a broad range of publishers. On the contrary, publisher platforms distribute content from a single publisher or a specific title. Publisher platforms are considered a parallel distribution channel and normally, publishers do not directly compete with media providers like Readly.[21] For more information on Readly's company type, refer to section "*Competitors based on business model and content*" below.

II. **Business model** – The current established business models for digital media providers, and payment of content, are an "all-you-can-read" or a digital newsstand model, or a mix of both. The "all-you-can-read" model, like Readly's, offers unlimited access to the content available on the platform for a fixed payment, while the consumer pays for each single title or article in the digital newsstand model.[21] For more information on Readly's business model, refer to section "*Competitors based on business model and content*" below.

III. **Content** – The content offered on different providers' platforms is measured in terms of both breadth and depth of content. The breadth is either a multi-format platform or a focused format meaning that the content is only distributed in one format. Readly offers a focused platform, as Readly primarily focuses on distribution of digital magazines. The multi-platform provides a range of formats, such as digital news-papers, magazines and audiobooks. The depth of the content is determined based on how broad the portfolio of content is in terms of titles, categories and coverage of various interest.[21] Readly has a broad portfolio and offers, as per 30 June 2020, approximately 5,000 titles on its platform. For more information on Readly's broad offering, refer to section "*Competitors based on "all-you-can-read" platforms and geographical presence*".

IV. **Geographical presence** – The reach of the platform is either limited to a few markets or available in a large number of countries.[21] For more information on Readly's geographical positioning, refer to section "*Competitors based on "all-you-can-read" platforms and geographical presence*".

Graph 22: The competitive landscape in the digital magazine market



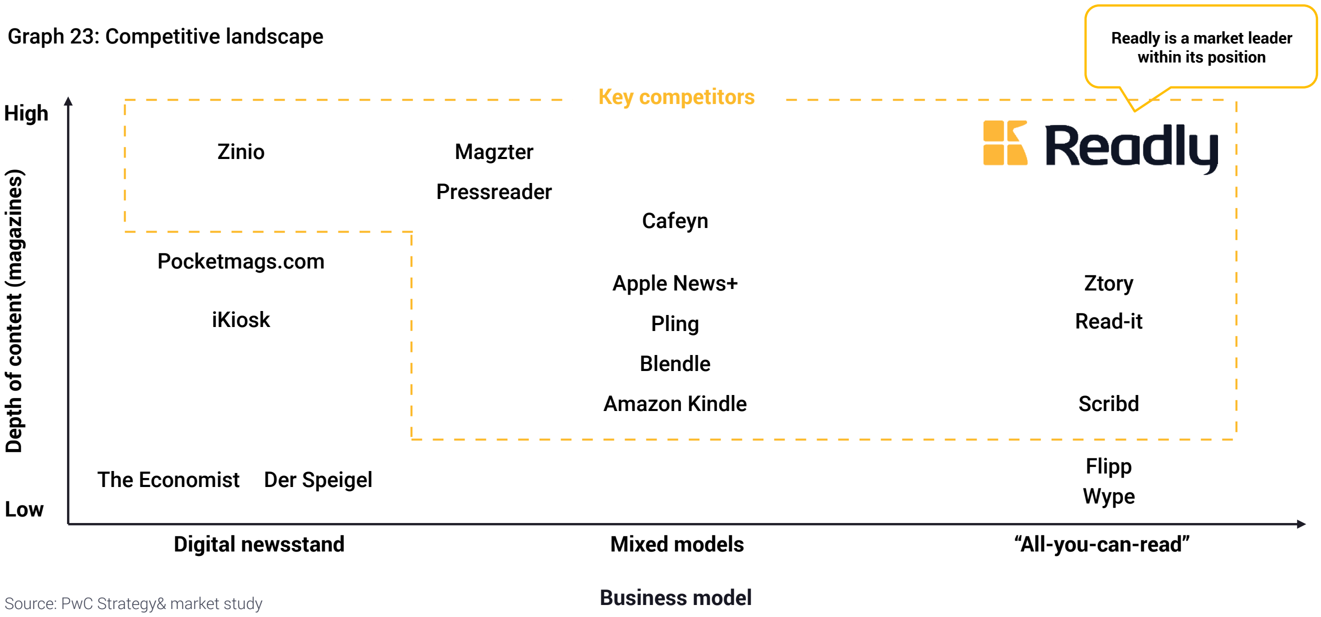
Source: PwC Strategy& market study

21) PwC Strategy& market study.

Competitors based on business model and content

Graph 23 below illustrates a comparison of the most relevant competitors to Readly. The matrix is based on the competitors' offering in terms of business model and depth of content. After completion of the PwC Strategy& market study, Cafeyn announced its acquisition of Blendle on 30 July, 2020. This has not been reflected in the section "*Competitive landscape*". The competitors' business models vary between the digital newsstand model and the "all-you-can-read" model and some competitors offer a combination of both. The key competitors for Readly offering "an-all-you-can-read" business model are Ztory, Read-it and Scribd. There are also competitors offering a mix between the digital newsstand model and "all-you-can-read", namely, Cafeyn, Apple News+, Pling, Blendle[22] and Amazon Kindle. In addition, Readly also competes with the digital newsstand focused providers Magzter, Pressreader and Zinio.[23]

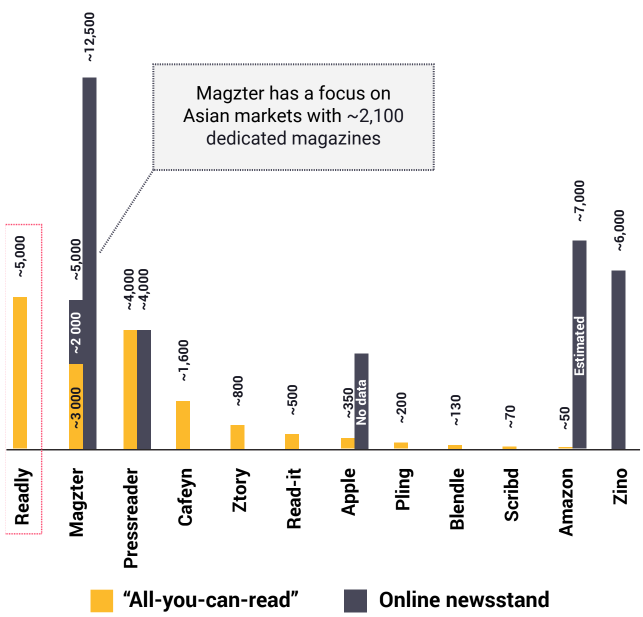
Graph 23: Competitive landscape



Source: PwC Strategy& market study

Some competitors such as Magzter and Zinio offer portfolios with extensive content, although predominantly through the digital newsstand model, i.e. single issue purchasing. Only Magzter offers a comparably large magazine portfolio through "all-you-can-read" subscriptions, however, with a large focus on the Asian market.[23] See graph 24 for a summary of the number of magazine titles held by each competitor, divided between the "all-you-can-read" and the online newsstand models.

Graph 24: Number of magazine titles per business model, 2019



Source: PwC Strategy& market study

22) On 30 July 2020, Cafeyn Group (also a competitor) acquired the company Blendle.

23) PwC Strategy& market study.

Competitors based on "all-you-can-read" platforms and geographical presence

In Readly's core markets, there are several competitors that offer an "all-you-can-read" subscription model. These are both large international companies such as Amazon and Apple, and other digital magazine focused providers such as Magzter Gold and Pressreader.[24] See graph 25 below for a summary of which publishers are available on various "all-you-can-read" platforms in Readly's core markets as of the date of the PwC Strategy& market study.

Graph 25: Publishers available on "all-you-can-read" platforms

Source: PwC Strategy& market study

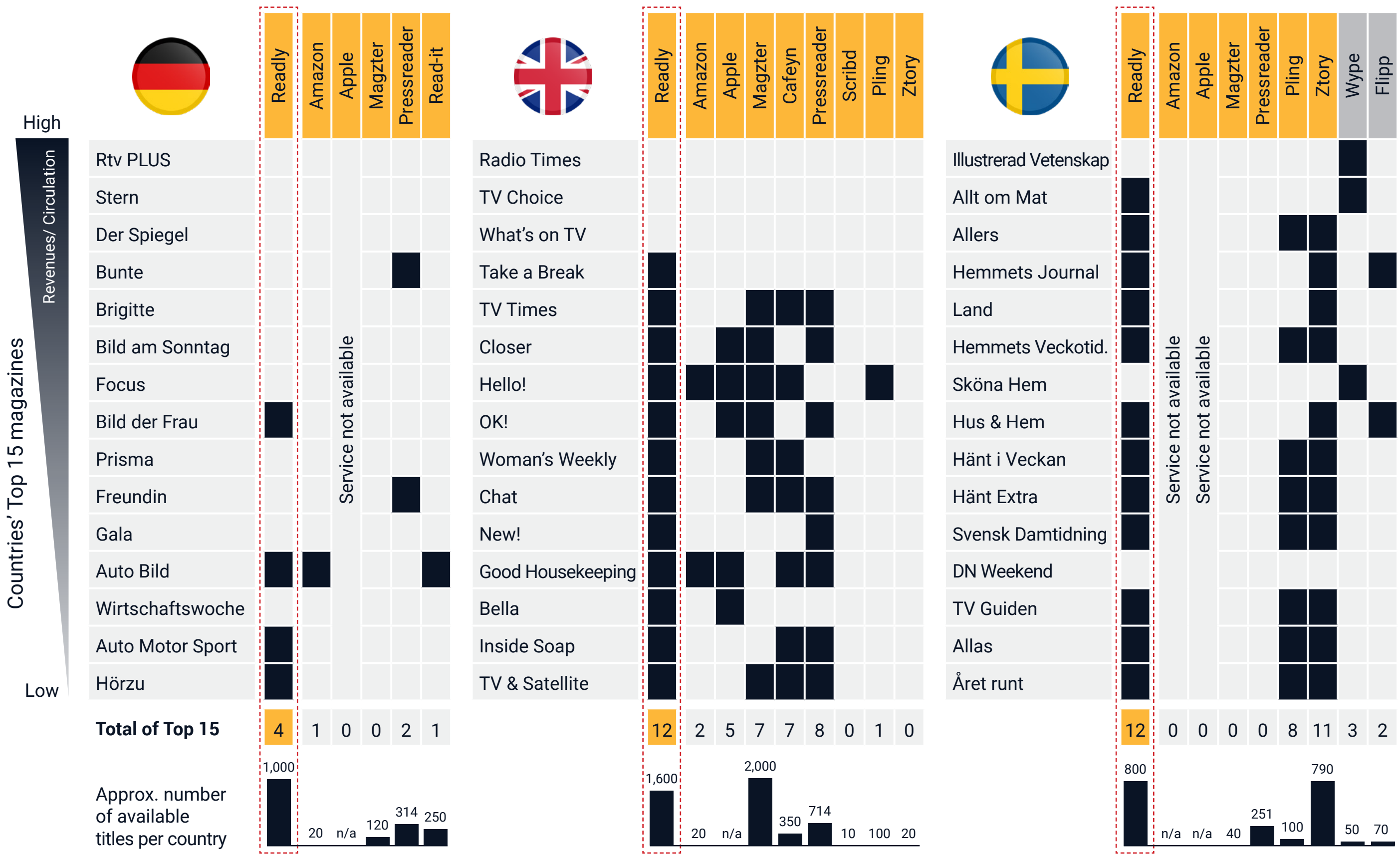
In comparison to all relevant "all-you-can-read" platforms, Readly has the largest content portfolio with magazine titles from the top 15 magazine titles based on revenues or issues, which can be read from graph 26 below, prepared as of the date of the PwC Strategy& market study.[25]

- In Germany, Readly has approximately 1,000 magazine titles available and four of the top 15 magazines.[24]
- In the United Kingdom, Readly has approximately 1,600 magazine titles available and 12 of the top 15 magazines.[24]
- In Sweden, Readly has approximately 800 magazine titles available and 11 of the top 15 magazines.[24]

24) PwC Strategy& market study.

25) Germany and UK according to revenues, Sweden according to Circulations, data sets from 2018/2019.

Graph 26: Magazine availability in Readly's core markets in "all-you-can-read" subscriptions, 2020

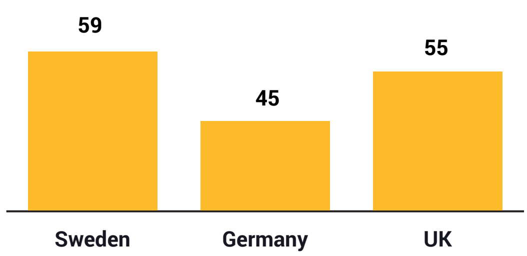


Source: PwC Strategy& market study

In addition to Readly's market position in its core markets, the software application is consistently rated high, indifferent of the operating systems. Currently, the product can be accessed online or via an app that can be downloaded from Apple App Store, Google Play, Amazon Appstore and Huawei App Gallery. At the time of the PwC Strategy& market study, Readly had an average rating on the Apple App Store of 4.7[26] and 4.5[27] on Google Play compared to competitors' average ratings ranging from 3.6 to 4.7 on the Apple App Store and from 3.0 to 4.5 on Google Play.

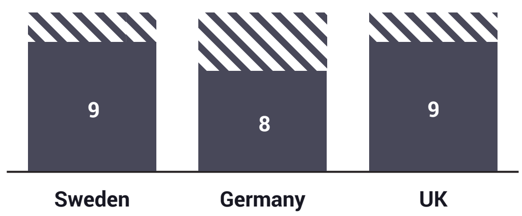
The attractive customer proposition is further evidenced by the NPS[28] reported on each core market, 59 in Sweden, 55 in the United Kingdom and 45 in Germany, as illustrated in graph 27. The likelihood to recommend Readly, on a scale between one to ten, is in Sweden and the United Kingdom nine and in Germany eight, as illustrated in graph 28.[29]

Graph 27: Readly's NPS per country



Source: PwC Strategy& market study

Graph 28: Likelihood to recommend Readly



Source: Readly's consumer survey 2019

26) Rating calculated as average ratings in Germany, the United Kingdom and Sweden.

27) Worldwide ratings.

28) NPS is Net Promoter Score and measures the loyalty of a firm's customer relationships.

29) PwC Strategy& market study.

Business overview

Introduction to Readly

Readly was founded in 2012 and is the European category leader[1] for digital magazines.[2] Readly offers a digital subscription service for magazines with content from third party publishers. The product can be accessed online or via an app that can be downloaded from Apple App Store, Google Play, Amazon Appstore and Huawei App Gallery. Readly's subscribers have unlimited access to quality content from approximately 800 publishers and editors for a fixed monthly fee. Since the service was launched, Readly has had a large increase in the number of subscribers and as of 30 June 2020, Readly had 323,811 fully paying subscribers, primarily in its core markets Germany, the United Kingdom and Sweden, which together represented 85 percent of the Group's net sales in the first and second quarter 2020. As of the date of the Prospectus, Readly has subscribers in more than 50 countries and has agreements with publishers to offer local content in eleven countries. Moreover, Readly offers magazines in 17 languages.

Readly is headquartered in Stockholm, Sweden and has offices in Växjö, Sweden, Berlin, Germany and London, the United Kingdom. As of 30 June 2020, the Company had 70 full-time equivalent employees.

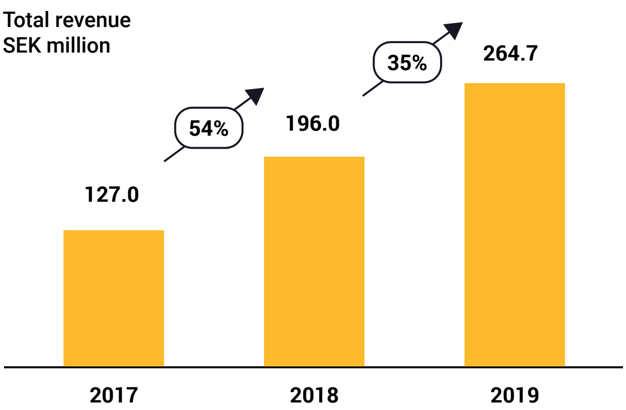
Readly offers a service that is appreciated by its subscribers. A high proportion of retained revenue (so called revenue retention) and engagement from subscribers is, according to Readly, an indication of this. Readly's data show that one year after a group has signed up for a subscription during any given month, approximately 73 percent of the initial income remains. After five years, the corresponding figure is approximately 52 percent.

Through publishing their content on Readly, the publishers get the opportunity 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, approximately 20 percent of Readly's users spent time reading magazines from countries other than where the users are based. Readly is used by publishers as part of a digital strategy to develop their offering and work more data-driven with the practical audience insights that Readly makes available.

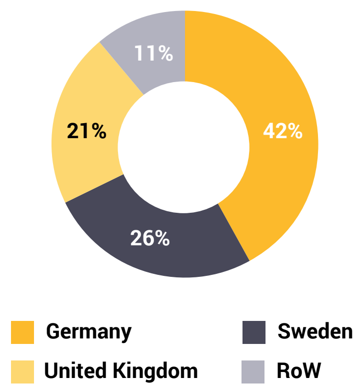
Readly will continue to focus on growth in its existing markets and plans to also expand further both within Europe and beyond. Readly's ambition is to act as a catalyst in the digitalisation of the magazine industry. Readly will focus on increasing brand awareness and cater for subscribers' preferences in reliable and transparent content in a climate-friendly format.[2] Readly further intends to generate additional revenue from advertising via its proprietary technology *Readly Ads*, provide enhanced data analysis to its publishers via its proprietary *Readly Insight* tool, as well as pursue potential e-commerce opportunities.

Readly has shown a significant growth in total revenue over the past years reaching SEK 264.7 million in 2019. Total revenue has grown by a CAGR of 44.4 percent between 2017 and 2019 and all of Readly's core markets (Germany, The United Kingdom and Sweden) had a positive growth during these years. Further, the subscriber base has grown by a CAGR of 33.6 percent between 2017 and 2019. Graphs 29 and 30 below show the Group's total revenue during the period from 2017 to 2019 as well as net sales divided by geographical area during 2019.

Graph 29: Total revenue



Graph 30: Net sales by geography, 2019



1) Among identified "all-you-can-read" competitors in Europe, Readly is defined as the European category leader in the category "all-you-can-read" on the basis of: highest number of magazine titles, relationships with most major publishers in core markets, highest average monthly website visits between October and December 2019 (worldwide) and highest iOS-store rating, PwC Strategy& market study.

2) PwC Strategy& market study.

History of Readly

The idea for Readly arose in 2012 when Readly's founder, Joel Wikell, was on vacation with his family. After reading the magazines he had brought with him over and over again, whilst enjoying the seemingly endless stream of music in his earbuds, the idea of a product that provided unlimited access to digital magazines was born.

2012 Readly was founded in December 2012.

2013 Readly was launched in Sweden. During its first financial year, Readly carried out a new share issue. The Company was provided with SEK 48.2 million before deduction of transaction costs.

2014 Readly was launched in Germany, the United Kingdom and Ireland. The Company carried out a new share issue in which, among others, Zouk Capital LLP invested. The Company was provided with SEK 99.7 million before deduction of transaction costs.

2015 Readly was launched in the United States. The Company carried out a new share issue and was provided with SEK 82.2 million before deduction of transaction costs.

2016 Readly was launched in Austria. Readly entered into a partnership agreement with AT&T and gained commercial traction in the US. The Company's management decided to end the service Readly Books.

2017 Readly launched an improved version enabling the product to be used on smaller screens such as mobile devices. The new function improved readability for selected longer articles and enhanced the user experience. The Company carried out a new share issue and was provided with SEK 132.9 million before deduction of transaction costs.

2018 Readly was launched in the Netherlands and Switzerland. The Company carried out a new share issue in which Swedbank Robur invested in Readly. The Company was provided with SEK 105.5 million before deduction of transaction costs. Per Hellberg resigned from his position as CEO and was later appointed as board member and Chairman of the board. Jörgen Gullbrandson (former CFO) was appointed as the new CEO.

2019 Maria Hedengren was appointed as CEO of the Company in April (replacing Jörgen Gullbrandson). Readly was launched in Italy in May. The Company carried out a new share issue in which, amongst others, AP3 invested. The Company was provided with SEK 157.0 million before deduction of transaction costs.

2020 At an extra general meeting in January, three new members of the board were appointed, Patrick Svensk was appointed as the new Chairman, Viktor Fritzén and Malin Stråhle as ordinary board members. The Company carried out a new share issue and was provided with SEK 93.8 million before deduction of transaction costs.

Purpose and vision

Purpose

Readly's purpose is to "*Bring the magic of magazines into the future*".

Vision

Readly's vision is to transform the consumption of magazine content by offering the greatest experience and the broadest selection.

Financial goals

The BoD has adopted the following financial goals:

- In the mid-term, uphold an annual organic revenue growth of 30–35 percent.
- In the long-term, reach a gross margin of 35 percent.
- In 4-5 years, reach a positive EBITDA.

Dividend policy

The Company's BoD does not intend to propose the distribution of a dividend in the short or mid-term and intends to use the cash flow generated for continued investments in growth. The BoD shall each year evaluate the possibility of distributing a dividend after taking into account the development of the business as well as its operating profit and financial position.

Strengths, competitive advantages and opportunities

Readly's past performance and its ability to achieve its future strategic and financial goals is based on the following strengths, competitive advantages and opportunities:

- Readly operates in the global magazine market of USD 73 billion.
- The digital subscription model is the new standard for digital consumer services.
- Readly is the pioneer and European category leader[3] within the "all-you-can-read" category.
- Leading proposition for subscribers and publishers.
- Readly has a high level of engagement among users and high revenue retention.
- Readly shows high growth and has financial potential.

Readly operates in the global magazine market of USD 73 billion

The global magazine market is a USD 73 billion opportunity since the digital magazine market comprises USD 15 billion, or 20 percent, of the total magazine market.[4]

On the digital magazine market, Readly is mainly focused on the segment sale of digital issues, for which the global digital penetration was 10 percent in 2019.[4]

In comparison with other industries within media and entertainment, such as the music industry, the digital penetration in the magazine industry is relatively low.[4] The digital magazine market is forecasted to experience a similar digital shift as other industries.[4] Due to its current position as the European category leader[3] within the "all-you-can-read" category and its growth strategy, Readly is well-positioned to profit from the growing digitalisation of the magazine market.

The digital subscription model is the new standard for digital consumer services

Digital subscription services have been introduced in many media industries during the last decade. The digital subscription model has shown to be highly appreciated and could be considered as the new standard for paid consumer digital content services, with successful peers such as Spotify in the music industry and Netflix in the film and TV series industry.[4] Readly offers a digital subscription service for magazines where subscribers gain unlimited access to Readly's full offering of magazines. Subscribers normally pay a monthly fee in advance and each subscriber may create up to five profiles within each account at no additional cost. As the subscription model used by Readly could be considered to be the new standard for paid consumer digital content services, Readly is well positioned to increase its subscriber base in existing markets and when expanding to new markets.

Readly is the pioneer and European category leader within the "all-you-can-read" category

Readly is the European category leader[3] in "all-you-can-read". As one of the first digital magazine service providers, Readly has played a pioneering role in providing this new format that gives people the opportunity to discover and read magazines.

Since 2012, Readly has established long-term relationships with leading publishers and currently has the most extensive portfolio of quality content compared to its competitors.[4]

Readly continuously strives to further develop and improve its service and content offering in order to maintain its position as the European category leader[3] This, combined with an understanding of how to create an attractive proposition for its stakeholders, have been key factors in establishing the Company's category leading position within "all-you-can-read" in Europe.

3) Among identified "all-you-can-read" competitors in Europe, Readly is defined as the European category leader in the category "all-you-can-read" on the basis of: highest number of magazine titles, relationships with most major publishers in core markets, highest average monthly website visits between October and December 2019 (worldwide) and highest iOS-store rating, PwC Strategy& market study.

4) PwC Strategy& market study.

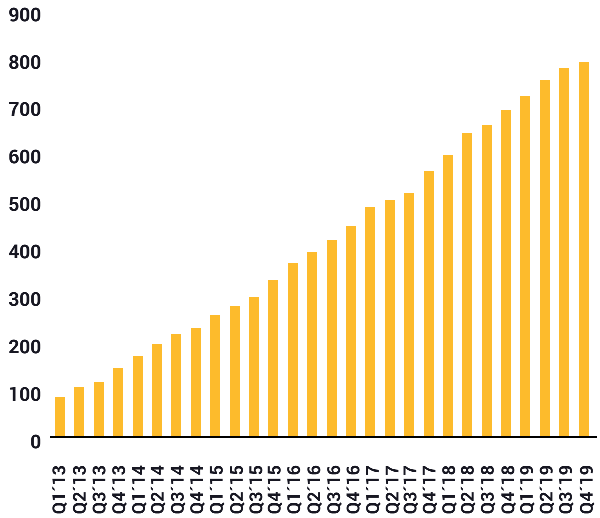
Leading proposition for subscribers and publishers

Readly's proposition for its publishers and subscribers has contributed to the Group's steady growth.

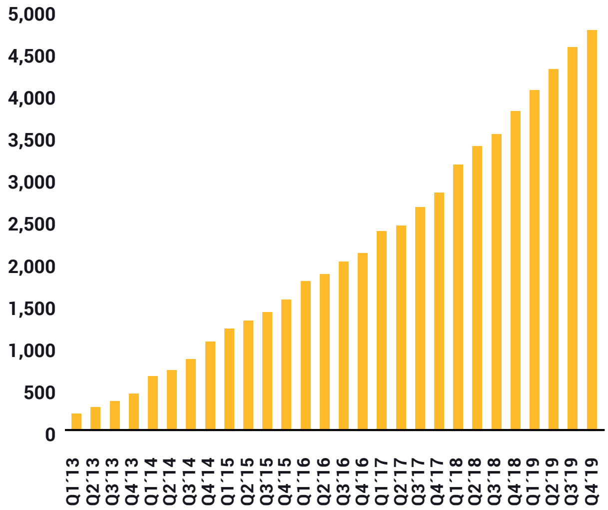
Subscribers have unlimited access to Readly's wide offering of magazines from publishers on a multi-functional and user-friendly app and through Readly's website, which subscribers also consider to be an environmentally conscious alternative to physical magazines.[5]

Publishers can derive substantial benefits from including their content on Readly's platform. Readly allows its publishers to gain additional revenues and increase digital distribution and audience reach with no upfront investments. Readly also provide publishers with extensive aggregated and anonymised data about user reading habits and preferences, as well as insight into what content is appreciated by the users, which is something publishers cannot get from their physical magazine subscribers. Thus, publishers gain valuable insights allowing them to adapt the content in the magazines to tailor them for the demand from the consumers. Graphs 31 and 32 below show the development of the number of publishers and the number of titles for Readly during the period 2013 - 2019.

Graph 31: Number of publishers, 2013-2019



Graph 32: Number of titles, 2013-2019



Source: Readly's own data

Readly has a high level of user engagement and high revenue retention

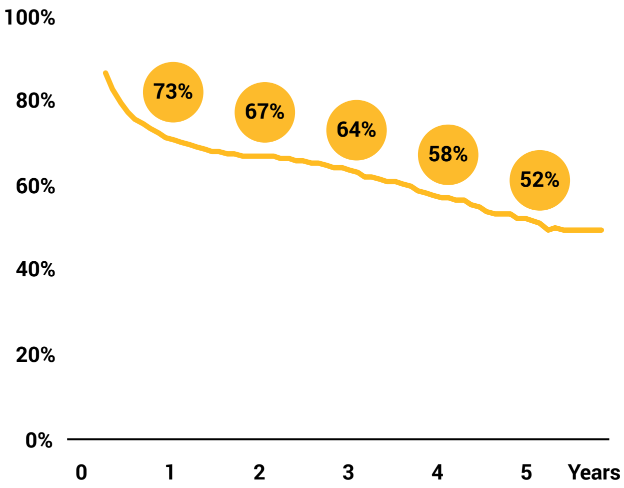
Readly has loyal subscribers that use the service both frequently and over time. In June 2020, approximately 89 percent of the users used the service at least once a month (*monthly active users*, "**MAU**") and approximately 41 percent of these used the service on a daily basis (*daily active users/monthly active users*,"**DAU/MAU**"). On average, each user uses Readly's platform approximately seven hours per month.

Readly's data shows that one year after a group of subscribers have signed up for Readly in any given month, approximately 73 percent of the initial revenue remains. After five years, the corresponding figure is approximately 52 percent. This is illustrated in graph 33 below.

To encourage subscriber engagement, subscribers are provided with individual reading recommendations based on previous reading and popularity. Readly also enables subscribers to share articles with others to further drive engagement levels. Readly continuously works on improving its product offering and user experience. A recent example of this is the introduction of the new feature *Readly Articles*. The feature means that interesting articles from magazines are selected by Readly's editorial team and published in a separate section on the Readly service. In addition, Readly has recently in the UK started beta testing of its new Audio feature, allowing its subscribers to listen to selected articles.

5) PwC Strategy& market study.

Graph 33: Revenue retention



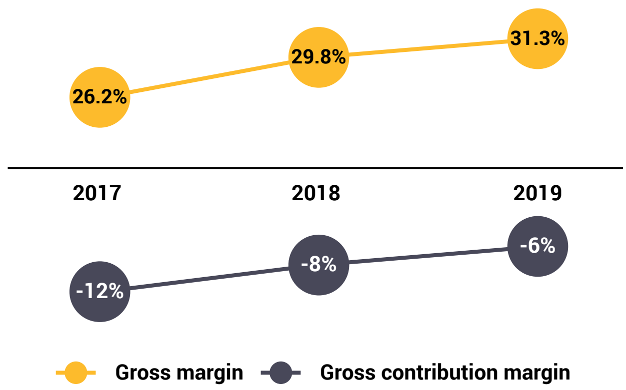
Source: Readly's own data.

Readly shows high growth and financial potential

Total revenue of the Group amounted to SEK 264.7 million in 2019 and has grown by a CAGR of 44.4 percent between 2017 and 2019. Between 2017 and 2019, Readly improved its gross margin[6] from 26.2 percent to 31.3 percent and its gross contribution margin[7] from -11.6 percent to -6.2 percent. Graph 34 shows how the Group´s gross margin and contribution margin has developed between 2017 and 2019.

Readly aims to continuously improve these metrics further in the coming years. Due to the inherent scalability of its business model, including its integrated technology platform, centralised organisation, and well-developed network with all its stakeholders, where the core stakeholders consist of publishers, subscribers and advertisers. Based on that, Readly should be well-positioned to achieve additional growth without significant investment in operational infrastructure in the mid-term.

Graph 34: Gross margin and gross contribution margin 2017-2019



Growth strategy

Based on its scalable business model and service offering, a position as the European category leader[8] in "all-you-can-read", its attractive proposition for its publishers, partners and subscribers and its strong user engagement and revenue retention metrics, Readly has adopted an ambitious growth strategy to enable it to benefit from the favourable conditions of the market in which it operates. Readly's strategic growth plan is based on the six items below:

- Continue to act as the European category leader[8] within "all-you-can-read"
- Organic growth
- Investments in brand building and acquisition marketing
- Partnerships
- Expansion into new territories
- Develop new revenue streams

Continue to act as the European category leader[8] within "all-you-can-read"

Transforming user behaviour, streaming and subscription models have become the dominant global format in the music and film and TV series industries, fuelling growth in these markets worldwide. In contrast, digital penetration of magazines is still relatively low. Readly is well-positioned to capture the underlying growth in the digital magazine market as the industry transitions to more digital solutions. Readly intends to continue to act as the European category leader[8] and leverage its position as the European category leader[8] in the "all-you-can-read" category to continue to advance the digitalisation of the magazine industry by continuously working to develop its proposition for its partners in the magazine publishing industry and improving its product and service offering and user experience for its subscribers.

6) Gross margin is an alternative performance measure and a definition of this performance measure can be found in the section "*Alternative performance measures not defined in accordance with IFRS*".

7) Gross contribution margin is an alternative performance measure and a definition of this performance measure can be found in the section "*Alternative performance measures not defined in accordance with IFRS*".

8) Among identified "all-you-can-read" competitors in Europe, Readly is defined as the European category leader in the category "all-you-can-read" on the basis of: highest number of magazine titles, relationships with most major publishers in core markets, highest average monthly website visits between October and December 2019 (worldwide) and highest iOS-store rating, PwC Strategy& market study.

Organic growth

Readly will continue to focus on growing in its existing markets, particularly in its core markets Germany the United Kingdom and Sweden. Readly's current core markets have a total market size of USD 1.1 billion.[9] Within these markets, the demand for digital magazines and digital magazine subscription with unlimited access to a broad range of magazines is increasing.[10] To capture the underlying growth opportunities, Readly intends to focus on continuously innovating and developing its service offering and user experience, such as enabling articles and improving personalisation and to make it easier for users to discover new content that is engaging.

Investments in brand building and acquisition marketing

Readly will invest in several marketing initiatives and PR activities aimed at increasing awareness of and demand for the model for digital magazine subscriptions more generally, as well as brand awareness of Readly specifically, in order to increase organic growth.

Readly will also continue to invest in digital performance marketing channels such as Facebook, Search, Display, Affiliates etc.

Readly constantly monitors and optimises the efficiency of existing and new conversion channels. The allocation of the marketing spend is determined based on which channels and markets that generate the highest return on investment, as well as strategic considerations.

Partnerships

Partnerships are a significant opportunity for Readly to add subscribers to the subscriber acquisition funnel and to increase brand awareness. As of the 30 June 2020, of the Company's current and fully paying subscribers, approximately 43,000 subscribers, corresponding to approximately 13 percent of the total amount of fully paying subscribers, have been generated through partnerships.

Historically, Readly has mainly focused on telecom providers, energy providers and airlines. Readly currently has partnerships with a number of major companies within these industries.

Readly believes that there is high potential to increase the number of partnerships in other industries. Going forward, Readly will also focus on entering into more partnerships in strategically important industries, such as retail, hospitality and transportation. Readly's partnerships structure consists of different types of partnerships, such as reseller and marketing. Within the reseller partnerships, the subscriber enters into a contract with the partner and not Readly, whereas within marketing partnerships, the subscriber enters into a subscription contract directly with Readly. Furthermore, entering into partnerships is an approach used by Readly to get exposure and gain traction when entering into new markets.

Expansion into new territories

Readly plans to expand into new territories within and outside of Europe. To ensure successful roll-out, Readly has a systematic approach when entering into a new market based on previous expansion experiences. Readly is able to launch in new territories without necessarily having to incur the costs of a local team. Additionally, by being a first mover, Readly is able to establish and increase its brand recognition further. Readly may also enter into markets where competitors are driving market awareness.

Readly's launch process and timing for new territories is mainly dependent on how long it takes for it to sign up a broad base of local publishers. Readly's strong network of approximately 800 publishers helps with introductions to important local publishers. Readly's goal is to launch in one to three new countries per year.

Develop new revenue streams

Readly is continuously developing new product features and exploring new ways to generate additional revenue. An example of this is its proprietary *Readly Ads* technology. *Readly Ads* combines the best of offline and online with dynamic advertising and enables Readly to add targeted and relevant advertisements in magazines and tap into the USD 28.5 billion magazine advertising market[9] *Readly Ads* is in the early commercialisation phase and is currently only available on the Swedish market.

A further example is Readly's new proprietary data insight platform called *Readly Insight*. *Readly Insight* is, as per the date of the Prospectus, powered by more than 25 billion data points that can provide the publishers with granular insights into reader preferences and behaviours that can help publishers optimise and shape their future content.

Readly Insight may reduce the need for publishers to engage external consultants to collect and analyse readership behaviour. Further, Readly believes that there are future opportunities to develop e-commerce solutions allowing its users to purchase items they see in the magazine directly on Readly's platform. As of the date of the Prospectus, *Readly Insight* has been developed but has not been commercially launched.

9) PwC Strategy& market study.

10) PwC Strategy& market study, Reuters Institute Digital News Report 2019 (Reuters Institute for the Study of Journalism).

Business model

Readly aims to be at the forefront in the digitalisation of magazine subscription and has a business model with a proposition for all its stakeholders. The core external stakeholders of the subscription platform consist of the publishers, subscribers and advertisers, as illustrated in graph 35 below.

Graph 35: The Readly Ecosystem - Proposition for all stakeholders

Publishers

The Readly publisher base

As of the date of this Prospectus, Readly offers trusted content from approximately 800 publishers. The publishers that Readly has agreements with include major reputable publishing houses such as Condé Nast, Hearst Magazines, Bauer and Future 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.

Benefits to publishers

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 to develop their offering and work more data-driven with the practical audience insights that Readly makes available.

The publishers develop its reader base with the help of Readly and generate new subscribers, strengthen their brand footprint and increases their digital reach.

Furthermore, the publishers benefit from Readly through lower distribution costs of magazines and minimised risks and resources used.

The majority of the agreements with publishers are entered into for an initial period of six months which, unless terminated are extended for a successive twelve-month period varying termination periods of up to three months.

Readly operates on the basis of a revenue share model, which means that the subscription revenue is shared with the publishers. Revenue from subscribers after deduction of VAT and payment charges are split between the Company and the publishers, with more than 50 percent going to the publishers.

Curated content and Readly Exclusives

The content team's role at Readly is to acquire high quality content from publishing sources, and to retain and deepen the existing relationships with publishers by creating a publisher value. This is done by offering additional services such as *Readly Articles*, *Readly Exclusives*, account management and consultation meetings as well as creating commercial opportunities by using Readly's social networks and growth function. For example, *Readly Exclusives* is a collaboration with selected publishers, to offer exclusive one-off magazines, which are only available for Readly's subscribers.

Data that provides insights

Readly has a large and growing subscriber base that is very active and engaged on the platform, which allows Readly to collect data about its subscribers' behaviour and preferences. Readly uses this data to improve its service to create a more personalised and engaging experience for its subscribers. Anonymised and aggregated, and occasionally limited specific data is also shared 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 the anonymised and aggregated data with regard to the readership of their own magazines.

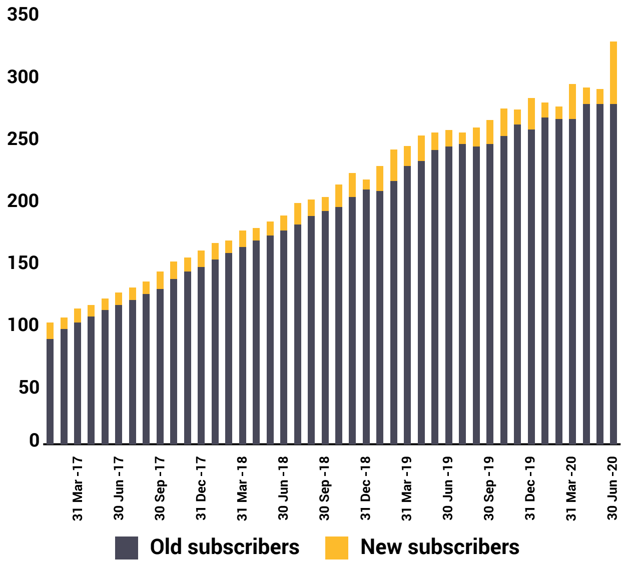
Readly has recently completed the development of a new proprietary data insight platform called *Readly Insight*, which is powered by more than 25 billion data points. *Readly Insight* is a user-friendly tool and provides the publishers with data, such as unique visitors, page view time, number of advertisement link clicks and time spent on linked websites. Furthermore, the publishers can get anonymised data with regard to the age and gender of the users, in which country and on what type of device the magazine is read on. As of the date of the Prospectus, *Readly Insight* has not been commercially launched.

Subscribers

The base of Readly subscribers

Readly's subscriber base has grown rapidly, mainly during the last four years. In December 2015, the subscriber base amounted to approximately 46,000 fully paying subscribers. Four years later, the subscriber base had increased more than six times and reached approximately 278,000 by the end of December 2019. As of 30 June 2020, Readly had 323,811 fully paying subscribers. In addition to the rapid growth in the subscriber base, Readly has established a loyal and engaged subscriber base, which is shown by Readly's high DAU and MAU ratios. Further, the Apple App Store rating of 4.7[11] and Google Play rating of 4.5[12] indicate high customer satisfaction. See graph 36 below for the development of the number of fully paying subscribers between 2017 and 30 June 2020.

Graph 36: Number of fully paying subscribers, in thousands



Source: Readly's own data

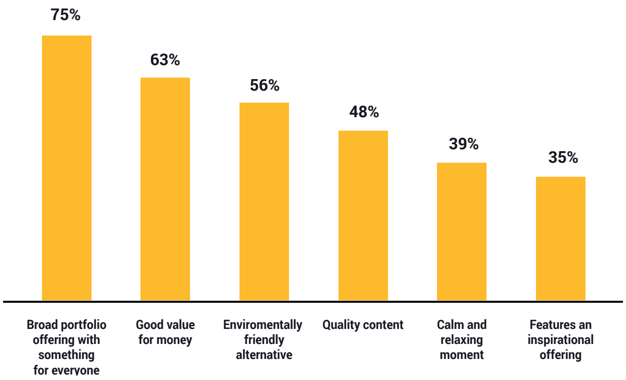
Readly's current subscriber base is fairly evenly balanced between male and female. The majority of subscribers are older than 35 years. This varies by market and type of content that is available when the service is launched. Readly has targeted two core groups of subscribers. The primary audience is characterised by being a magazine reader between 45–65 years old, triggered by a broad selection of titles, who prefers to use tablets and who invests time and money in hobbies. The secondary audience is characterised by being an occasional magazine reader between 35–55 years old, digitally savvy and prefers to use mobile. The person is drawn to certain content and has the ambition to use dwell-time in a more meaningful way. 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. The subscribers mainly associate Readly with offering a broad portfolio offering with something for everyone, representing good value for money as well as being an environmentally friendly alternative to printed magazines, which can be read from graph 37 below.[13]

11) Rating calculated as average ratings in Germany, the United Kingdom and Sweden. Apple App Store rating as of 7 August 2020.

12) Worldwide ratings. Google Play rating as of 7 August 2020.

13) PwC Strategy& market study.

Graph 37: What subscribers associate Readly with



Source: PwC Strategy& market study

Description of Readly's subscription service

Readly is an "all-you-can-read" digital subscription service for magazines where subscribers gain unlimited access to all content. Subscribers pay a monthly fee in advance and each subscription account has a family sharing function, which means that a subscriber may create up to five profiles within each account at no additional cost. The subscription fee varies between Readly's markets and whether a subscriber has signed up for an account on Readly's website or through an app store. By way of example, a subscriber is charged SEK 99 in Sweden, EUR 9.99 in euro zone countries or GBP 7.99 in the UK per month for a subscription signed up for on Readly's website.

Subscribers have access to thousands of national and international magazines in one app. The broad portfolio of quality content from approximately 800 publishers and editors covers more than 30 different categories. As of 30 June 2020, Readly offers approximately 5,000 titles and approximately 130,000 issues. In 2019, approximately 83 million magazines were read by users in more than 50 countries.

In order to provide a user-friendly and multi-functional app, Readly provides functions, such as discover mode, favourites, my content and offline reading. The discover mode allows users to navigate through recommendations, trending, popular and new magazines. The user's personal recommendations are based on user behaviour. The global search and sort function enable users to search for keywords in the entire magazine database.

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 a catalogue of best-selling titles in local languages and in English.

Readly is continuously innovating and developing its product offering and user experience. Examples of this are the introduction of the new *Readly Articles* feature via which interesting articles are selected by Readly's editorial team and published in a separate section on Readly, as well as the ongoing test phase of an Audio feature allowing its subscribers to listen to selected articles. Further, under the *Readly Exclusives* name, Readly works with its publishers to release magazines that are exclusively produced for Readly's subscribers.

Readly places high importance on feedback from its subscribers in order to continuously improve its service and offering. As an example, when a subscriber terminates the subscription, the subscriber is asked to provide information on the reason for t he termination. Further, Readly monitors user engagement and behaviour to obtain indirect feedback and understanding of behaviours and preferences.

Advertisers

Readly has developed a technical function for advertising called *Readly Ads*, which allows publishers to add additional advertisements into the digital version of the magazines on Readly. Advertisements can be tailored for the specific user based on the data analysis provided to the publisher via *Readly Insight*, which means that a magazine may include different advertisements depending on who is the reader of the magazine. Additional advertisements are only included in the magazine via *Readly Ads* if the allowed space for advertisements is not already filled with ads that already exist in print magazines.

Via *Readly Ads* Readly 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 Readly believes that this service has potential to develop additional revenue as Readly increases its subscriber base and *Readly Ads* is rolled out to other markets.

Marketing strategy

Readly's marketing strategy is to increase its subscriber base by investing in subscriber acquisition marketing and increasing its brand awareness.

Acquisition marketing

Readly has constant presence in acquisition channels on all its existing markets. The biggest marketing investments are done in the core markets Germany, the United Kingdom and Sweden, where broader branding channels, such as out-of-home ("**OOH**") and TV are also used.

The acquisition marketing channels vary between the markets, with Google and Facebook as the main channels across markets, supported by affiliates primarily in the United Kingdom and influencers in Sweden. Readly constantly monitors the efficiency of existing and new conversion channels to see how the subscriber acquisition cost ("**SAC**")[14] correlates with the conversion from trials to full-paying subscriber to optimise the SAC. The allocation of the market spending is data-driven and distributed to the channels and markets that are projected to generate the highest return on investment and markets that are of strategic importance to Readly.

Readly uses its CRM[15] system to communicate new functions and personalised recommendations to increase loyalty and engage its existing users. The communications are made by email and in-app communication. The CRM system is also used to reactivate and win back churned users. Readly has, for example, established push notification and content discovery strategies, pursuant to which the Company sends targeted push notifications to drive readership.

Via the CRM system, Readly also sends recommendation emails to users, in particular during their first month. In addition, Readly also focuses on churn flow sequence mapping, product education, development of new functions and to sending reactivation offers to previous subscribers. In 2019, 13.9 percent of the total intake of subscribers were reactivated subscribers via CRM channels.

Introductory offers

As part of its subscriber acquisition marketing Readly may use an introductory offer with a reduced price of SEK 9, EUR 0.99 or GBP 0.99 for the first month of the subscription or a month free trial subscription and also conducts price campaigns a couple of times a year (with more generous offers). Examples of campaigns are a free or a discounted trial period between 14 days to 2 months depending on market and time period. After these introductory campaigns expire, the subscriber becomes a fully paying subscriber unless they chose to terminate the subscription service, which is an option at any time. Readly does not provide a freemium[16] subscription model.

Brand building

Awareness of the digital magazine subscription services has increased since Readly was founded and has continued to grow since the launch of Apple News+[17]. However, the awareness about digital magazine subscription services is relatively low compared to other media and entertainment industries. Readly will continue to focus on increasing the general awareness about the digital magazine subscription services. Readly will continue to focus on increasing its brand awareness in its markets to organically attract subscribers. The brand building is primarily done through digital channels such as Facebook, Youtube, display, with bigger campaigns with OOH and TV performed on the core and secondary markets. The Readly brand has become a well-recognised name for digital magazine subscriptions in the Company's core markets Germany, the United Kingdom and Sweden, with a brand awareness of 14 percent, 22 percent and 40 percent respectively.[18]

Product vision

Readly believes that consumer awareness around manipulated or fake news will drive users into the arms of publishers and premium players such as Readly. Also, lacking user privacy and concerns around online tracking, alongside "paywall fatigue" as many news outlet requires their own subscription will further prime consumers for premium content aggregators.

The Readly service allows its subscribers to enjoy magazine content anytime, anywhere. Historically, the user experience has transitioned from a mainly tablet-centric user experience to one where smart phones have played an increasingly larger role. The platform further supports other types of content, such as video and audio content, giving Readly the opportunity to add these formats in the future, which further enhances the user experience.

Looking ahead into the next few years Readly envisions providing a more dynamic user experience, where curated content and recommendations from in-house editors and more sophisticated automated recommendations drive more product engagement.

14) SAC is the conversion marketing costs for a specific period, normally a year divided by the fully paying subscribers acquired during the same period. SAC does not include general brand awareness marketing.

15) Customer relationship management.

16) A freemium model is a subscription model that offers a basic service for free and additional content for a fee.

17) Apple News+ is availiable in the US, UK and Australia.

18) The aided awareness specified as percentage for Germany, the United Kingdom and Sweden has been extracted from the report Readly Tracking Data - Q2 2020, which has been prepared by Nepa Consumer Science.

Readly aims to highlight topical content and content related to topical events. This increases relevance as well as providing an effective way of discovering new magazines.

In the near term Readly will also focus on the service's network effects and on facilitating sharing of content and articles from existing users to potential new users that are not subscribers. The users' aspirations and interests drive their reading patterns. Whether this be significant events such as a wedding, a pregnancy, making a bigger purchase, or finding a new training regimen. Being able to tell friends and family about it and share it in a simple way will promote brand awareness and increase the reach for potential users who have not yet heard of Readly.

Product development process

On an ongoing basis, Readly develops new product initiatives to continuously roll-out new features in order to continue to develop and strengthen its offering. Users may be invited to try the basic versions of new products or functions before a full launch is carried through. Some initiatives, such as *Readly Articles*, have an initial proof of concept stage. The initial feedback and user data provide Readly with guidance on what efforts would be needed to make it successful its business.

To avoid disrupting the existing tablet experience, Readly releases new features for mobile first and for tablet after the new feature has matured enough. The presentation and placement of new features is tailored to mobile and tablet in order to achieve the feature's full potential. This means that magazines will be the focal point on tablets whereas magazines supplemented with articles will be more prominent on mobile devices.

In the near term, Readly will focus on design clean-up of the product and functions that increase conversion from the trial period to fully paying subscribers. In addition, Readly will be made more available on the web, optimised for search engines, Readly's own search and explore functions will be improved and audio articles will be developed.

In addition, Readly will focus on machine learning and quantitative data insights. Readly is already obtaining a deeper understanding of user behaviours based on its billions of data points, such as how often people bookmark magazines, what titles they have read and which categories spark their interest. This will help to optimise Readly's customer segmentation based on interests, which in turn better enables customisation of the product experience.

The technical platform

Readly's technical platform has been developed in-house and is fully managed by Readly.

The back-end platform with its micro service architecture is built for quick and low-cost roll-out and upgrades. Readly operates a common technical back-end platform for all markets it operates in, which is why new markets can be launched without significant development or investments. The back-end platform is hosted on Amazon Web Services ("**AWS**") and is thereby fully cloud based. The operational databases are also hosted on AWS and is fully managed as a service by MongoDB Atlas. In combining the efficiency of the servers of Readly with the flexibility of cloud hosting, Readly believes that it has built a robust back-end platform, which is secure and scalable. The end user applications are developed in native stacks (iOS and Android) and can be used on multiple devices and are available via Apple App Store, Google Play, Amazon Appstore and Huawei App Gallery. Readly also offers the customers a web application that can be accessed via the Readly website.

IT systems

Readly's IT strategy is to only develop own software when it is value accretive and gives a competitive advantage, implying that Readly operates its business through its in-house developed systems in combination with IT services bought as services from third parties such as solutions for payment (e.g. Adyen), traffic analytics (Google Analytics), data analytics platform (Snowflake), data visualisation (Tableau) and customer support (Zendesk).

Payments

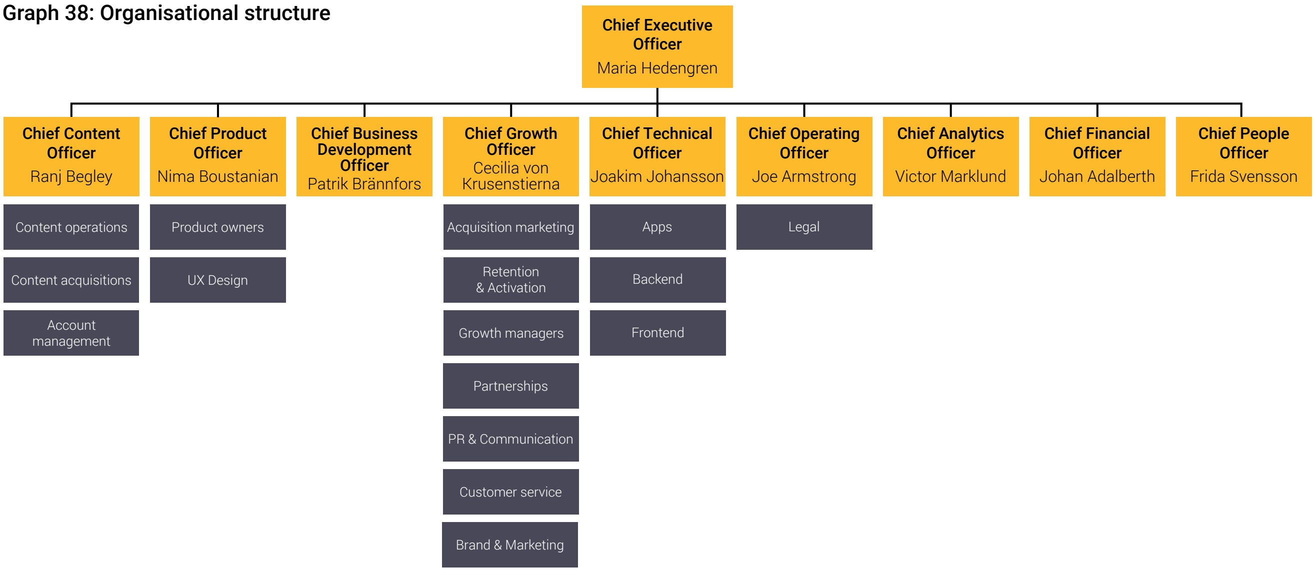
Readly has different payment models depending on the market and whether the subscriber has signed up for an account on the website or through an app store. A subscriber is charged for example SEK 99 in Sweden, EUR 9.99 in the euro zone countries or GBP 7.99 in the UK per month for a subscription signed up for on Readly's website.

If the subscription service has been signed up for on Readly's website, Readly is responsible for these payments, but Readly engages payment service providers that become responsible for the transaction. This means that Readly pays a fee per transaction to the external payment service providers, which is responsible for the payment as well as ensuring that the debit or credit card is valid and the payment was successful.

Organisation

The Group's senior executive team has extensive experience from working in for example media, telecom and tech industries. Maria Hedengren (born 1970) is the Group's Chief Executive Officer. The other members of the senior executive team are Johan Adalberth (born 1979) (Chief Financial Officer), Joe Armstrong (born 1974) (COO), Ranj Begley (born 1972) (Chief Content Officer), Nima Boustanian (born 1983) (Chief Product Officer), Patrik Brännfors (born 1979) (Chief Business Development Officer), Joakim Johansson (born 1973) (Chief Technology Officer), Cecilia von Krusenstierna (born 1975) (Chief Growth Officer), Victor Marklund (born 1984) (Chief Analytics Officer) and Frida Svensson (born 1983) (Chief People Officer). For more information regarding senior executives, refer to the section "*Board, senior executives and auditors*" – "*Senior executives*". See graph 38 below for an overview of the Group´s organisational structure at Group management level.

Graph 38: Organisational structure



Employees

To be successful in its purpose to "Bringing the Magic of Magazines into the Future" and to enable growth, both as a company and as individuals, Readly wants all employees to work, act and interact with a certain mindset - the *Readly Mindset* (Be Brave, Say It as It is and Win as a Team). The *Readly Mindset* serves to describe the mindset, approach and behaviours vital for success as a business and for a consistent positive employee experience. The purpose of the *Readly Mindset* is also to clarify expectations for all staff regardless of position. As of 30 June 2020, Readly had a team of 70 full-time equivalents. Readly's employees are critical to maintaining its position as European category leader[19] in "all-you-can-read". Thus, Readly's focus on the employees and the corporate culture has been vital since Readly's inception and will continue to be of high importance for its future growth. This culture drives high performance as well as a strong sense of pride among employees for Readly's product being part of the Readly team. Readly constantly strives to improve its internal and external employer brand through continuously working with engagement and thereby strengthening the ambassadorship of its employees.

Below tables show full time equivalents as per date indicated, where the numbers have been rounded to nearest full value

		31 December		
Office	**30 June 2020**	**2019**	**2018**	**2017**
Sweden	50	43	25	14
Germany	10	13	11	8
United Kingdom	10	10	7	5
Total	**70**	**66**	**43**	**27**

		31 December		
Division	**30 June 2020**	**2019**	**2018**	**2017**
Management, Finance, HR and Legal	17	16	8	1
Product and Tech	18	13	10	9
Content	10	12	9	7
Marketing	25	25	16	10
Total	**70**	**66**	**43**	**27**

19) Among identified "all-you-can-read" competitors in Europe, Readly is defined as the European category leader in the category "all-you-can-read" on the basis of: highest number of magazine titles, relationships with most major publishers in core markets, highest average monthly website visits between October and December 2019 (worldwide) and highest iOS-store rating, PwC Strategy& market study.

Readly sustainability work

Readly is committed to sustainability and integrates these aspects across the entire Group as a crucial part of the overall culture. Readly aims to make a positive impact in the Group's operations overall. Readly aims to play a large role in digitalising the magazine industry and through this have a positive impact on society and create value for our stakeholders in many ways.

Magazines can be entertaining, fascinating and enlightening. However, producers of magazines and articles have an impact on the society, portraying communities and providing citizens with the information. Being a part of the media industry, Readly is concerned about the development of false and misleading information, which keeps people from obtaining the truthful facts and can be used to discredit media. Fake news is considered one of the greatest threats to democracy, and Readly is committed to defending quality journalism and making trustworthy content more accessible.

Further, Readly considers its offering to have a positive impact on stimulating reading among children and young adults. 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 in social issues in an early stage in life. Reading comprehension and literacy among the general public is an essential basis for democracy.

Readly has a large group of users that are children and young adults who read children's magazines on their own or together with their parents. Readly believes that all children should have the opportunity to become literate. The Company aims to have a large selection of magazines for children in all our existing markets and cooperate with publishers to encourage parents to read with their children.

Readly is committed to continuously reducing the Company's environmental and climate impact, as well as use of resources. Increasing the environmental awareness within Readly holds high priority. Among other things, Readly calculates the climate footprint from using the Readly platform. All employees are also encouraged to use digital meeting tools as much as possible and, when the employees are making business related traveling, Readly prioritises transportation with the least environmental impact.

Selected historical financial information

*Selected historical financial information for the Group for the 2019, 2018 and 2017 financial years, and interim information for the 1 January – 30 June 2020 period, including comparative figures for the corresponding period in 2019, is presented below. The financial information for the 2019, 2018 and 2017 financial years has been retained from the Company's audited consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as adopted by the EU, the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups), and audited by Readly's auditor in accordance with the audit report (RevR 5). This interim information for the 1 January – 30 June 2020 period, with financial comparative figures for the corresponding period in 2019, has been prepared in accordance with IAS 34 Interim Financial Reporting and is reviewed and unaudited. The information in this section should be read together with the sections "Operational and financial review," "Capital structure, indebtedness and other financial information," as well as the Company's audited consolidated financial statements as per and for the three years ending 31 December 2019, 2018 and 2017, and the reviewed and unaudited interim financial information as per and for the six-month period ending 30 June 2020 (with comparative figures as per and for the corresponding period in 2019) which can be found in the section "Historical financial information."*

The amounts stated in the tables below have been rounded, while the calculations have been performed with a larger number of decimals. Therefore, some tables may appear to sum incorrectly due to rounding.

The Group's income statement

	January–June		Full-year		
	2020	**2019**	**2019**	**2018**	**2017**
	Unaudited	*Unaudited*	*Audited*	*Audited*	*Audited*
SEK million	IAS 34	IAS 34	IFRS	IFRS	IFRS
Net sales	159.2	121.4	263.4	194.8	126.6
Other operating income	1.4	0.6	1.4	1.1	0.4
Total revenue	**160.6**	**122.0**	**264.7**	**196.0**	**127.0**
Operating expenses					
Publisher cost	-108.5	-84.7	-182.0	-137.6	-93.7
Other external costs	-106.5	-71.2	-156.3	-110.8	-62.6
Personnel costs	-37.2	-25.3	-58.8	-44.8	-32.6
Depreciation and amortisation	-5.0	-4.1	-7.9	-6.2	-5.7
Other operating expenses	-0.7	-1.2	-2.3	-3.5	-1.6
Operating result	**-97.3**	**-64.5**	**-142.5**	**-107.0**	**-69.3**
Net financial items	-4.9	-1.6	-3.7	-0.9	-0.4
Net result before tax	**-102.1**	**-66.2**	**-146.3**	**-107.8**	**-69.6**
Tax	-0.1	-0.1	-0.3	-0.1	-0.2
Net result for the period	**-102.2**	**-66.2**	**-146.6**	**-108.0**	**-69.8**
Net result for the period attributable to the Parent company shareholders	-102.2	-66.2	-146.6	-108.0	-69.8

Consolidated balance sheet

	On 30 June		On 31 December		
SEK million	**2020** *Unaudited*	**2019** *Unaudited*	**2019** *Audited*	**2018** *Audited*	**2017** *Audited*
ASSETS					
Non-current assets					
Intangible assets	19.8	14.4	17.7	14.3	16.4
Property & Equipment	1.6	1.9	1.8	1.0	0.3
Right of use assets	6.1	6.4	5.0	-	-
Other non-current assets	6.7	6.2	6.3	4.5	1.8
Total non-current assets	**34.2**	**28.9**	**30.7**	**19.7**	**18.5**
Current assets					
Trade receivables	6.4	5.9	2.6	3.5	5.8
Other current assets	22.8	160.9	13.5	6.4	5.3
Cash and cash equivalents	169.3	38.8	130.1	105.9	73.3
Total current assets	**198.5**	**205.7**	**146.2**	**115.8**	**84.4**
Total assets	**232.7**	**234.6**	**177.0**	**135.5**	**102.9**
EQUITY AND LIABILITIES					
Equity	**40.3**	**131.0**	**54.8**	**41.7**	**42.7**
Non-current liabilities					
Lease liabilities	0.9	2.9	1.5	-	-
Long-term borrowings	29.5	-	-	-	-
Derivatives	3.5				
Total non-current liabilities	**33.9**	**2.9**	**1.5**	**-**	**-**
Current liabilities					
Trade payables	24.2	21.5	29.0	23.0	8.6
Lease liabilities	4.4	2.9	2.9	-	-
Short-term borrowings	15.1	-	-	-	-
Derivatives	6.8	-	-	-	-
Other current liabilities	108.0	76.4	88.8	70.8	51.6
Total current liabilities	**158.5**	**100.7**	**120.6**	**93.8**	**60.2**
Total equity and liabilities	**232.7**	**234.6**	**177.0**	**135.5**	**102.9**

Consolidated cash flow

SEK million	January–June 2020 Unaudited	January–June 2019 Unaudited	Full-year 2019 Audited	Full-year 2018 Audited	Full-year 2017 Audited
Operating profit	-97.3	-64.5	-142.5	-107.0	-69.3
Depreciation	4.6	4.1	7.9	6.2	5.7
Other items not affecting liquidity	1.2	0.4	3.7	1.7	14.4
Interest paid	-2.6	-0.2	-0.4	-0.0	-0.4
Paid tax	-0.1	-0.0	-0.1	-0.1	-0.2
Cash flow from operations before changes in working capital	**-94.1**	**-60.3**	**-131.5**	**-99.2**	**-49.7**
Change in working capital	1.8	0.5	16.8	34.7	14.0
Cash flow from operating activities	**-92.3**	**-59.9**	**-114.6**	**-64.5**	**-35.6**
Investments in intangible and tangible assets	-5.0	-3.9	-9.4	-4.7	-6.4
Investments in financial assets	-0.7	-1.7	-2.1	-2.6	-1.4
Divestment of financial assets	0.4	-	0.3	-	-
Cash flow from investing activities	**-5.4**	**-5.6**	**-11.2**	**-7.3**	**-7.8**
New share issue, net after transaction costs	86.3	0.1	154.9	105.2	105.8
Warrants related to new share issue	6.8	1.1	1.3	-	-
New borrowings	45.5	-	-	-	-
Warrants related to new borrowings	3.5	-	-	-	-
Amortisation of lease liabilities	-2.0	-1.3	-2.6	-	-
Cash flow from financing activities	**140.1**	**0.0**	**153.5**	**105.2**	**105.8**
Cash flow for the period	**42.4**	**-65.4**	**27.7**	**33.4**	**62.4**
Cash and cash equivalents at the beginning of the period	130.1	105.9	105.9	73.3	10.7
Exchange rate differences related to cash and cash equivalents	-3.2	-1.6	-3.5	-0.9	0.3
Cash and cash equivalents at the end of the period	**169.3**	**38.8**	**130.1**	**105.9**	**73.3**

Key ratios for the Group

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures regarding this Prospectus. The guidelines aim to make alternative performance measures in financial statements more comprehensible, reliable and comparable, and thereby promote their usability. According to these guidelines, an alternative performance measure (APM) is a financial measure of historic or projected earnings development, financial position, financial performance or cash flows that is neither defined nor specified in the applicable rules for financial reporting: the IFRS and the Swedish Annual Accounts Act. These guidelines are mandatory for financial statements published after 3 July 2016.

Readly assesses that the below APMs, together with measurements defined in accordance with IFRS, facilitates the understanding of the Group's financial trends. Furthermore, the APMs are widely used by Readly's management team, investors, securities analysts and other stakeholders as supplementary measures for earnings development. Moreover, such APMs, as defined by Readly, should not be compared with other key ratios with similar names that are used by other companies. This is because above mentioned key ratios have not always been defined in the same way and because other companies may not calculate them in the same way as Readly. Refer to "*Definitions of alternative performance measures not defined in accordance with IFRS*" for definitions and description of the reason for the use of financial APMs.

IFRS key performance measures

	January–June		Full-year		
	2020	**2019**	**2019**	**2018**	**2017**
SEK million *(unless otherwise stated)*	*Unaudited*	*Unaudited*	*Audited*	*Audited*	*Audited*
Total revenue	160.6	122.0	264.7	196.0	127.0
Net result for the period	-102.2	-66.2	-146.6	-108.0	-69.8
Cash flow from operating activities	-92.3	-59.9	-114.6	-64.5	-35.6
Earnings per share, basic and diluted, SEK	-18.7	-14.8	-29.6	-27.6	-21.0
Weighted number of outstanding shares, basic and diluted	5,470,320	4,464,720	4,947,854	3,917,162	3,325,235
Number of outstanding shares at end of the period	5,822,866	5,399,238	5,449,232	4,464,720	3,806,408

Alternative performance measures not defined in accordance with IFRS

	January–June		Full-year		
	2020	2019	2019	2018	2017
SEK million *(unless otherwise stated)*	*Oreviderad*	*Oreviderad*	*Reviderad*	*Reviderad*	*Reviderad*
FPS (Full paying subscribers)	323,811	252,937	278,555	213,910	155,973
Total revenue growth, %	31.7%	35.2%	35.1%	54.3%	92.2%
ARPU (Average revenue per user), SEK	93	90	87	86	84
Gross profit	52.2	37.3	82.8	58.3	33.3
Gross profit margin, %	32.5%	30.6%	31.3%	29.8%	26.2%
Gross contribution	-19.4	-4.6	-16.3	-15.4	-14.8
Gross contribution margin, %	-12.1%	-3.8%	-6.2%	-7.9%	-11.6%
EBITDA	-92.3	-60.4	-134.6	-100.8	-63.5
EBITDA margin, %	-57.4%	-49.5%	-50.8%	-51.4%	-50.0%
Operating profit (EBIT)	-97.3	-64.5	-142.5	-107.0	-69.3
Operating margin, %	-60.5%	-52.9%	-53.8%	-54.6%	-54.5%
Adjusted operating profit (excl IAC)	-88.0	-64.5	-138.1	-107.0	-69.3
Adjusted operating margin (excl IAC)	-54.8%	-52.9%	-52.2%	-54.6%	-54.5%
Total operating costs	-257.9	-186.5	-407.3	-302.9	-196.2
Items affecting comparability	-9.2	-	-4.4	-	-
Net margin, %	-63.6%	-54.3%	-55.4%	-55.1%	-55.0%
Equity per share, basic and diluted, SEK	7.4	29.3	11.1	10.6	12.8
Average number of employees	68	52	56	44	31

Definitions of alternative performance measures not defined in accordance with IFRS

Alternative performance measure	Definition	Purpose
Adjusted operating margin, %	Operating profit in relation to total revenue, adjusted for non-recurring material items and events attributable to the Group's business strategy or structure.	Used as a measure of the growth of the Company's total revenue.
Adjusted operating profit (excl IAC)	Total revenue less operating expenses, adjusted for non-recurring material items and events attributable to the Group's business strategy or structure.	The measure is used to understand the Group´s development and comparison between the years.
Average number of employees	Average number of employees during the year.	Provides an understanding of the number of employees in the Group.
ARPU (Average revenue per user, SEK	ARPU is calculated by total revenues per month divided by the number of fully paying subscribers in the corresponding month.	Used to identify the amount of revenues attributable to each full paying subscriber.
EBITDA	Operating profit/loss excluding financial items, income tax, and depreciation, amortisation and impairment of tangible and intangible assets.	Used as an alternative measure of operating profit/loss that is not affected by historical investments and its accounting management or by items affecting comparability.
EBITDA margin, %	EBITDA divided by total revenue.	Used as an alternative measure of the operating profitability.
Equity per share, basic and diluted, SEK	Equity in relation to the weighted number of shares outstanding.	The measure is used by investors, analysts and the Company's management to evaluate the Company's financial position.
FPS (Full paying subscribers)	A subscriber paying 51 percent or more of the regular price for a subscription.	Used to identify subscribers leaving the service or paying full price for the service.

Definitions of alternative performance measures not defined in accordance with IFRS (cont.)

Alternative performance measure	Definition	Purpose
Gross contribution	Gross profit with deduction of marketing costs.	A measure of the Company's gross profit after marketing costs used by investors, analysts and the Company's management to evaluate the Company's profitability.
Gross contribution margin, %	Contribution ratio divided by total revenue.	A profitability measure used by investors, analysts and the Company's management to evaluate the Company's profitability.
Gross profit	Total revenues less publisher cost.	Used as a measure of operating performance of the core commercial businesses, excluding the impact of other operations and items which impact comparability between periods.
Gross profit margin, %	Gross profit divided by total revenue.	Used as a measure of operational profitability of the core commercial businesses excluding the impact of other operations.
Items affecting comparability	Non-recurring material items and events attributable to the Group's business strategy or structure. These are relevant to understanding the Group's development and comparison between the years.	Used to inform about items affecting the comparability between different periods.
Net margin, %	Result for the period divided by total revenue.	Used as an alternative measure for profitability of the business.
Operating margin	Operating profit/loss in relation to total revenue.	A profitability measure used by investors, analysts and the Company's management to evaluate the Company's profitability.
Operating profit/loss	Total revenues less operating expenses.	A measure of the Company's operating profit/loss before interest and tax used by investors, analysts and the Company's management to evaluate the Company's profitability.
Total operating costs	Total costs excluding interest and tax expenses.	Used as a measure of the Group's total costs, excluding the impact of other operations and items which impact comparability between periods, as well as financing and corporate taxation.
Total revenue growth, %	Increase in total revenue compared to the previous period.	Used as a measure for total revenue growth for the Company.

Reconciliation of alternative performance measures not defined in accordance with IFRS

Total revenue growth

SEK million *(unless otherwise stated)*	January–June 2020	January–June 2019	Full-year 2019	Full-year 2018	Full-year 2017
Total revenue	160.6	122.0	264.7	196.0	127.0
Total revenue growth, %	*31.7%*	*35.2%*	*35.1%*	*54.8%*	*92.2%*

Gross profit, gross margin, gross contribution and gross contribution margin

SEK million *(unless otherwise stated)*	January–June 2020	January–June 2019	Full-year 2019	Full-year 2018	Full-year 2017
Total revenue	160.6	122.0	264.7	196.0	127.0
Publisher cost	-108.5	-84.7	-182.0	-137.6	-93.7
Gross profit	**52.2**	**37.3**	**82.8**	**58.3**	**33.3**
Gross margin, %	*32.5%*	*30.6%*	*31.3%*	*29.8%*	*26.2%*
Marketing cost	-71.6	-41.9	-99.1	-73.8	-48.1
Gross contribution	**-19.4**	**-4.6**	**-16.3**	**-15.4**	**-14.8**
Gross contribution margin	*-12.1%*	*-3.8%*	*-6.2%*	*-7.9%*	*-11.6%*

Total operating costs

SEK million *(unless otherwise stated)*	January–June 2020	January–June 2019	Full-year 2019	Full-year 2018	Full-year 2017
Publisher cost	-108.5	-84.7	-182.0	-137.6	-93.7
Other external costs	-34.9	-29.3	-57.2	-37.0	-14.5
Marketing cost	-71.6	-41.9	-99.1	-73.8	-48.1
Personnel costs	-37.2	-25.3	-58.8	-44.8	-32.6
Depreciation and amortisation	-5.0	-4.1	-7.9	-6.2	-5.7
Other operating expenses	-0.7	-1.2	-2.3	-3.5	-1.6
Total operating costs	**-257.9**	**-186.5**	**-407.3**	**-302.9**	**-196.2**

Operating profit/loss, operating margin, items affecting comparability and adjusted operating profit (excl IAC)

SEK million *(unless otherwise stated)*	January–June 2020	January–June 2019	Full-year 2019	Full-year 2018	Full-year 2017
Total revenue	160.6	122.0	264.7	196.0	127.0
Total operating costs	-257.9	-186.5	-407.3	-302.9	-196.2
Operating profit	**-97.3**	**-64.5**	**-142.5**	**-107.0**	**-69.3**
Operating margin, %	*-60.5%*	*-52.9%*	*-53.8%*	*-54.6%*	*-54.5%*
Depreciation and amortisation	5.0	4.1	7.9	6.2	5.7
EBITDA	**-92.3**	**-60.4**	**-134.6**	**-100.8**	**-63.5**
EBITDA margin, %	*-57.4%*	*-49.5%*	*-50.8%*	*-51.4%*	*-50.0%*
Costs related to the IPO-process	9.2	-	4.4	-	-
Items affecting comparability	**9.2**	**-**	**4.4**	**-**	**-**
Adjusted operating profit (excl IAC)	**-88.0**	**-64.5**	**-138.1**	**-107.0**	**-69.3**
Operating margin adjusted for items affecting comparability, %	*-54.8%*	*-52.9%*	*-52.2%*	*-54.6%*	*-54.5%*

Reconciliation of alternative performance measures not defined in accordance with IFRS (cont.)

Net margin

	January–June			Full-year	
SEK million *(unless otherwise stated)*	**2020**	**2019**	**2019**	**2018**	**2017**
Total revenue	160.6	122.0	264.7	196.0	127.0
Net result for the period	**-102.2**	**-66.2**	**-146.6**	**-108.0**	**-69.8**
Net margin, %	*-63.6%*	*-54.3%*	*-55.4%*	*-55.1%*	*-55.0%*

Equity per share, basic and diluted

	January–June			Full-year	
SEK million *(unless otherwise stated)*	**2020**	**2019**	**2019**	**2018**	**2017**
Equity	40.3	131.0	54.8	41.7	42.7
Weighted number of outstanding shares, basic and diluted	5,470,320	4,464,720	4,947,854	3,917,162	3,325,235
Equity per share, basic and diluted, SEK	**7.4**	**29.3**	**11.1**	**10.6**	**12.8**

Quarterly financial information

The BoD and executive management of Readly believes that the information provided below is of material importance to investors. However, note that the table is based on information collated from the Group's internal accounting system and is unaudited. For a definition of the items presented below, refer to "*Definitions of alternative performance measures not defined in accordance with IFRS*".

MSEK	**2020 Q2**	**2020 Q1**	**2019 Q4**	**2019 Q3**	**2019 Q2**	**2019 Q1**	**2018 Q4**	**2018 Q3**	**2018 Q2**	**2018 Q1**	**2017 Q4**	**2017 Q3**	**2017 Q2**	**2017 Q1**
Net sales by market														
Germany	33.6	32.2	30.5	28.5	26.1	24.5	22.5	21.0	19.5	14.3	14.1	11.3	8.8	7.8
Sweden	19.6	19.6	19.3	18.8	15.8	15.2	14.3	12.5	12.7	12.8	12.1	10.6	10.3	10.2
United Kingdom	16.0	13.8	15.1	13.7	13.5	13.7	13.4	12.5	12.0	11.5	10.9	8.5	7.5	6.6
Rest of the World	13.6	10.8	8.3	7.8	7.0	5.6	4.0	5.0	3.1	3.7	2.5	2.3	1.6	1.4
Net sales	**82.8**	**76.4**	**73.2**	**68.8**	**62.3**	**59.0**	**54.1**	**50.9**	**47.4**	**42.4**	**39.6**	**32.7**	**28.3**	**26.0**
Other operating income	0.7	0.7	0.3	0.4	0.4	0.2	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1
Total revenue	**83.4**	**77.2**	**73.5**	**69.3**	**62.7**	**59.2**	**54.6**	**51.2**	**47.7**	**42.5**	**39.8**	**32.8**	**28.4**	**26.1**
Operating expenses														
Publisher cost	-56.5	-52.0	-50.0	-47.3	-43.0	-41.7	-37.7	-34.5	-33.9	-31.4	-28.9	-23.7	-22.1	-19.0
Other external costs	-15.6	-19.3	-17.7	-10.3	-16.3	-13.0	-14.7	-9.6	-8.3	-4.5	-6.2	-3.2	-2.4	-2.8
Marketing cost	-50.2	-21.4	-30.5	-26.7	-20.8	-21.1	-30.9	-11.2	-11.6	-20.1	-15.4	-13.7	-11.0	-8.0
Personnel costs	-19.7	-17.6	-18.3	-15.2	-13.7	-11.6	-13.2	-10.7	-11.1	-9.8	-10.5	-6.9	-8.1	-7.0
Depreciation and amortisation	-2.4	-2.6	-1.9	-2.0	-2.0	-2.1	-1.5	-1.6	-1.6	-1.6	-1.3	-1.6	-1.5	-1.4
Other operating expenses	1.5	-2.2	0.2	-1,3	-0.1	-1.1	-0.4	-0.5	-1.4	-1.3	-1.1	-0.2	-0.1	-0.1
Operating profit	**-59.4**	**-37.8**	**-44.6**	**-33.4**	**-33.2**	**-31.3**	**-43.8**	**-16.9**	**-20.2**	**-26.1**	**-23.6**	**-16.4**	**-17.0**	**-12.2**

SEK million *(unless otherwise stated)*	**2020 Q2**	**2020 Q1**	**2019 Q4**	**2019 Q3**	**2019 Q2**	**2019 Q1**	**2018 Q4**	**2018 Q3**	**2018 Q2**	**2018 Q1**	**2017 Q4**	**2017 Q3**	**2017 Q2**	**2017 Q1**
FPS (Full paying subscribers)	323,811	290,156	278,555	261,828	252,937	239,633	213,910	199,669	184,825	171,595	155,973	139,784	121,450	108,930
Total revenue	83.4	77.2	73.5	69.3	62.7	59.2	54.6	51.2	47.7	42.5	39.8	32.8	28.4	26.1
Total revenue growth, %	33.0%	30.3%	34.7%	35.4%	31.6%	39.3%	37.2%	56.1%	68.2%	63.2%	-	-	-	-
ARPU, SEK	93	92	89	90	83	84	85	86	88	85	88	83	81	84
Gross profit	27.0	25.2	23.5	22.0	19.8	17.5	16.8	16.6	13.7	11.1	10.8	9.1	6.2	7.1
Gross profit margin, %	32.3%	32.7%	32.0%	31.7%	31.5%	29.5%	30.9%	32.5%	28.8%	26.1%	27.2%	27.8%	22.0%	27.2%
Gross contribution	-23.2	3.8	-7.0	-4.7	-1.0	-3.6	-14.0	5.5	2.1	-9.0	-4.5	-4.6	-4.8	-0.9
Gross contribution margin, %	-27.8%	5.0%	-9.5%	-6.8%	-1.7%	-6.0%	-25.7%	10.7%	4.5%	-21.2%	-11.4%	-13.9%	-17.0%	-3.3%
EBITDA	-57.0	-35.3	-42.7	-31.5	-31.2	-29.2	-42.3	-15.3	-18.6	-24.6	-22.3	-14.9	-15.4	-10.8
EBITDA margin, %	-68.3%	-45.7%	-58.1%	-45.4%	-49.7%	-49.3%	-77.5%	-29.9%	-39.1%	-57.7%	-56.2%	-45.4%	-54.5%	-41.6%
Operating profit	-59.4	-37.8	-44.6	-33.4	-33.2	-31.3	-43.8	-16.9	-20.2	-26.1	-23.6	-16.4	-17.0	-12.2
Operating margin, %	-71.2%	-49.0%	-60.7%	-48.2%	-53.0%	-52.8%	-80.2%	-33.0%	-42.4%	-61.4%	-59.4%	-50.1%	-59.8%	-46.9%
Adjusted operating profit	-56.1	-32.0	-41.2	-32.4	-33.2	-31.3	-43.8	-16.9	-20.2	-26.1	-23.6	-16.4	-17.0	-12.2
Adjusted operating margin, %	-67.2%	-41.4%	-56.0%	-46.8%	-53.0%	-52.8%	-80.2%	-33.0%	-42.4%	-61.4%	-59.4%	-50.1%	-59.8%	-46.9%
Operating expenses	-142.9	-115.0	-118.1	-102.7	-95.9	-90.5	-98.3	-68.0	-67.9	-68.7	-63.4	-49.2	-45.3	-38.3
Items affecting comparability	-3.4	-5.8	-3.4	-1.0	-	-	-	-	-	-	-	-	-	-

Reconciliation of alternative performance measures not defined in accordance with IFRS

Total revenue growth

SEK million *(unless otherwise stated)*	**2020 Q2**	**2020 Q1**	**2019 Q4**	**2019 Q3**	**2019 Q2**	**2019 Q1**	**2018 Q4**	**2018 Q3**	**2018 Q2**	**2018 Q1**	**2017 Q4**	**2017 Q3**	**2017 Q2**	**2017 Q1**
Total revenue	83.4	77.2	73.5	69.3	62.7	59.2	54.6	51.2	47.7	42.5	39.8	32.8	28.4	26.1
Total revenue growth, %	*33.0%*	*30.3%*	*34.7%*	*35.4%*	*31.6%*	*39.3%*	*37.2%*	*56.1%*	*68.2%*	*63.2%*	-	-	-	-

Gross profit, gross margin, gross contribution and gross contribution margin

SEK million *(unless otherwise stated)*	**2020 Q2**	**2020 Q1**	**2019 Q4**	**2019 Q3**	**2019 Q2**	**2019 Q1**	**2018 Q4**	**2018 Q3**	**2018 Q2**	**2018 Q1**	**2017 Q4**	**2017 Q3**	**2017 Q2**	**2017 Q1**
Total revenue	83.4	77.2	73.5	69.3	62.7	59.2	54.6	51.2	47.7	42.5	39.8	32.8	28.4	26.1
Publisher cost	-56.5	-52.0	-50.0	-47.3	-43.0	-41.7	-37.7	-34.5	-33.9	-31.4	-28.9	-23.7	-22.1	-19.0
Gross profit	**27.0**	**25.2**	**23.5**	**22.0**	**19.8**	**17.5**	**16.8**	**16.6**	**13.7**	**11.1**	**10.8**	**9.1**	**6.2**	**7.1**
Gross margin, %	*32.3%*	*32.7%*	*32.0%*	*31.7%*	*31.5%*	*29.5%*	*30.9%*	*32.5%*	*28.8%*	*26.1%*	*27.2%*	*27.8%*	*22.0%*	*27.2%*
Marketing cost	-50.2	-21.4	-30.5	-26.7	-20.8	-21.1	-30.9	-11.2	-11.6	-20.1	-15.4	-13.7	-11.0	-8.0
Gross contribution	**-23.2**	**3.8**	**-7.0**	**-4.7**	**-1.0**	**-3.6**	**-14.0**	**5.5**	**2.1**	**-9.0**	**-4.5**	**-4.6**	**-4.8**	**-0.9**
Gross contribution margin, %	*-27.8%*	*5.0%*	*-9.5%*	*-6.8%*	*-1.7%*	*-6.0%*	*-25.7%*	*10.7%*	*4.5%*	*-21.2%*	*-11.4%*	*-13.9%*	*-17.0%*	*-3.3%*

Operating expenses

SEK million *(unless otherwise stated)*	**2020 Q2**	**2020 Q1**	**2019 Q4**	**2019 Q3**	**2019 Q2**	**2019 Q1**	**2018 Q4**	**2018 Q3**	**2018 Q2**	**2018 Q1**	**2017 Q4**	**2017 Q3**	**2017 Q2**	**2017 Q1**
Publisher cost	-56.5	-52.0	-50.0	-47.3	-43.0	-41.7	-37.7	-34.5	-33.9	-31.4	-28.9	-23.7	-22.1	-19.0
Other external costs	-15.6	-19.3	-17.7	-10.3	-16.3	-13.0	-14.7	-9.6	-8.3	-4.5	-6.2	-3.2	-2.4	-2.8
Marketing cost	-50.2	-21.4	-30.5	-26.7	-20.8	-21.1	-30.9	-11.2	-11.6	-20.1	-15.4	-13.7	-11.0	-8.0
Personnel costs	-19.7	-17.6	-18.3	-15.2	-13.7	-11.6	-13.2	-10.7	-11.1	-9.8	-10.5	-6.9	-8.1	-7.0
Depreciation and amortisation	-2.4	-2.6	-1.9	-2.0	-2.0	-2.1	-1.5	-1.6	-1.6	-1.6	-1.3	-1.6	-1.5	-1.4
Other operating expenses	1.5	-2.2	0.2	-1.3	-0.1	-1.1	-0.4	-0.5	-1.4	-1.3	-1.1	-0.2	-0.1	-0.1
Operating profit	**-142.9**	**-115.0**	**-118.1**	**-102.7**	**-95.9**	**-90.5**	**-98.3**	**-68.0**	**-67.9**	**-68.7**	**-63.4**	**-49.2**	**-45.3**	**-38.3**

Operating profit/loss, operating margin, items affecting comparability, operating profit adjusted for items affecting comparability and operating margin adjusted for items affecting comparability

SEK million *(unless otherwise stated)*	**2020 Q2**	**2020 Q1**	**2019 Q4**	**2019 Q3**	**2019 Q2**	**2019 Q1**	**2018 Q4**	**2018 Q3**	**2018 Q2**	**2018 Q1**	**2017 Q4**	**2017 Q3**	**2017 Q2**	**2017 Q1**
Total revenue	83.4	77.2	73.5	69.3	62.7	59.2	54.6	51.2	47.7	42.5	39.8	32.8	28.4	26.1
Operating expenses	-142.9	-115.0	-118.1	-102.7	-95.9	-90.5	-98.3	-68.0	-67.9	-68.7	-63.4	-49.2	-45.3	-38.3
Operating profit	**-59.4**	**-37.8**	**-44.6**	**-33.4**	**-33.2**	**-31.3**	**-43.8**	**-16.9**	**-20.2**	**-26.1**	**-23.6**	**-16.4**	**-17.0**	**-12.2**
Operating margin, %	*-71.2%*	*-49.0%*	*-60.7%*	*-48.2%*	*-53.0%*	*-52.8%*	*-80.2%*	*-33.0%*	*-42.4%*	*-61.4%*	*-59.4%*	*-50.1%*	*-59.8%*	*-46.9%*
Depreciation and amortisation	2.4	2.6	1.9	2.0	2.0	2.1	1.5	1.6	1.6	1.6	1.3	1.6	1.5	1.4
EBITDA	**-57.0**	**-35.3**	**-42.7**	**-31.5**	**-31.2**	**-29.2**	**-42.3**	**-15.3**	**-18.6**	**-24.6**	**-22.3**	**-14.9**	**-15.4**	**-10.8**
EBITDA margin	*-68.3%*	*-45.7%*	*-58.1%*	*-45.4%*	*-49.7%*	*-49.3%*	*-77.5%*	*-29.9%*	*-39.1%*	*-57.7%*	*-56.2%*	*-45.4%*	*-54.5%*	*-41.6%*
Costs related to the IPO-process	3.4	5.8	3.4	1.0	-	-	-	-	-	-	-	-	-	-
Items affecting comparability	**3.4**	**5.8**	**3.4**	**1.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjusted operating profit	**-56.1**	**-32.0**	**-41.2**	**-32.4**	**-33.2**	**-31.3**	**-43.8**	**-16.9**	**-20.2**	**-26.1**	**-23.6**	**-16.4**	**-17.0**	**-12.2**
Adjusted operating margin, %	*-67.2%*	*-41.4%*	*-56.0%*	*-46.8%*	*-53.0%*	*-52.8%*	*-80.2%*	*-33.0%*	*-42.4%*	*-61.4%*	*-59.4%*	*-50.1%*	*-59.8%*	*-46.9%*

Operational and financial review

The information below should be read together with the sections "Selected historical financial information" and "Capital structure, indebtedness and other financial information" as well as the Company's audited consolidated financial statements as per and for the three years ending 31 December 2019, 2018 and 2017 with accompanying notes, and the reviewed and unaudited interim financial information as per and for the six-month period ending 30 June 2020 (with comparative figures as per and for the corresponding period in 2019) that can be found in the section "Historical financial information". The information below contains forward-looking statements that are subject to a variety of risks and uncertainties. The Company's actual results may differ materially from the expectations of these forward-looking statements due to many different factors, including but not limited to what is stated in this Prospectus, including what is stated in the section "Risk factors" and elsewhere in the Prospectus.

Overview

Readly is the European category leader[1] for "all-you-can-read".[2] Readly's subscribers have unlimited access to quality content from approximately 800 publishers and editors for a fixed monthly fee. Since inception, Readly has attracted a large group of users and as of 30 June 2020, Readly had more 323,811 fully paying subscribers, primarily in its core markets Germany, the United Kingdom and Sweden, which together represented 85 percent of the Group's total sales in the first and second quarter 2020. As of the date of the Prospectus, Readly provides its subscription service in more than 50 countries and 17 languages.

Key factors affecting the Company's operating result and cash flow

From a historical perspective, Readly's financial position, cash flow and operating profit have been affected and are expected to continue to be affected by a number of key factors. The factors deemed most critical by Readly for earnings and cash flow are listed below.

- Pricing of service, subscriber growth and revenue retention
- Publisher costs
- Marketing costs and subscriber acquisition
- Technical platform
- Operational efficiency
- Tax related deficits
- Currency fluctuations

For a more detailed description of the risks associated with Readly's operations, see the section "*Risk factors*".

Pricing of service, subscriber growth and revenue retention

Readly's revenue is affected by the monthly fee paid by the subscriber base for the service. Readly is dependent on its ability to expand the subscriber base with new subscribers while retaining existing subscribers over time. Since 2017, Readly has increased the number of fully paying subscribers from approximately 90,000 to 323,811 as of 30 June 2020.

During the period covered by the historical financial information in the Prospectus, Readly has mainly added new subscribers in its core markets, but new subscribers are also added as Readly expands into new market, such as Italy, Australia and New Zealand.

As of the date of the Prospectus, Readly's digital subscription service is priced at SEK 99 in Sweden, EUR 9.99 in euro zone countries or GBP 7.99 in the UK per month for a subscription signed up for on Readly's website. Readly's ability to capitalise on its subscriber base is thus dependent on the willingness to pay among its subscribers and that the current pricing model is sustainable in relation to competing services. The price has been unchanged since the launch of the product.

Readly's monthly average revenue per user ("**ARPU**")[3] has increased from SEK 84 in 2017 to SEK 87 in 2019. During 2019 ARPU has been positively affected by lower value added taxes ("**VAT**") on digital magazines in Sweden and negatively affected by adding subscribers through partnerships, in which Readly shares revenue with the partners. The VAT has been lowered in Sweden (from 25 percent to 6 percent as of 1 July 2019), Germany (from 19 percent to 7 percent as of 18 December 2019), Austria (from 20 percent to 10 percent as of 1 January 2020), the Netherlands (from 21 percent to 9 percent as of 1 January 2020) and the UK (from 20 percent to 0 percent as of 1 May 2020. If and when further countries implement such VAT reductions for the publishing industry this may impact Readly's ARPU positively. Readly's ARPU would also be positively affected if its subscription service in the future could sustain a higher price point and if additional revenue is generated from other types of services.

Readly believes attracting and retaining fully paying subscribers, in a cost-efficient manner, is critical to its continued growth and its path to profitability.

Publisher costs

Publisher costs are mainly related to the revenue sharing with the publishers. In addition, transaction costs to external payment providers and certain costs relating to the IT infrastructure affect

1) Among identified "all-you-can-read" competitors in Europe, Readly is defined as the European category leader in the category "all-you-can-read" on the basis of: highest number of magazine titles, relationships with most major publishers in core markets, highest average monthly website visits between October and December 2019 (worldwide) and highest iOS-store rating, PwC Strategy& market study.

2) PwC Strategy& market study.

3) Defined as monthly average subscription revenue and other operating income divided by FPS for the period.

publisher costs. As of 30 June 2020, Readly had approximately 800 active publisher agreements with publishers located in eleven different countries. The terms of the revenue sharing model that Readly has agreed with each publisher primarily affects Readly's operating costs and cash flow.

The publishers that Readly partners with are entitled to a certain percentage of net sales that are generated through the monthly subscription fee – revenue sharing. Publisher costs are thus primarily driven by the terms of the revenue share agreements with publishers and will generally increase in line with net sales. If the terms of the revenue share agreements with the publishers are renegotiated or if the terms with new publishers materially differ from current terms it will impact Readly's gross margin and result.

Publisher costs amounted to SEK -182.0 million in 2019. As a share of net sales, it has decreased from 73.8 percent in 2017 to 68.7 percent in 2019, implying a positive development of the gross margin form 26.2 to 31.3 percent during the period. This development is a consequence of improved revenue sharing terms in publisher agreements. Readly continuously invests in product development to provide publishers with useful data insights, which over time could improve the attractiveness of the product and the services provided. This could positively affect Readly's gross margin.

The transaction costs to external payment providers included in publisher costs also increase in line with net sales. During 2019, transaction costs corresponded to 3.7 percent of total revenue. Readly is working on identifying opportunities to improve the terms related to external payment providers. For example, growth in revenue may increase Readly's bargaining power with external payment providers, which over time may result in more beneficial terms for Readly affecting the gross margin.

In general, the agreements with publishers stipulate that the revenue sharing payments are normally paid two to five months in arrears. This, combined with the subscribers' monthly pre-payment of the subscription fee, has a positive effect on the Group's working capital.

Marketing costs and subscriber acquisition

Marketing is crucial to Readly's ability to attract new subscribers and promote its brand. Readly has historically invested significantly in marketing activities to enable and support continued growth. As a share of total revenue, marketing costs have amounted to 37.8 percent during 2017, 37.6 percent during 2018 and 37.4 percent during 2019. Readly has incurred and will continue to incur significant expenses in marketing through a broad range of activities and channels to attract new subscribers, grow net sales, and enhance Readly's overall brand awareness. Readly balances the marketing costs with the Company's overall growth strategy to increase its subscribers base in strategically important markets.

Readly invests in brand awareness marketing in order for potential subscribers to become aware of the Company and its product and service offering, as well as increasing awareness and demand for the digital magazine subscription model in general, which Readly, through its position as European category leader[4] in "all-you-can-read", will benefit from. Readly has historically invested significantly in brand awareness campaigns, primarily in its core markets, which is expected to contribute to lower average subscriber acquisition cost over time as the organic inflow from subscribers increase. Historically, approximately one third of the total marketing costs have been used for brand awareness marketing.

Readly also invests in digital / online conversion marketing in various channels with the aim of increasing the awareness of Readly, offer target group the possibility to test the service during a limited period to eventually being converted into fully paying subscribers. The digital / online conversion marketing applies a data-driven approach to attracting new subscribers based on a cost and benefit analysis, which enables the marketing team to efficiently target new potential subscribers through the most effective channels. Historically, approximately two thirds of the total marketing costs have been used for conversion marketing.

Subscriber acquisition cost and life time value

Subscriber acquisition cost SAC[5] and lifetime value ("**LTV**")[6] are important data points in the cost and benefit analysis when making strategic decisions on marketing spending and selecting the most effective marketing channels to grow its subscriber base and increase revenue.

Readly's SAC calculated as the global average for the year during the twelve month period up to and including 31 May 2020 amounted to SEK 425. Readly's SAC varies over time and between markets. Historically the SAC has been lower. Negative changes to the SAC may affect Readly's ability to grow the subscriber base and revenue in line with the financial goals while impacting profitability negatively. Readly closely monitors its SAC in relation to the expected LTV in order to optimise marketing, while also including strategic factors in the marketing optimisation. LTV is based on the expected future gross profit adjusted for revenue

4) Among identified "all-you-can-read" competitors in Europe, Readly is defined as the European category leader in the category "all-you-can-read" on the basis of: highest number of magazine titles, relationships with most major publishers in core markets, highest average monthly website visits between October and December 2019 (worldwide) and highest iOS-store rating, PwC Strategy& market study.

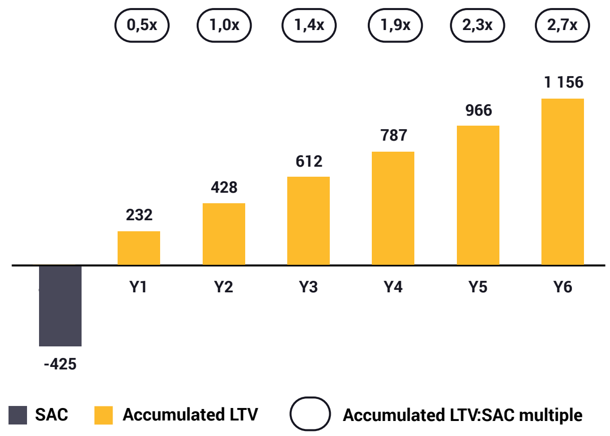
5) SAC is the conversion marketing costs for a specific period, normally a year divided by the fully paying subscribers acquired during the same period. SAC does not include general brand awareness marketing.

6) LTV is the average gross profit generation over time from a group of subscribers having become subscribers during a specific time period divided by the number of individuals in the group.

retention generated per subscriber, based on historical revenue retention rates. Readly considers that the Company has had a high revenue retention rate in the subscriber base historically. Readly's data show that one year after a group of subscribers have signed up for Readly in any given month, approximately 73 percent of the initial revenue remains. After five years, the corresponding figure is approximately 52 percent. Readly has relevant historical data on revenue retention rates that goes six years back. However, Readly believes that future time periods will continue to add positively to the LTV.

New Readly subscribers show attractive unit economics given a SAC of SEK 425 during the twelve month period up to and including 31 May 2020 in relation to the expected cost recovery period of approximately two years while a growing LTV is expected to be generated in the following years. See graph 39 below for a summary of the accumulated LTV and SAC.

Graph 39: Accumulated LTV vs SAC, SEK



Source: Readly's own data.

Technical platform

Readly has since 2012 until 2019 reported SEK 42.7 million in capitalised development costs for its proprietary subscription platform. The platform is built for quick and low-cost roll-out and upgrades and possibility to scale as needed. While these expenditures affected the cash flow negatively in the years covered by the historical financial period, it has created a scalable platform that will support significant growth. Thus, Readly expects that these expenditures will result in continued minimised costs for further expansion and allow Readly to benefit from higher margins and revenue in the future. Readly will, however, continue to make ongoing investments in product innovation and the tech platform.

Based on the tech platform, Readly has developed additional services that expands on its insights from more than 25 billion data points. Readly Ads and Readly Insight are two initiatives that are planned to leverage the strong capabilities of Readly's platform and provide new potential revenue streams over the coming years.

Operational efficiency

Readly has historically intentionally prioritised growth before profitability and has an ambitious growth agenda going forward in accordance with its financial goals. The financials goals also stipulate that Readly aims for a positive EBITDA in 4-5 years. To reach profitability, Readly will need to operate with a high degree of operational efficiency. Readly believes that it will be able to continue to grow its total revenue without increasing its cost base at the corresponding rate, as its services are scalable. As an example of this scalability, Readly can – when expanding to a new market – run much of the operations from its existing offices, in most cases even without opening a local office in that specific market. Below follows a more detailed breakdown of Readly's cost base, in addition to the publisher costs described above, in relation to total revenue.

- Other external costs amounted to SEK -156.3 million in 2019. As a share of total revenue, it has increased from 49.3 percent in 2017 to 59.0 percent in 2019. Other external costs are primarily driven by marketing costs such as targeted marketing efforts and branding campaigns. Readly will continue to invest in branding and marketing efforts. Further, other external costs include cost rented premises and for consultants which the Group currently uses on an on-going basis as well as for various projects. The costs for rented premises and for consultants have increased as consequence of the Group scaling up for expected future growth during 2018 and 2019.
- Personnel costs amounted to SEK -58.8 million in 2019. As a share of total revenue, it has decreased from 25.7 percent in 2017 to 22.2 percent in 2019. Personnel costs are primarily driven by the number of employees that are required to develop Readly's services and execute on growth initiatives. Readly has invested significantly in its organisation and increased the number of average employees from 31 in 2017 to 56 in 2019. The current organisation will be able to execute on Readly's strategy in the mid-term without significant expansion, hence the growth rate in such cost is expected to be lower than the expected growth in net sales.
- Depreciation and amortisation amounted to SEK -7.9 million in 2019. As a share of total revenue, it has decreased from 4.5 percent in 2017 to 3.0 percent in 2019. Depreciation and amortisation are primarily driven by capitalised product development costs. Readly has historically reported limited depreciation of tangible assets and believes it will continue to be limited.
- Other operating expenses amounted to SEK 2.3 million in 2019. As a share of total revenue, it has decreased from 1.3 percent in 2017 to 0.9 percent in 2019. Other operating expenses relates to currency exchange effects from operating activities.

Tax losses carried forward

The Company has reported operating losses since the Company was founded. As a result of these losses, tax losses carried forward have accumulated, which at December 31, 2019, preliminary amounted to SEK 582.2 million. However, it is uncertain when these losses can be capitalised as deferred tax assets and when they can be offset against taxable profits. The Company is, as of the date of the Prospectus, not profitable and Readly's financial goals stipulate that Readly aims for a positive EBITDA in 4-5 years. It could therefore take 4-5 years before the Company reaches profitability and a positive result and can utilise these tax losses carried forward. The Company has not reported a deferred tax asset relating to tax losses in the consolidated accounts. In accordance with what is stated in the section "Risk factors", the right to use the losses may be limited and/or the applicable tax legislation changed in a way that affects Readly's ability to utilise its tax losses. To the extent that tax losses can be offset against taxable profits, the future tax burden is expected to decrease, which is expected to reduce income tax and have a positive impact on the Company's earnings.

Currency fluctuations

Readly's consolidated financial statements are prepared in SEK, but the Group has operations in several European countries where its revenue and expenses are normally received in local currencies. As a result, Readly's earnings and financial position are exposed to exchange rate risks. Currency exposure takes the form of both transaction and translation exposure. The development of these different currencies in relation to one another can have either a positive or negative impact on the Group's earnings.

Readly is primarily exposed to changes in exchange rates in EUR and GBP relative to SEK. In accordance with the BoD's decision, Readly does not hedge currency risks and instead works in-house to minimise exchange rate risk by matching revenue with expenses in the same currency. For 2019, a change in the SEK/EUR exchange rate and the SEK/GBP exchange rate of +/- 10 percent would have had a net impact on net profit of +/- SEK 3.0 million and SEK 0.7 million, respectively. Note that the above takes into account the effect on net sales, publishing costs and other operating costs such as rental and personnel costs in EUR and GBP: In addition, the Company has other operating costs such as marketing costs in EUR and GBP, which further reduces exposure in each currency.

Key items in the income statement

Net sales
Net sales relate to subscription revenue from Readly's digital subscription service.

Other operating income
Other operating income consists of exchange rate movements.

Publisher costs
Publisher costs primarily relate to the revenue share with publishers. It also includes costs related to external payment providers and cloud based IT costs.

Other external costs
Other external costs pertain to operational expenses that are not personnel costs, such as marketing and consultants.

Personnel costs
Personnel costs includes salaries, pension and social charges for Readly's employees and costs associated with Readly's incentive program.

Depreciation and amortisation
Depreciation of tangible assets primarily relates to office interior and right-of-use assets (IFRS 16). Amortisation of intangible assets primarily relate to capitalised development costs.

Other operating expenses
Other operating expenses relate to exchange rate differences from operating activities.

Operating result
Operating result is Group's total revenue less publisher cost, other external costs, personnel expenses and depreciation and amortisation.

Net financial items
Net financial items primarily relate to exchange rate differences and interest costs relating to lease liabilities (IFRS 16).

Net result before tax
Net result before tax is the Group's operating result less net financial items.

Income tax
Income tax pertains to current and deferred tax. Current tax is income tax that is to be paid or received for the current year, with the application of the tax rates that have been decided or estimated on the balance-sheet date. Current tax also includes adjustments of current tax attributable to prior periods. Deferred tax is calculated in accordance with the balance sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled.

Net result for the period
Net result for the period is the Group's net result after income taxes.

Comparison between the periods 1 January – 30 June 2020 and 1 January – 30 June 2019

The table below shows Readly's result of operations in SEK million as well as the cumulative annual growth and percentage change between the two periods.

	For the six months ending 30 June			
SEK million	**2020**	**2019**	**+ / -**	**+ / - %**
Net sales	159.2	121.4	37.8	31.2%
Other operating income	1.4	0.6	0.8	132.2%
Total revenue	**160.6**	**122.0**	**38.7**	**31.7%**
Operating expenses				
Publisher cost	-108.5	-84.7	-23.8	28.1%
Other external costs	-106.5	-71.2	-35.3	49.6%
Personnel costs	-37.2	-25.3	-11.9	47.1%
Depreciation and amortisation	-5.0	-4.1	-0.9	21.8%
Other operating expenses	-0.7	-1.2	-0.5	-41.7%
Operating result	**-97.3**	**-64.5**	**-32.7**	**50.7%**
Net financial items	-4.9	-1.6	-3.2	197.6%
Net result before tax	**-102.1**	**-66.2**	**-36.0**	**54.4%**
Tax	-0.1	-0.1	0.0	-5.6%
Net result for the period	**-102.2**	**-66.2**	**-36.0**	**54.3%**

Net sales

Net sales increased by SEK 37,8 million, or 31.2 percent, from SEK 121.4 million during the period 1 January to 30 June 2019 to SEK 159,2 million in the corresponding period in 2020. The increase was mainly due to increased revenue from subscribers due to an increased subscriber base. It is also a result of reduced VAT rates on digital subscription services on a number of markets, including Readly's three main markets, Germany, Sweden and the United Kingdom.

Other operating income

Other operating income increased by SEK 0.8 million, or 132.2 percent, from SEK 0.6 million during the period 1 January to 30 June 2019 to SEK 1.4 million in the corresponding period in 2020. The increase was due to exchange rate movements.

Publisher cost

Publisher cost increased by SEK 23.8 million, or 28.1 percent, from SEK -84.7 million during the period 1 January to 30 June 2019 to SEK -108.5 million in the corresponding period in 2020. The increase was mainly due to increased sales since the publisher costs are based on a revenue share model between Readly and the publishers.

Other external costs

Other external costs increased by SEK 35.3 million, or 49.6 percent, from SEK -71.2 million during the period 1 January to 30 June 2019 to SEK -106.5 million in the corresponding period in 2020. The increase was mainly due to more market campaigns during the period.

Personnel costs

Personnel costs increased by SEK 11.9 million, or 47.1 percent, from SEK -25.3 million during the period 1 January to 30 June 2019 to SEK -37.2 million in the corresponding period in 2020. The increase was mainly due an increase of employees at the Company.

Depreciation and amortisation

Depreciation and amortisation increased by SEK 0.9 million, or 21.8 percent, from SEK -4.1 million during the period 1 January to 30 June 2019 to SEK -5.0 million in the corresponding period in 2020. The increase was mainly due to capitalised product development costs and a new contract in UK related to office premises, with a negative impact of SEK 0.6 million.

Other operating expenses

Other operating expenses decreased by SEK 0.5 million, or 41.7 percent, from SEK -1.2 million during the period 1 January to 30 June 2019 to SEK -0.7 million in the corresponding period 2020. The decrease was due to a positive effect from exchange rate differences related to operating activities.

Operating result

The operating result decreased by SEK 32.7 million, or 50.7 percent, from SEK -64.5 million during the period 1 January to 30 June 2019 to SEK -97.2 million in the corresponding period in 2020. The decrease was mainly due to more market campaigns during the period.

Net financial items

Net financial items decreased by SEK 3.2 million, or 197.6 percent, from SEK -1.6 million during the period 1 January to 30 June 2019 to SEK -4.9 million in the corresponding period in 2020. The decrease was mainly due to exchange rate effects on long-term receivables and cash and cash equivalents together with interest expenses linked to the loan facility that the Company entered during the period.

Net result before tax

Net result before tax decreased by SEK 36.0 million, or 54.4 percent, from SEK -66.2 million during the period 1 January to 30 June 2019 to SEK -102.1 million in the corresponding period in 2020. The decrease was mainly due to more market campaigns during the period.

Income tax

Income tax was unchanged and amounted to SEK -0.1 million during the period 1 January to 30 June 2019 and as well as in the corresponding period in 2020.

Net result for the period

Net result for the period decreased by SEK 36.0 million, or 54.3 percent, from SEK -66.2 million during the period 1 January to 30 June 2019 to SEK -102.2 million in the corresponding period in 2020. The decrease was mainly due to more market campaigns during the period.

Comparison between the 2019 and 2018 financial years

The table below shows Readly's result of operations in SEK million as well as the cumulative annual growth and percentage change between the two periods.

	For the year ending 31 December			
SEK million	**2019**	**2018**	**+ / -**	**+ / - %**
Net sales	263.4	194.8	68.6	35.2%
Other operating income	1.4	1.1	0.2	20.0%
Total revenue	**264.7**	**196.0**	**68.8**	**35.1%**
Operating expenses				
Publisher cost	-182.0	-137.6	-44.3	32.2%
Other external costs	-156.3	-110.8	-45.5	41.1%
Personnel costs	-58.8	-44.8	-14.1	31.4%
Depreciation and amortisation	-7.9	-6.2	-1.7	27.3%
Other operating expenses	-2.3	-3.5	-1.2	-34.3%
Operating result	**-142.5**	**-107.0**	**-35.6**	**33.2%**
Net financial items	-3.7	-0.9	-2.9	328.1%
Net result before tax	**-146.3**	**-107.8**	**-38.4**	**35.6%**
Tax	-0.3	-0.1	-0.2	124.7%
Net result for the period	**-146.6**	**-108.0**	**-38.6**	**35.7%**

Net sales

Net sales increased by SEK 68.6 million, or 35.2 percent, from SEK 194.8 million in the 2018 financial year to SEK 263.4 million in the 2019 financial year. The increase was mainly due to an increased subscriber base.

Other operating income

Other operating income increased by SEK 0.2 million, or 20.0 percent, from SEK 1.1 million in the 2018 financial year to SEK 1.4 million in the 2019 financial year. The increase was due to exchange rate movements.

Publisher cost

Publisher cost increased by SEK 44.3 million, or 32.2 percent, from SEK -137.6 million in the 2018 financial year to SEK -182.0 million in the 2019 financial year. The increase was mainly a consequence of increased sales since the publisher costs primarily are based on a revenue share model between Readly and the publishers.

Other external costs

Other external costs increased by SEK 45.5 million, or 41.1 percent, from SEK -110.8 million in the 2018 financial year to SEK -156.3 million in the 2019 financial year. The increase was mainly due to increased marketing activities, more consultants and new premises. The implementation of IFRS 16 had a positive impact of SEK 3.0 million.

Personnel costs

Personnel costs increased by SEK 14.1 million, or 31.4 percent, from SEK -44.8 million in the 2018 financial year to SEK -58.8 million in the 2019 financial year. The increase was mainly due to establishing an organisation laying the foundation for Readly's expected growth, including recruitment of further personnel.

Depreciation and amortisation

Depreciation and amortisation increased by SEK 1.7 million, or 27.3 percent, from SEK -6.2 million in the 2018 financial year to SEK -7.9 million in the 2019 financial year. The increase was mainly due to IFRS 16. The implementation of IFRS 16 had a negative impact of SEK 2.8 million.

Other operating expenses

Other operating expenses decreased by SEK 1.2 million, or 34.3 percent, from SEK -3.5 million during the period 1 January to 30 June 2018 to SEK -2.3 million in the corresponding period 2019. The decrease was due to a positive effect from exchange rate differences related to operating activities.

Operating result

The operating result decreased by SEK 35.6 million, or 33.2 percent, from SEK -107.0 million in the 2018 financial year to SEK -142.5 million in the 2019 financial year. The decrease was mainly due to the increase in other external and personnel costs, while the increase in publisher costs was a consequence of the increase in net sales.

Net financial items

Net financial items decreased by SEK 2.9 million, or 328.1 percent, from SEK -0.9 million in the 2018 financial year to SEK -3.7 million in the 2019 financial year. The decrease was mainly due currency effects on cash and cash equivalents. The implementation of IFRS 16 had a negative impact of SEK 0.4 million.

Net result before tax

Net result before tax decreased by SEK 38.4 million, or 35.6 percent, from SEK -107.8 million in the 2018 financial year to SEK -146.3 million in the 2019 financial year. The decrease was mainly due to increase in other external and Personnel costs.

Income tax

Income tax increased by SEK 0.2 million, or 124.7 percent, from SEK -0.1 million in the 2018 financial year to SEK -0.3 million in the 2019 financial year.

Net result for the period

Net result for the period decreased by SEK 38.6 million, or 35.7 percent, from SEK -108.0 million in the 2018 financial year to SEK -146.6 million in the 2019 financial year. The decrease was mainly due to increase in other external and personnel costs.

Comparison between the 2018 and 2017 financial years

The table below shows Readly's result of operations in SEK million as well as the cumulative annual growth and percentage change between the two periods.

	For the year ending 31 December			
SEK million	**2018**	**2017**	**+ / -**	**+ / - %**
Net sales	194.8	126.6	68.2	53.9%
Other operating income	1.1	0.4	0.7	181.6%
Total revenue	**196.0**	**127.0**	**69.0**	**54.3%**
Operating expenses				
Publisher cost	-137.6	-93.7	-43.9	46.9%
Other external costs	-110.8	-62.6	-48.2	77.0%
Personnel costs	-44.8	-32.6	-12.2	37.4%
Depreciation and amortisation	-6.2	-5.7	-0.5	8.3%
Other operating costs	-3.5	-1.6	-1.9	118.8%
Operating result	**-107.0**	**-69.3**	**-37.7**	**54.5%**
Net financial items	-0.9	-0.4	-0.5	125.0%
Net result before tax	**-107.8**	**-69.6**	**-38.2**	**54.9%**
Tax	-0.1	-0.2	0.1	-29.6%
Net result for the period	**-108.0**	**-69.8**	**-38.2**	**54.6%**

Net sales

Net sales increased by SEK 68.2 million, or 53.9 percent, from SEK 126.6 million in the 2017 financial year to SEK 194.8 million in the 2018 financial year. The increase was mainly due to an increased subscriber base.

Other operating income

Other operating income increased by SEK 0.7 million, or 181.6 percent, from SEK 0.4 million in the 2017 financial year to SEK 1.1 million in the 2018 financial year. The increase was due to exchange rate movements.

Publisher cost

Publisher cost increased by SEK 43.9 million, or 46.9 percent, from SEK -93.7 million in the 2017 financial year to SEK -137.6 million in the 2018 financial year. The increase was mainly a consequence of increased net sales since the publisher costs primarily are based on a revenue share model between Readly and the publishers.

Other external costs

Other external costs increased by 48.2 million, or 77.0 percent, from SEK -62.6 million in the 2017 financial year to SEK -110.8 million in the 2018 financial year. The increase was mainly due to an increase in marketing costs and professional services.

Personnel costs

Personnel costs increased by SEK 12.2 million, or 37.4 percent, from SEK -32.6 million in the 2017 financial year to SEK -44.8 million in the 2018 financial year. The increase was mainly a result of developing the organisation for growth within the marketing, product and IT departments.

Depreciation and amortisation

Depreciation and amortisation increased by SEK 0.5 million, or 8.3 percent, from SEK -5.7 million in the 2017 financial year to SEK -6.2 million in the 2018 financial year. The increase was mainly due to an increase in depreciation of capitalised development expenses.

Other operating expenses

Other operating expenses increased by SEK 1.9 million, or 118.8 percent, from SEK -1.6 million during the period 1 January to 30 June 2017 to SEK -3.5 million in the corresponding period 2018. The increase was due to a negative effect from exchange rate differences related to operating activities.

Operating result

The operating result decreased by SEK 37.7 million, or 54.5 percent, from SEK -69.3 million in the 2017 financial year to SEK -107.0 million in the 2018 financial year. The decrease was mainly due to the increase in other external and personnel costs, while the increase in publisher costs was a consequence of the increase in net sales.

Net financial items

Net financial items increased by SEK 0.5 million, or 125.0 percent, from SEK -0.4 million in the 2017 financial year to SEK -0.9 million in the 2018 financial year. The decrease was mainly due to exchange rate movements.

Net result before tax

Net result before tax decreased by SEK 38.2 million, or 54.9 percent, from SEK -69.6 million in the 2017 financial year to SEK -107.8 million in the 2018 financial year. The decrease was mainly due to the increase in other external costs and personnel costs.

Income tax

Income tax decreased by SEK 0.1 million, or 29.6 percent, from SEK -0.2 million in the 2017 financial year to SEK -0.1 million in the 2018 financial year.

Net result for the period

Net result for the period decreased by SEK 38.2 million, or 54.6 percent, from SEK -69.8 million in the 2017 financial year to SEK -108.0 million in the 2018 financial year. The decrease was mainly due to the increase in other external costs and personnel costs.

Cash flow

Cash flow from operating activities
Cash flow from operating activities decreased by SEK 32,4 million, from SEK -59.9 million during the period 1 January to 30 June 2019 to SEK -92,3 million in the corresponding period in 2020. The decrease was mainly due to expansion of the Company's business resulting in a lower operating result.

Cash flow from operating activities decreased by SEK 50.1 million, from SEK -64.5 million in the 2018 financial year to SEK -114.6 million in the 2019 financial year. The decrease was mainly due to expansion of the Company's business resulting in a lower operating result and changes in working capital.

Cash flow from operating activities decreased by SEK 28.9 million, from SEK -35.6 million in the 2017 financial year to SEK -64.5 million in the 2018 financial year. The decrease was mainly due to expansion of the Company's business resulting in a lower operating result.

Cash flow from investing activities
Cash flow from investing activities increased by SEK 0.2 million, from SEK -5.6 million during the period 1 January to 30 June 2019 to SEK -5.4 million in the corresponding period in 2020. The increase was mainly due to a lower amount invested in financial assets.

Cash flow from investing activities decreased by SEK 3.9 million, from SEK -7.3 million in the 2018 financial year to SEK -11.2 million in the 2019 financial year. The decrease was mainly due to higher investments in intangible and tangible fixed assets.

Cash flow from investing activities increased by SEK 0.5 million, from SEK -7.8 million in the 2017 financial year to SEK -7.3 million in the 2018 financial year. The increase was mainly due to lower investments in intangible and tangible fixed assets.

Cash flow from financing activities
Cash flow from financing activities increased by SEK 140,1 million, from SEK 0.0 million during the period 1 January to 30 June 2019 to SEK 140,1 million in the corresponding period in 2020. The increase was mainly due to a share issue during the period and increased debt.

Cash flow from financing activities increased by SEK 48.3 million, from SEK 105.2 million in the 2018 financial year to SEK 153.5 million in the 2019 financial year. The increase was mainly due to a share issue during the financial year 2019.

Cash flow from financing activities decreased by SEK 0.6 million, from SEK 105.8 million in the 2017 financial year to SEK 105.2 million in the 2018 financial year.

Liquidity and financial position

As of 30 June 2020, equity amounted to SEK 40,3 million, compared with SEK 131.0 million at 30 June 2019. The decrease of SEK 90,7 million, or 69,2 percent, was mainly due to a lower operating profit due to expansion of the Company´s business. As of 30 June 2020, cash and cash equivalents amounted to SEK 169.3 million, compared with SEK 38.8 million at 30 June 2019. The increase of SEK 130.5 million, or 336.1 percent, was mainly due to the changes described under "*Cash flow*" above.

As of 31 December 2019, equity amounted to SEK 54.8 million, compared with SEK 41.7 million at 31 December 2018. The increase of SEK 13.1 million, or 31.4 percent, was mainly due to a new share issue of SEK 154.9 million, after transaction costs, during the financial year 2019 and the result of the same year, SEK -146.6 million. As of 31 December 2019, cash and cash equivalents amounted to SEK 130.1 million, compared with SEK 105.9 million at 31 December 2018. The increase of SEK 24.2 million, or 22.9 percent, was mainly due to the changes described under "*Cash flow*" above.

As of 31 December 2018, equity amounted to SEK 41.7 million, compared with SEK 42.7 million at 31 December 2017. The decrease of SEK 1.0 million, or 2.4 percent, was mainly due to a share rights issue during the financial year 2018 of SEK 105.5 million, after transaction costs, and the result for the same year, SEK -108.0 million. As of 31 December 2018, cash and cash equivalents amounted to SEK 105.9 million, compared with SEK 73.3 million at 31 December 2017. The increase of SEK 32.5 million, or 44.4 percent, was mainly due to the changes described under "*Cash flow*" above.

Historical investments

Readly's standard investments relate to investments in intangible non-current assets and investments in tangible non-current assets. Readly makes continuous investments in product development and the Company's investments in intangible non-current assets consist of capitalised product development costs for Readly's digital subscription service. Readly's investments in tangible non-current assets relate to investments in office installations.

The table below shows Readly's main investments during the financial years 2017 to 2019 and during the period from 1 January to 30 June 2020.

	January–June		Full-year		
SEK million	**2020**	**2019**	**2019**	**2018**	**2017**
Investments in intangible and tangible assets	-5.0	-3.9	-9.4	-4.7	-6.4

Ongoing and approved investments

Other than continuous investments in line with, or slightly above, the historical spending on product development, Readly has no material ongoing investments and has no undertakings in terms of material future investments.

Significant accounting policies, estimates and assessments

Readly has not identified any significant changes in accounting policies, estimates or assessments of existing standards for the period encompassed by the historical financial information in the Prospectus, other than IFRS 16 for which the consequences have been described above. Readly has neither identified any future significant changes in accounting policies, estimates or assessments of existing standards for 2020.

Significant changes in the Group's financial position after 30 june 2020 up to and including the date of the Prospectus

The Company assesses that there have been no significant changes in the Group's financial position after 30 June 2020 up to and including the date of the Prospectus.

Capital structure, indebtedness and other financial information

The tables in this section show the Group's interest-bearing receivables and interest-bearing liabilities (non-interest-bearing liabilities are not included) at Group level up until the 30 June 2020. Refer to the section "*Share capital and ownership structure*" for further information about the Company's share capital and shares. The information presented in this section should be read together with the section "*Operational and financial overview*" and the Group's financial information, with accompanying notes, which has been incorporated in the Prospectus through reference.

The tables below show the Group's capital structure and net debt on an adjusted basis, as shown in the column "Adjusted for new issue of shares in connection with the Offering", to reflect:

i. an increase in the Group's equity, amounting to approximately SEK 428 million, through the new issue of 7,627,118 shares in connection with the Offering; and

ii. an increase in the Group's cash and cash equivalents through the calculated net proceeds that the Group will be provided as a result of the Offering.

The table below provides a summary of the Group's capital structure up until the 30 June 2020. The Group's equity on this date amounted to SEK 40.3 million and the Group's net debt was SEK -109.1 million. Only interest-bearing liabilities are recognised. As of 30 June 2020, the Group had pledged assets and contingent liabilities amounting to SEK 1.2 million.

Equity and liabilities

SEK million	30 June 2020	Adjustments[1]	Adjusted for new issue of shares in connection with the Offering
Current liabilities			
With guarantee[2]	-15.1	-	-15.1
Against collateral[3]	-15.1	-	-15.1
Without guarantee/collateral	-143.4	-	-143.4
Total current liabilities	**-158.5**	**-**	**-173.6**
Non-current liabilities			
With guarantee[2]	-32.9	-	-32.9
Against collateral[3]	-32.9	-	-32.9
Without guarantee/collateral	-0.9	-	-0.9
Total non-current liabilities	**-33.9**	**-**	**-66.7**
Equity			
Share capital	0.9	0.2	1.1
Additional paid in capital	711.0	427.8	1,138.8
Reserves	-0.1	-	-0.1
Retained earnings incl. result for the period	-671.5	-	-671.5
Total equity	**40.3**	**428.0**	**468.3**

1) Based on the Offering being fully subscribed at the Offering Price of SEK 59, gross proceeds are estimated to approximately SEK 450 million and, after deduction of transaction costs of approximately SEK 22 million, net proceeds to approximately SEK 428 million.
2) Refers to the parent guarantee.
3) The collateral consists of shares in certain Group companies, trademarks and floating charges.

Net debt

SEK million	30 June 2020	Adjustments[4]	Adjusted for new issue of shares in connection with the Offering
A – Cash	-	-	-
B – Cash and cash equivalents[5]	169.3	428.0	597.3
C – Marketable securities	-	-	-
D – Total liquidity (A+B+C)	**169.3**	**428.0**	**597.3**
E – Current financial receivables	**-**	**-**	**-**
F – Current bank liabilities	-	-	-
G – Current portion of non-current liabilities[6]	15.1	-	15.1
H – Other current financial liabilities[7]	11.2	-	11.2
I – Total current financial liabilities (F+G+H)	**26.3**	**-**	**26.3**
J – Net current financial debt (I – E – D)	**-143.0**	**-428.0**	**-571.0**
K – Non-current bank loans	-	-	-
L – Bonds issued	-	-	-
M – Other non-current financial liabilities[8]	33.9	-	33.9
N – Total non-current financial debt (K+L+M)	**33.9**	**-**	**33.9**
O – Net debt (J+N)	**-109.1**	**-428.0**	**-537.1**

Statement regarding working capital

According to Readly's assessment, its existing working capital, on the date of the Prospectus, is insufficient to cover the Group's needs over the next twelve months from the date of the Prospectus.

Readly estimates that the working capital need for the next twelve from the date of the Prospectus will amount to approximately SEK 150 million and that its existing working capital is sufficient to finance Readly's operations up until August 2021. Readly estimates that the working capital deficit for the next twelve months from the date of the Prospectus amount to approximately SEK 40 million.

The Company intends to carry out a new share issue in connection with the listing on Nasdaq Stockholm and intends to finance the deficit in the working capital over the next twelve months with the funds that are supplied to the Company through the new share issue. In addition, the new share issue shall support Readly's strategy in the coming four to five years. Provided that the Offering is fully subscribed, the new share issue will generate approximately SEK 450 million for the Company before deduction of transaction costs. The Company's transaction costs are expected to amount to approximately SEK 22 million.

Due to the Group's working capital requirements, the BoD and Main Shareholder have decided that the Offering shall be conditional upon the Company receiving a minimum amount of SEK 300 million before deduction of transaction costs. This minimum amount is sufficient to cover the Group's working capital requirements beyond twelve months from the date of the Prospectus.

In the event that this degree of subscriptions is not reached, the Offering will be revoked and the subsequent listing on Nasdaq Stockholm will not take place. The Company will then seek alternative sources of financing to secure the Company's financial position. In that situation, the Company may utilise the outstanding loan amount in a loan agreement with Kreos for a maximum credit facility of EUR 10 million. The loan amount under the credit facility can be used to a maximum of two installments up to and including 31 December 2020. As of the date of the Prospectus, the outstanding loan amount under the Loan Agreement is EUR 5 million. If there are additional working capital needs and shareholders are not willing to subscribe for new shares, it could mean that Readly will have to limit its operations primarily with regard to its marketing campaigns, expansion into new markets and development of the service.

4) Based on the Offering being fully subscribed at the Offering Price of SEK 59, gross proceeds are estimated to approximately SEK 450 million and, after deduction of transaction costs of approximately SEK 22 million, net proceeds to approximately SEK 428 million.
5) Bank deposits.
6) Current portion of loan to Kreos as well as derivative warrants in connection with new share issue.
7) Current lease liability.
8) Non-current portion of loan to Kreos including derivative warrants in connection with the loan, as well as non-current financial lease liability.

The Company's tax situation

Apart from what is described related to the risks "*Readly has tax losses carried forward*" and "*Risk related to input VAT recovery*" as outlined in the section "*Risk factors*", the Group has, as of the date of the Prospectus, no known, material tax risks and is also not a party to any tax process with the Swedish Tax Agency, court or other authority. Readly believes that, based on the size and nature of the Group's operations, the employees of the Group possess the appropriate expertise in tax-related matters. Combined with this, Readly engages, as necessary, external expert advisers to consult on both Swedish and international tax-related matters of a more complicated nature.

Trends

The Company believes that the Covid-19 pandemic will lead to an acceleration of the digitalisation of the magazine (and newspaper) industry due to less printed magazines being sold in typical commuter hubs as well as due to concerns around potential to spread the virus by handling printed magazines.

Apart from the trend described above, Readly's assessment is that, as of the date of the Prospectus, there are no known trends, related to production, sales, stock, costs and sales prices during the period from the end of the last financial year to the date of approval of the Prospectus. Readly is not aware of any significant changes of the Group's financial result during the period for which financial information has been made public up to the date of approval of the Prospectus. Readly is not aware of any measures regarding public, financial, fiscal or monetary policy, or other political actions that, directly or indirectly, have had or could have a significant impact on the Group's operations and prospects for the current financial year.

Board of directors, senior executives and auditor

Board of directors

As of the date of the Prospectus, the BoD consists of six members, including the chairman of the board, elected up until the end of the 2021 annual general meeting. According to the Company's articles of association, the BoD is to consist of not less than three and not more than ten board members, with no deputy members. All board members and senior executives can be contacted via the Company's address in the section "*Addresses*" below.

			Independent in relation to:	
Name	**Position**	**Board member since**	**The Company and its management**	**Major shareholders**
Patrick Svensk	Chairman of the board	January 2020	Yes	Yes
Nathan Medlock	Board member	December 2014	Yes	No
Alexandra Whelan	Board member	May 2019	Yes	Yes
Joel Wikell	Board member	December 2012	Yes	Yes
Viktor Fritzén	Board member	January 2020	Yes	Yes
Malin Stråhle	Board member	January 2020	Yes	Yes

Patrick Svensk (born 1966)

Chairman of the board

Education/background: Patrick Svensk holds a MSc in Business Administration, Finance and Marketing from Stockholm School of Economics. Patrick Svensk has extensive experience within the media sector and has held several leading positions at Swedish media companies, such as, Kanal 5, Zodiak Television and MTG. He has also held the position as chairman of the board of directors for the news app Squid (Njuice AB). He is currently chairman of the board of directors of Betsson Group.

Current positions: Chairman of the board in Betsson AB. CEO and board member in Svensk Media Group AB. Partner in Handelsbolaget Patos Konsult.

Prior positions (past five years): Chairman of the board in Njuice AB, Stagelab AS, Bright Norway and Bright Norway Holding AS. CEO and board members in Bright Group BGN Holding AB, Intersonic AB and Technovox AB. Board member in Bright Rental AB, Bright Installation AB, Bright Sales & Distribution AB and Bright Finland Oy.

Holdings in the Company (including related parties): As of the date of the Prospectus, Patrick Svensk owns 22,180 shares and 436 warrants[1] in the Company.

Nathan Medlock (born 1972)

Board member

Education/background: Nathan Medlock holds a Master of Engineering and Bachelor of Science from University of Manchester and a MBA from the Wharton School, University of Pennsylvania. Nathan Medlock has over 20 years' experience in private equity, M&A, corporate finance and government advisory. Nathan Medlock was with Lehman Brothers working as a director in the private equity division. He has also been working at Warburg Pincus where he invested, managed and restructured investments in European growth capital companies. He was previously a Partner at Galaxis Capital and active in operational roles with Private Equity backed companies, including CEO in a Swedish listed mining company and CFO of a private US biotech company. Nathan Medlock is currently a Partner in the Technology Growth Team at Zouk Capital.

Current positions: Board member in Taulia Inc and Workable Limited. Partner in the Technology Growth Team at Zouk Capital.

Prior positions (past five years): Board member in iZettle AB and Ninian Solutions Ltd.

Holdings in the Company (including related parties): As of the date of the Prospectus, Nathan Medlock owns no shares in the Company. Nathan Medlock is a Partner at Zouk Capital that through Cleantech Europe II Luxembourg Sarl owns 9,453,645 shares and 185,568 warrants[2] in the Company.

1) The warrants have been subscribed for on the terms and conditions set out in warrant series 2020/2021. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.
2) The warrants have been subscribed for on the terms and conditions set out in warrant series 2020/2021. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.

Alexandra Whelan (born 1973)

Board member

Education/background: Alexandra Whelan holds a BA and MSt from Oxford University, an MBA from the Wharton School, University of Pennsylvania, and a Diploma from the Financial Times Non-Executive Director Programme. Previously, she was VP of Marketing at Time Warner Cable, leading the Marketing Planning function. Alexandra Whelan also owned the marketing P&L for TWC's Video on Demand and Sports business where she helped lead the turnaround of the business. Prior to that, Alexandra Whelan worked as a Consultant at McKinsey & Company and as Senior Communication Planner at DDB UK.

Current positions: -

Prior positions (past five years): Vice President at Time Warner Cable.

Holdings in the Company (including related parties): As of the date of the Prospectus, Alexandra Whelan owns no shares and 45,000 warrants[3] in the Company.

Joel Wikell (born 1965)

Board member

Education/background: Joel Wikell is the founder of Readly International AB. He has an entrepreneurial background and has experience as founder of several companies in the media and publishing industry. He has previously founded Boss Specialtidningar AB, a publishing business active in the Computer, Gaming console magazines segment, and the online gaming solutions developer Boss Media AB. Joel Wikell was also co-founder and chairman of the board of the publishing business First Publishing AB, and founder of Hexigames AB, a provider of Esports platforms.

Current positions: Board member in Växjö Cityfastigheter AB, Boss Racing AB and OneTeam AB. Board member and CEO in Hexigames AB and chairman of the board in Blinto AB.

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Joel Wikell, privately and through Växjö Cityfastigheter AB, owns 2,796,020 shares and no warrants in the Company.

3) The warrants have been subscribed for on the terms and conditions set out in warrant series 2019/2023:1. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.

Viktor Fritzén (born 1985)

Board member

Education/background: Viktor Fritzén holds a MSc in Finance from Stockholm School of Economics. He has been the Group CFO at the mobile gaming company LeoVegas where he helped develop it from a start-up with ten employees to over 800 through several capital raises, acquisitions and a listing on Stockholm Nasdaq. He has extensive experience from working on topics pertaining to data-driveness, scaling and M&A. Viktor Fritzén is currently a board member in the Swedish online bank Avanza, the gig-worker platform AppJobs and the custom sticker company StickerApp.

Current positions: Board member in Avanza Bank Holding AB, Avanza Bank AB, Försäkringsaktiebolaget Avanza Pension, StickerApp Holding AB and AppJobs Sweden AB.

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Viktor Fritzén owns 8,315 shares and 163 warrants[4] in the Company.

Malin Stråhle (born 1971)

Board member

Education/background: Malin Stråhle holds a Master of Architecture, Faculty of Engineering from Lund University. She has served as the CTO of Schibsted Publishing Sweden a Norwegian media company, directors of Business Development at Bonnier Digital, a Swedish media company, Head of Products and Platform for the Maria brand within Unibet, a global gambling company, among other executive positions in larger companies and start-ups. She has many years of strategic and operational experience in developing and driving business and technology and brings expertise in data, news media, social media games and e-commerce. Malin Stråhle is currently working as Director of Strategy Operations at Spotify.

Current positions: Director of Strategy Operations at Spotify.

Prior positions (past five years): Board member in Steni Group AS, Lets deal AB and Venture Cup Sverige (non-profit organisation).

Holdings in the Company (including related parties): As of the date of the Prospectus, Malin Stråhle owns 15,000 shares and no warrants in the Company.

4) The warrants have been subscribed for on the terms and conditions set out in warrant series 2020/2021. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.

Senior executives

Name	Position	Employed since
Maria Hedengren	Chief Executive Officer	April 2019
Johan Adalberth	Chief Financial Officer	September 2019
Joe Armstrong	Chief Operating Officer	June 2019
Ranj Begley	Chief Content Officer	January 2014
Nima Boustanian	Chief Product Officer	December 2018
Patrik Brännfors	Chief Business Development Officer	January 2019
Joakim Johansson	Chief Technical Officer	April 2019
Cecilia von Krusenstierna	Chief Growth Officer	September 2019
Victor Marklund	Chief Analytics Officer	April 2019
Frida Svensson	Chief People Officer	August 2020

Maria Hedengren (born 1970)

Chief Executive Officer

Education/background: Maria Hedengren has studied Accounting & Financing, Business Administration from the University of Gothenburg. She has a broad experience from senior executive leadership in international corporations, big and small, in rapid change and/or rapid growth, primarily within the IT/Tech/FinTech sector and Media. She was previously CFO of NetEnt, a B2B supplier of online casino systems used by online gaming operators. Before joining Readly she was the CFO of iZettle, a Swedish FinTech company offering a commerce platform for small businesses in countries throughout Europe and Latin America. During 2018 Maria Hedengren worked in an IPO process to list iZettle on Nasdaq Stockholm. The IPO process was cancelled due to an acquisition by PayPal for USD 2.2 billion.

Current positions: -

Prior positions (past five years): External signatory in iZettle AB. Chairman of the board in iZettle Merchant Services AB and board member in iZettle Group Holdings AB, iZettle Mexico de S de RL de CV, iZettle do Brasil Meios de Pagament Ltda (former S.A.), iZettle Mechants Services AS and iZettle Mechant Services SAS. Deputy board member in NetEnt Technology AB and board member in NetEnt AB (publ).

Holdings in the Company (including related parties): As of the date of the Prospectus, Maria Hedengren owns 33,005 shares and 150,649 warrants[5] in the Company.

Johan Adalberth (born 1979)

Chief Financial Officer

Education/background: Johan Adalberth holds a MSc in Business Administration from Uppsala University. He has experience from working as an auditor at Grant Thornton. Johan Adalberth has also worked several years at Attendo where he played a part in the stock exchange listing in 2015. Johan Adalberth has also worked in senior financial roles, such as, Head of Finance at Kry (Webhälsa AB), interim Finance Manager at CBRE Asset Services and acting CFO at GS1 Sweden AB.

Current positions: Owner and board member in Ceqada AB.

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Johan Adalberth owns no shares and 30,000 warrants[6] in the Company.

5) 150,000 warrants have been subscribed for on the terms and conditions set out in warrant series 2019/2022 and 649 warrants have been subscribed for in accordance with the terms and conditions set out in warrant series 2020/2021. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.

6) The warrants have been subscribed for on the terms and conditions set out in warrant series 2019/2023:2. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.

Joe Armstrong (born 1974)

Chief Operating Officer

Education/background: Joe Armstrong holds a LLB from King's College London. He is a qualified lawyer (admitted to practice law in England / Wales and the State of New York, USA) with experience in private equity investment and asset management, as well as operational business management. After working as a corporate M&A lawyer in London for more than five years, Joe Armstrong moved into a non-legal role in real estate private equity working on origination, execution and management of real estate investments. For seven years he worked in different roles at OTI Greentech (a public company listed on the Düsseldorf Stock Exchange (Freiverkehr)) and ultimately worked as CEO during two years prior to joining Readly.

Current positions: Board member in Acoustic Spice Limited.

Prior positions (past five years): CEO in OTI Greentech AG.

Holdings in the Company (including related parties): As of the date of the Prospectus, Joe Armstrong owns no shares and 45,000 warrants[7] in the Company.

Ranj Begley (born 1972)

Chief Content Officer

Education/background: Ranj Begley has over twenty years of experience from working in media and publishing. She has worked in the roles as Circulation Director at UBM plc (Miller Freeman), Client Services Director at CDS Global (Tower Publishing) and General Manager at Highbury Communications PLC. For seven years Ranj Begley worked as Client Services Director at Dovetail Services (UK) Limited where she was responsible for setting up of new business, creating new account management team and retain clients after a merger of two companies (CI and Galleon) into one publishing service company, Dovetail Services (UK) Limited. Ranj Begley was approached by Readly to head up the establishment of the Company's UK operations and later on became Chief Content Officer.

Current positions: -

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Ranj Begley owns 30,500 shares and 6,500 warrants[8] in the Company.

Nima Boustanian (born 1983)

Chief Product Officer

Education/background: Nima Boustanian holds a MSc in Computer Science from Stockholm University. He has several years of experience from working with different IT projects for leading Swedish corporations at different IT-consultancy firms such as, Doberman, Designit and SapientNitro. Nima Boustanian also has experience from Tele2 in the role Manager of UX & Design. Before joining Readly Nima Boustanian founded and worked as CTO at Insurello, a digital platform for simplifying and maximising personal accident claims.

Current positions: Board member in Rumiset AB and deputy board member in Sofia Winberg AB.

Prior positions (past five years): Board member and deputy CEO in Insurello AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, Nima Boustanian owns no shares or warrants in the Company.

7) The warrants have been subscribed for on the terms and conditions set out in warrant series 2019/2023:2. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.

8) 5,000 warrants have been subscribed for on the terms and conditions set out in warrant series 2017/2021 and 1,500 warrants have been subscribed for on the terms and conditions set out in warrant series 2019/2023:2. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.

Patrik Brännfors (born 1979)

Chief Business Development Officer

Education/background: Patrik Brännfors has experience from working within sales. He has worked as Country Manager Nordics at DQ&A, a company providing services for efficient and cost effective digital campaigns and Head of Sales Northern Europe at the advertising company zanox. Patrik Brännfors is also an experienced entrepreneur and was the co-founder and CEO of Vinoteket.se and My Driving Academy. Before joining Readly, Patrik Brännfors worked as Country Manager at Getty Images.

Current positions: -

Prior positions (past five years): Board member and CEO in My Driving Academy Sweden AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, Patrik Brännfors owns no shares and 15,000 warrants[9] in the Company.

Joakim Johansson (born 1973)

Chief Technical Officer

Education/background: Joakim Johansson has studied IT at Linnaeus University. He has over 15 years of experience from working with software development. He worked for six years at Boss Media AB with focus on developing a gaming platform within the casino, bingo, poker and sportsbook sector. Joakim Johansson also has experience from working as a business analyst at IKEA to analyse and define actual business need, the optimal business organisation and the optimal IT solution. Before joining Readly Joakim Johansson worked in the role Head of Platform at LeoVegas.

Current positions: -

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Joakim Johansson owns no shares and 10,000 warrants[10] in the Company.

Cecilia von Krusenstierna (born 1975)

Chief Growth Officer

Education/background: Cecilia von Krusenstierna holds a MSc from Uppsala University. She has over 15 years' experience in marketing & communications, brand management, online sales and strategy and business development, reaching from small start-ups to large, global corporations. Cecilia von Krusenstierna's experience includes starting up the Spanish mobile operator Yoigo, heading Telia's online sales, and managing the Nordic marketing department at Eniro.

Current positions: -

Prior positions (past five years): Board member in RevRelations AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, Cecilia von Krusenstierna owns no shares and 20,000 warrants[11] in the Company.

9) The warrants have been subscribed for on the terms and conditions set out in warrant series 2018/2022. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.
10) The warrants have been subscribed for on the terms and conditions set out in warrant series 2019/2023:2. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.
11) The warrants have been subscribed for on the terms and conditions set out in warrant series 2019/2023:2. Refer to section "*Convertibles, Warrants etc.*" for further information regarding each warrant series.

Victor Marklund (born 1984)

Chief Analytics Officer

Education/background: Victor Marklund holds a MSc in National Economics from Uppsala University with graduate studies at Harvard University. Victor has also studied Political Science at the Swedish National Defence University. He has several years of experience from working with analytics, e.g. as Senior Analyst at the Swedish Postcode Lottery, Analytics Manager at Kombispel and A-Z Sportswear. Before joining Readly Victor Marklund worked as Head of Analytics & Growth at Natural Cycles.

Current positions: Chairman of the board in UPD8 Contact AB.

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Victor Marklund owns no shares and 13,000 warrants[12] in the Company.

Frida Svensson (born 1983)

Chief People Officer

Education/background: Frida Svensson holds a bachelor's degree within Human Resource Management from Stockholm University. Frida Svensson has ten years of experience from different HR roles in growth companies. She was HR manager at Betsson and Head of HR at LeoVegas. Before joining Readly, she was HR Director and Senior HR Advisor at Goodbye Kansas as part of the management team and responsible for the global HR strategy.

Current positions: -

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Frida Svensson owns no shares or warrants in the Company.

Other information on the board of directors and senior executives

There are no family ties between any of the board members or senior executives. None of the Company's board members or senior executives have any private interests that could conflict with those of the Company. However, as described above, several board members and senior executives have financial interests in the Company through their shareholdings or warrant ownership. None of the board members or senior executives have been chosen or elected as a result of a specific arrangement with major shareholders, customers, suppliers or other parties.

None of the board members or senior executives in the Company have, over the past five years, been (i) a representative of any company, apart from the positions specified for the various board members and senior executives, (ii) convicted in fraud-related court cases, (iii) represented a company that has been declared bankrupt or that has involuntarily entered into liquidation, (iv) accused by a public authority or organisation that represents a certain professional group and is governed via public sector law, or (v) banned from taking part in business activities.

Auditor

According to the Company's articles of association, Readly is to have not less than one and not more than two auditors, with or without deputy auditors. The Company's auditor is Öhrlings PricewaterhouseCoopers AB, with Aleksander Lyckow (born 1980) as responsible auditor and he has been the responsible auditor during the financial years 2018 and 2019. During the financial year 2017 the Company's auditor was Öhrlings Pricewaterhouse-Coopers AB, with Mattias Johansson (born 1983) as the responsible auditor. The 2020 annual general meeting re-elected Öhrlings PricewaterhouseCoopers AB, with Aleksander Lyckow as responsible auditor, for the period until the end of the next annual general meeting. Aleksander Lyckow is an authorised public accountant and a member of FAR (the professional institute for authorised public accountants). Öhrlings Pricewaterhouse-Coopers AB's office address is Torsgatan 21, SE-113 97 Stockholm.

12) 10,000 warrants have been subscribed for on the terms and conditions set out in warrant series 2018/2022 and 3,000 warrants have been subscribed for on the terms and conditions set out in warrant series 2019/2023:2. Refer to section *"Convertibles, Warrants etc."* for further information regarding each warrant series.

Corporate governance

The Company is a Swedish public limited liability company. Prior to the listing on Nasdaq Stockholm, the corporate governance in the Group was based on Swedish law and internal rules and instructions. After the listing on Nasdaq Stockholm, Readly will also apply the Swedish Corporate Governance Code (the "**Code**"). The Code applies to all companies with shares admitted to trading on a regulated market in Sweden and will be fully applied as of the date of admission to trading. Companies that apply the Code do not have to comply with all of the rules in the Code, but rather have the possibility of choosing alternate solutions that the company deems to be better suited to the company and its operations, provided that any deviations are presented, that the alternate solution is described and that the reasons are explained in the corporate governance report (the "comply or explain principle"). As of the date of the Prospectus, Readly does not expect to report any deviations from the Code in the corporate governance report.

General meeting of shareholders

Pursuant to the Swedish Companies Act, the general meeting of shareholders is the Company's highest decision-making body. At a general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's profit, discharge from liability of board members and the CEO, election of board members and auditors, and remuneration of the BoD and auditors.

In addition to the annual general meeting, extraordinary general meetings may be convened. In accordance with the Company's articles of association, notice of the annual general meeting and notice of an extraordinary general meeting at which the matter of an amendment to the articles of association is to be addressed are to be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notices of other extraordinary general meetings shall be issued not earlier than six weeks and not later than two weeks prior to the meeting. Notices to attend annual general meetings and extraordinary general meetings are published by placing an advertisement in *Post- och Inrikes Tidningar* (the Swedish Official Gazette) and by making the notice available on the Company's website. An announcement that notice has been given is to be published in *Dagens Industri*.

Right to attend general meetings

All shareholders who are directly registered in the share register maintained by Euroclear five weekdays before the general meeting and have notified the Company of their intention to participate in the general meeting not later than the date stated in the notice convening the general meeting have the right to attend the general meeting and vote for the number of shares they hold. Shareholders can normally register for general meetings in several different ways, as stated in the convening notice for the meeting.

Shareholder initiatives

Shareholders who wish to have a matter addressed at the general meeting must submit a written request to the BoD. The request must normally have been received by the BoD not later than seven weeks before the general meeting.

Nomination committee

Under the Code, the Company is to have a nomination committee, the purpose of which is to submit proposals in respect of the chairman of general meetings, board member candidates (including the chairman), fees and other remuneration to each board member as well as remuneration for committee work, election of and remuneration to the external auditors and a proposal regarding the nomination committee for the following annual general meeting. The nomination committee's proposals are presented in the official notice of the annual general meeting.

At the annual general meeting on 18 June 2019, the shareholders adopted the following principles for the appointment of the nomination committee. A nomination committee was appointed for the first time in accordance with these principles ahead of the extraordinary general meeting on 17 January 2020. The nomination committee comprises of Jesper Nilsson, appointed by Cleantech Europe II Luxembourg Sarl, Mathias Berggren, appointed by Joel Wikell, and Marianne Flink, appointed by Swedbank Robur and the chairman of the BoD, Patrick Svensk. The nomination committee elected Jesper Nilsson as its chairman.

The nomination committee, which is to be appointed for the period until a new nomination committee is appointed, is to comprise four members, three of whom are to be appointed by the Company's three largest shareholders in terms of voting rights, and the fourth is to be the chairman of the BoD. As soon as reasonably possible after the end of the third quarter, the chairman of the BoD is to take reasonable measures to contact the three largest shareholders[1] in the Company, in terms of votes according to the share register maintained by Euroclear on that date, and request that they name in writing, within a reasonable period of time considering the circumstances but no more than 30 days, the person the shareholder wishes to appoint as a member of the nomination committee. If one of the three largest shareholders does not wish to exercise its right to appoint a member of the nomination committee, the next shareholder in succession will be offered the right to appoint a member of the nomination committee. In the event that several shareholders forgo the right to appoint members of the nomination committee, the chairman of the BoD does not need to contact more than eight shareholders, provided that it is not necessary in order to put together a nomination committee consisting of at least three members.

1) The ownership statistics that will be used must be sorted according to voting power (by shareholder group) and contain the 25 largest registered shareholders in Sweden, meaning shareholders with an account at Euroclear Sweden AB under their own name, or shareholders who hold a depository account with a nominee who has provided the shareholder's identity to Euroclear Sweden AB.

Provided that nothing has otherwise been agreed on among the members, the member appointed by the largest shareholder will be elected chairman of the nomination committee. Board members may not at any time chair the nomination committee. If, during the year, a shareholder who has appointed a member of the nomination committee ceases to be one of the Company's three largest shareholders, the member appointed by said shareholder must resign from the nomination committee. Instead, a new shareholder among the three largest shareholders shall have the right to independently appoint a member of the nomination committee as it thinks best. However, no marginal differences in shareholdings or changes to shareholdings that emerge later than two months prior to the annual general meeting will lead to any changes in the composition of the nomination committee, provided that no special circumstances exist.

If, for reasons other than those indicated in the paragraph above, a member of the nomination committee resigns before the nomination committee has completed its assignment, the shareholder that appointed that member has the right to independently appoint a replacement member as it thinks best. If the chairman of the BoD resigns from the BoD, their replacement will also replace the chairman of the BoD on the nomination committee.

Changes to the composition of the nomination committee must be announced immediately.

Board of directors

The BoD in the Company is the highest decision-making body after the general meeting.

In accordance with the Swedish Companies Act, the BoD is r esponsible for the management and organisation of the Company, which means that the BoD is responsible for, *inter alia*, establishing procedures and strategies, to ensure the evaluation of set targets, continuously evaluating Readly's financial position and performance, and evaluating the executive management. The BoD is also responsible for ensuring that the annual accounts, consolidated financial statements and interim reports are prepared on time. In addition, the BoD also appoints the CEO.

The BoD follows written rules of procedure, which are revised annually and adopted by the statutory board meeting every year, or in another manner if so required. The rules of procedure govern, *inter alia*, the BoD's practices, duties and the work between the members of the BoD and committees, the CEO and the established committees. At the statutory board meeting, the BoD also adopts instructions for the CEO, including instructions for financial reporting.

The BoD meets according to a schedule that is determined annually. In addition to these meetings, additional board meetings can be convened to address issues that cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the BoD and the CEO discuss the management of the Company and the Group on an ongoing basis.

The board members are elected every year at the annual general meeting for the period until the end of the next annual general meeting. Under the Company's articles of association, the BoD – to the extent it is elected by the general meeting – is to consist of at least three and no more than ten members. As of the date of the Prospectus, the BoD consists of six members elected by the annual general meeting who are presented in greater detail in the section "*Board of directors, senior executives and auditor*". The chairman of the BoD is elected by the annual general meeting and has special responsibility for managing the BoD's work and ensuring that it is well organised and effectively implemented.

Remuneration committee

On 17 January 2020 the BoD established a remuneration committee consisting of Nathan Medlock (chairman of the committee) and Joel Wikell. The remuneration committee is primarily a preparatory body that prepares proposals for the BoD. The work of the remuneration committee is conducted in accordance with the most recently adopted rules of procedure, adopted by the BoD on 25 May 2020. The primary tasks of the remuneration committee are to prepare decisions by the BoD on issues concerning remuneration policies, remuneration and other terms of employment for company management; to monitor and evaluate ongoing programmes for variable remuneration to company management and programmes that were adopted during the year; and to monitor and evaluate application of the guidelines for remuneration to senior executives decided on by the annual general meeting as well as existing remuneration structures and levels in the Company.

Audit committee

On 17 January 2020, the BoD inaugurated an audit committee consisting of Viktor Fritzén (chairman of the committee), Alexandra Whelan and Patrick Svensk. The audit committee is primarily a preparatory body that prepares proposals for the BoD. The work of the audit committee is conducted in accordance with the rules of procedure adopted by the BoD. Its primary tasks, without prejudice to the general duties and responsibilities of the BoD, are to:

- monitor the Company's financial statements;
- monitor the efficiency of the Company's internal control and risk management with regard to the financial statements;
- remain informed about the audit of the annual report and consolidated accounts;
- inform the BoD of the results of the audit and of the manner in which the audit contributed to the reliability of the financial statements as well as the functions the committee has had;
- quality-assure the year-end reports and interim reports prior to decisions by the BoD;

- audit and monitor the auditor's impartiality and independence and thereby noting in particular, whether the auditor provides the Company with services other than audit services. Approve the auditor's advisory services;
- assist in the preparation of proposals regarding auditors for resolution at general meetings; and
- evaluate and approve the auditor's audit plan regarding scope and areas of priority.

CEO

The CEO is subordinated to the BoD and is responsible for the everyday management and operations of the Company. The division of work between the BoD and the CEO is set forth in the rules of procedure for the BoD and the instructions to the CEO. The CEO is also responsible for preparing reports and compiling information from Company management for the board meetings and for presenting such materials at the board meetings. Under the guidelines for financial reporting, the CEO is responsible for the Company's financial statements and must thus ensure that the BoD receives sufficient information to assess the Company's financial position on a continual basis. The CEO and other senior executives are presented in the section "*Board of directors, senior executives and auditor*".

Internal control

Readly has not introduced a separate internal audit function. This duty is performed by the BoD. The BoD's responsibility for internal control and governance are regulated in the Swedish Companies Act and the Swedish Annual Accounts Act as well as other applicable laws and regulations. The Code is also applied. The BoD establishes the reports that are to be prepared in order for the BoD to follow the Company's performance. The BoD is to annually assess the need for a separate internal audit function and justify its decision in the description of internal control in the corporate governance report.

The BoD' work, policies and the structure of internal control, risk assessments and control activities refer to all companies in the Group.

The Company's internal control is based on the internal control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). This framework encompasses five components: *control environment, risk assessment, control activities, information and communication*, and *monitoring activities*.

Control environment

The BoD' responsibilities include ensuring that the Company has a high level of internal control and formal procedures that ensure compliance with established internal control principles and that an appropriate system is in place for the monitoring and control of the Company's operations and the risks related to the Company and its operations. An important part of the control environment involves ensuring that decision-making channels, authorities and responsibilities are clearly defined and communicated between the different levels of the organisation and that governing documents in the form of policies and guidelines encompass all significant areas and that they provide guidance to various senior executives of the Company.

An important part of the BoD's work is to prepare and approve a number of fundamental policies, guidelines and frameworks. These include, *inter alia*, the BoD's rules of procedure (that includes instructions for each committee), instructions for the CEO and, anti-corruption, finance, risk, and other corporate-governance policies. The purpose of these instructions and policies is to create a foundation for a high level of internal control. Furthermore, the BoD works to ensure that the organisational structure provides clear roles, responsibilities and processes that enhance the efficiency of risk management in the operations and support the achievement of objectives. Based on the instructions for the CEO, the ongoing responsibility for internal control and risk management has been delegated to the Company's CEO who is to ensure that internal-control systems is effective and that the Company complies with applicable and generally accepted practices regarding the Company operations and management. The Company's CEO is to regularly report back to the BoD in accordance with established instructions.

The BoD has also established an audit committee which, according to established instructions, is primarily responsible for monitoring and quality-assuring the Company's financial reporting, ensuring continuous contact with the Company's auditor, monitoring the effectiveness of the Company's internal control over financial reporting, and reviewing and monitoring the objectivity and independence of the auditor.

Risk assessment

Readly performs annual risk assessments to identify risks that impact its internal control over the financial reporting and other risks for the Group's operations. The BoD has adopted a risk policy that includes procedures for identifying, assessing and managing risks based on the Group's vision and objectives. Under the framework of the risk policy Readly's senior executives carry out an annual risk evaluation in respect to strategic, operational, legal and compliance and financial risks. This involves all of Readly's senior executives and all of the Group's operating functions, for example, accounting, HR, marketing, content and sales. The senior executives of each operating function identify the risks of that specific operating function. All of the senior executives then attend a workshop together to discuss and prepare a joint risk matrix that encompasses the entire business of the Group. The risk matrix is based on an analysis of the likelihood of the risk occurring and the impact it could have on the Group's operations. A responsible person shall be appointed for mitigation of each risk, which includes actions to reduce, eliminate or export unwanted risks. The responsible person shall also present a plan of action for each risk. The CEO is responsible to approve all mitigation action that is reported. The results of the management's risk assessment including mitigation actions, as well as the other steps of the risk management process, shall be documented and reported to the BoD on an annual basis. Additional reports will be presented to the BoD when necessary. The BoD is subsequently responsible for taking action and tailoring the Group's processes, strategies and procedures to base on the risk assessment.

Control activities

The BoD is responsible for the internal control and monitoring of senior executives. Control activities include the guidelines and procedures that help ensure that the directives of senior executives are implemented. In this respect, Readly has prepared a financial handbook and an employee handbook to manage risks and ensure that the Group's targets are met. The control activities encompassed by these handbooks include approval, authorisation, verification, reconciliation, reviewing the results of the operations, securing assets, results analysis and budget follow-ups etc. All control activities are evaluated in the annual risk assessment described above to ensure that the activities are suitably designed.

A number of the Group's internal control activities also involve the Company's audit committee discussing and analysing matters related to the Group's internal-control activities at every meeting. Under the framework of internal control, risks are discussed and identified based on operating and financial aspects. The minutes from the audit committee are then presented to the BoD at a board meeting. The BoD has the opportunity to ask the audit committee questions regarding internal control, after which the BoD makes a decision on the matter.

Information and communication

The purpose of Readly's information and communication channels is to promote the accuracy of the financial reporting and facilitate reporting and feedback from the operations to the BoD and management, for example, by making governing documents available in the form of internal policies, guidelines and instructions on the financial reporting, and ensuring the relevant employees are familiar with them. Part of Readly's internal communication activities involves the financial handbook, which comprises a list of instructions regarding corporate governance, accounting policies and authorisation. The financial handbook has been made available and communicated internally within Readly and serves as a governing document that encompasses the Group's entire operations. Furthermore, information within the Group is spread through informal communication channels to and from the BoD and senior executives, which is done through information meetings, the intranet and other information systems.

The BoD has also adopted an information and communications policy and an insider policy that regulates the Company's provision of information, such as external financial information in the form of interim reports, annual accounts, annual reports and press releases in connection with significant events that could affect the share price.

The information provided follows the requirements of Nasdaq Stockholm's Rule Book for Issuers and the EU Market Abuse Regulation. The BoD discusses external financial statements prior to publication. The information and communications policy and insider policy also stipulate the manner in which communication is to take place and the individuals who are to represent Readly.

Monitoring activities

Monitoring internal control and its effectiveness is an integrated part of the ongoing operations. According to the Company's instructions for the CEO, the CEO is to ensure that the BoD regularly receives reports on the performance of the Group's operations, the size of the turnover, any price developments, the Group's earnings and financial position, the liquidity and credit situation, the development of the subscribers, gained and lost material publishers, whether taxes and statutory fees have been paid and more important business events, such as substantial budget deviations concerning important indicators for the result and liquidity and any current disputes of significance and the termination agreements important for the Group. The BoD is responsible for delegating and decide on possible actions required under the framework of the Group's operations.

Readly has established a policy for policies which is a framework for all of the policies and guidelines that the Group has established. The policy for policies is used to monitor the appropriate level, scope and frequency of oversight of the Group's policies and to guide Readly in its decision making and to ensure consistency and quality in the documentation of established principles. The policies, guidelines and processes are reviewed at least once a year or in connection with or ahead of changes to regulations and standards that would impact the internal control. The BoD is responsible for adopting, evaluating and reviewing the policy for policies and shall be adopted annually, or more frequently if any amendments are required. The CEO is responsible for communicating the content and ensuring Readly's adherence to the policy for policies.

Remuneration to the BoD, the CEO and other senior executives

Remuneration to the BoD

The chairman and the other members of the BoD are paid a fee in accordance with the decision of the annual general meeting. At the annual general meeting on 25 May 2020 it was resolved that the remuneration to each of the non-executive board members elected by the annual general meeting will amount to SEK 250,000 and SEK 500,000 for the chairman of the BoD. In addition, the chairman of the remuneration committee will receive fees totalling SEK 30,000 and the other members of the remuneration committee will receive fees totalling SEK 15,000 and the chairman of the audit committee will receive fees totalling SEK 65,000 and the other members of the audit committee will receive fees totalling SEK 25,000.

The board members of the Company are not entitled to any benefits after their resignation as members of the board.

Guidelines for remuneration to senior executives

The following guidelines for remuneration to senior executives in the Group were adopted at the extra general meeting to held on 4 September 2020.

General

The guidelines shall apply to remuneration that has been agreed upon or to changes in already agreed remunerations after the guidelines have been adopted by the general meeting. The guidelines do not apply to remunerations that have been resolved by the general meeting and any remuneration through shares, warrants, convertibles or other share-related instruments such as synthetic options or employ stock options shall therefore be resolved by the general meeting.

These guidelines apply to the CEO and other senior executives in the company group and all other remuneration to members of the board except fees to the BoD.

Regarding employment conditions that are governed by rules other than Swedish, appropriate adjustments may be made in order to comply with such mandatory rules or established local practice, whereby the general objectives of these guidelines shall, to the extent possible, be met.

The guidelines promotion of the Company's business strategy, l ong-term interest and sustainability

The guidelines shall contribute to establish conditions to recruit and maintain qualified senior executives in the Company in order to successfully implement the Company's business strategy and meet the Company's long-term interests, including sustainability. The guidelines shall also stimulate an increased interest for the business and the result as a whole as well as to increase the motivation for the senior executives and to increase belonging within the Company. The guidelines' purpose is further to create a common interest for the Company's shareholders and the senior executives. The guidelines shall also contribute to a good ethic and culture within the Company.

In order to achieve the Company's business strategy, the total annual remuneration must be market-based and competitive in the employment market in which the senior executive is situated and taking into account the individual's qualifications and experience and that exceptional performance must be reflected in the total remuneration. For more information regarding the Company's business strategy, please see, corporate.readly.com.

Variable cash payments covered by these guidelines are intended to promote the Company's business strategy and long-term interests, including its sustainability.

The forms of remuneration etc.

The remuneration to the senior executives in the Company shall comprise of fixed cash salary, possible variable cash salary, other customary benefits and pension payments. The total cash remuneration, including pension benefits, shall, on a yearly basis, be in line with market practice and competitive on the labour market where the senior executive is based and take into account the individual responsibilities, competences, qualifications and experiences of the senior executive as well as reflecting any notable achievements. Fixed and variable cash salary shall be related to the senior executives' responsibility and authority. The fixed cash salary shall be revised on a yearly basis.

The senior executives may receive variable cash remuneration in addition to fixed cash salaries. The variable remuneration shall be based on the outcome of actual predetermined targets based on the Company's business strategy and the long term business plan approved by the BoD. The targets may include share based or financial targets, either on group or section level, operative goals and goals for sustainability and social responsibility, employee engagement or customer satisfaction. These targets are to be established and documented annually. The Company has established financial targets and KPIs in relation to strategic and business critical initiatives and projects which ensures alignment with the business plan and business strategy for a continued sustainable business. The variable cash remuneration shall also be designed with the aim of achieving greater community of interest between the participating senior executive and the Company's shareholders in order to contribute to the Company's long-term interest.

Cash based variable remuneration shall be earned and paid out pro rata based on the number of working months and days since first employment date assuming the Employee starts with the company no later than September 30. If the Employee starts with the company after September 30, bonus entitlement commence from the following fiscal year. The variable cash remuneration shall amount to a maximum of 50 percent of the fixed salary (calculated at the date for vesting). Terms for variable cash remuneration should be designed so that the BoD may limit or omit payment of variable remuneration, provided that exceptional economic circumstances are at hand, if the BoD finds the payments unreasonable and incompatible with the Company's responsible in relation to its shareholders. With respect to yearly bonuses, it should be possible to limit or omit payments, if the BoD deems it reasonable because of any other reasons. The Company has no right according to agreements to reclaim variable remuneration paid in cash.

Additional variable cash compensation may be payable in exceptional circumstances, provided that such arrangements are time-limited and made only at the individual level. The purpose of such arrangements must be to recruit or retain executives, or as compensation for extraordinary work in addition to the person's ordinary duties. Such compensation shall not exceed an amount corresponding to 25 percent of the fixed annual cash salary and shall not be paid more than once per year and per individual. A decision on such remuneration shall be made by the BoD on proposal from the remuneration committee.

The Company may provide other benefits to senior executives in accordance with local practice. Such other benefits may include company healthcare and education.

Pension payments shall be fee determined. A maximum of 25 percent of the pension based salary may be pension premium. Employees have the right to salary exchange (i.e., instead of salary choose to receive salary as pension payments. Salary exchange shall be cost neutral for the employer). Right to pension occurs normally at 65 years of age. Bonus payments are not grounds for any pension entitlements/contributions, unless local law provides otherwise.

For executives who are stationed in a country other than their home country, additional remuneration and other benefits may be paid to a reasonable extent, taking into account the particular circumstances associated with such expatriation, whereby the overall purpose of these guidelines is to be met as far as possible. Such benefits may amount to a maximum of 15 percent of the fixed annual cash salary.

Payment of consultancy fees and additional remuneration may be paid to directors after decision by the BoD, after preparation by the remuneration committee, if a director performs services on behalf of the Company, which do not constitute board work. Such remuneration shall be designed in accordance with these guidelines.

When the measurable period for fulfilment of the criteria for payment of variable cash compensation has ended, the extent to which the criteria have been met shall be determined. The BoD, after preparation from the remuneration committee, is responsible for the assessment of variable cash remuneration to the CEO and the CEO is responsible for the assessment of variable cash remuneration to other executives. With respect to financial targets the evaluation shall be based on the Company's latest publicly available financial information.

Notice of termination and severance pay

Fixed salary during the notice period and any severance pay shall in total not exceed an amount corresponding to a maximum of two years' fixed salary. The maximum notice period in any senior executive's contract may be no more than twelve months during which time salary payment will continue. The Company does not allow any additional contractual severance payments.

Deviations from the guidelines

The BoD shall be entitled to deviate from the guidelines, with respect to recruitment of senior executives on the global labor market to be able to offer competitive terms and conditions, in an individual case if there are special reasons for it and a deviation is necessary to ensure the Company's long term interests and sustainability or to ensure the Company's economic viability. Such deviation shall also be approved by the remuneration committee. An arrangement deviating from the guidelines can be renewed but each such arrangement shall be limited in time and shall not exceed a period of 24 months and twice the remuneration that the individual would have received had no additional arrangement been made.

Preparation, decision processes etc.

Decisions regarding salary and other remuneration to the managing director and other senior executives are prepared by the remuneration committee and resolved by the BoD and, where applicable, the CEO.

The remuneration committee shall also prepare the BoD's decisions on issues concerning principles for remuneration. The remuneration committee shall also monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the senior executives and monitor and evaluate the application of these guidelines for remuneration to senior executives, as well as current remuneration structures and levels in the Company.

The Company believes remuneration is one of several key components in attracting and retaining the right staff. The Company shall offer a total rewards package that is:

- Fair and equitable. No employee should be discriminated in relation to gender, ethnicity, age, disability or any other factor unrelated to performance or experience. Rewards should be understood in relation to the level of responsibility and impact on the business that a certain role has.
- In line with market. The Company strives to remunerate in accordance with market. Base and variable pay, as well as benefits and pensions should be in line with what each local market offers for similar positions.
- Performance based. The Company recognises people who are committed to sustainable long-term performance that drives the business and develops the company in line with our values and principles. High performance is the main differentiator for employee's rewards packages.

In preparing the BoD's proposal for these guidelines, salary and terms of employment for the Company's employees have been taken into account, with respect to information on the employees' total remuneration, the components of the remuneration and the rate of increase and increase over time, when the remuneration committees and the BoD have decided on the evaluation of the reasonableness of these guidelines and the limitations that follows from the guidelines.

The BoD considers that the guidelines on remuneration to senior executives are proportionate in relation to salary levels, remuneration levels and conditions for other employees in the Group.

Information regarding remuneration

For information regarding remuneration refer to the Company's annual accounts available at the Company's website corporate.readly.com.

Remuneration to the CEO and senior executives

Remuneration to the CEO and other senior executives is subject to an annual review in accordance with the Company's applicable guidelines for remuneration of senior executives.

Remuneration in 2019

The table below presents the reported costs during the 2019 financial year regarding remuneration to board members and senior executives who retained their assignment in the Group on the date of the Prospectus.

	Salaries and other remuneration/board fees	Variable remuneration	Pension costs	Other remuneration	Total
Board of directors					
Nathan Medlock	28,611	-	-	-	28,611
Alexandra Whelan[2]	-	-	-	1,642,465[3]	1,642,465
Joel Wikell	-	-	-	-	-
Board of directors in total	**28,611**	**-**	**-**	**1,642,465**	**1,671,076**
Senior executives					
Maria Hedengren	1,476,000	414,000	369,000	-	2,259,000
Other senior executives total (consisting of nine individuals)[4]	8,562,679	873,437	820,368	-[5]	10,256,484
Total senior executives	**10,038,679**	**1,287,437[6]**	**1,189,368**	**-**	**12,515,484**
Total board of directors and senior executives	**10,067,290**	**1,287,437**	**1,189,368**	**1,642,465**	**14,186,560**

Benefits after termination of employment for the CEO and other senior executives

The CEO receives a fixed salary of SEK 180,000 per month and can, based on established parameters linked to the Group's performance, receive variable remuneration of 50 percent of the fixed salary on an annual basis. The notice period for termination on the CEO's side is six months and from the Company's side the notice period is 12 months. The CEO is bound by a restriction on non-competition for a period of 12 months after her employment expires. As a compensation for the restriction on non-competition, the Company shall each month pay the CEO the difference between her base salary with the Company at the time the employment expired and the (lower) salary the CEO earns in a new employment. The compensation shall, however, not exceed 60 percent of the monthly remuneration, calculated on an average of the base salary, bonuses and other variable remuneration over the last 12 months from the expiration of the employment.

The other senior executives, except for the Chief Product Officer who is hired as a consultant, receive fixed salaries varying between SEK 80,000 and approximately[7] SEK 160,000 per month and are bound by non-competition restrictions valid for a period of three or nine months. As compensation for the restriction on non-competition, Readly shall during three months, each month pay the employees' average monthly salary from the Company, at the time the employment expired and the (lower) salary the

2) Other remuneration to the board member Alexandra Whelan consists of invoiced remuneration for her expertise as consultant in the operations and is not related to her board assignment. These services ended during the autumn 2019.

3) Alexandra Whelan has received 45,000 options, with the right to subscribe 1:1 ordinary shares. No amount has been paid in 2019.

4) Total invoicing for non-employed other senior executives amounted to SEK 2.0 million. These costs have been included in the total amount for basic salary but also cover social security contributions and pension costs. Readly makes the assessment that invoiced fees are in accordance with the Group's policy as they are cost-neutral in comparison with salary costs for employees.

5) One senior executive has received 45,000 options, with the right to subscribe 1:1 ordinary shares. No amount has been paid in 2019.

6) The amount includes bonus resolved but not paid 2019.

7) Two of the senior executives receive salary payments in GBP and the highest monthly amount has been translated to SEK.

employee earns in a new employment. The compensation shall, however, not exceed 60 percent of the monthly remuneration, calculated on an average of the base salary, bonuses and other variable remuneration over the last 12 months from the expiration of the employment.

Apart from what is described above no senior executive has the right to any benefits during the notice of termination period and the Company has no deposited or capitalised amounts for pensions or similar benefits in the event that a senior executive leaves his or her position.

Audit

The auditor is to review the Company's annual reports and financial statements as well as the management of the BoD and the CEO. Following each financial year, the auditor is to submit an audit report and an audit report on the consolidated financial statements to the annual general meeting. In accordance with the Company's articles of association, the Company shall appoint one or two auditors, with or without deputy auditors. The Company's auditor is presented in greater detail in the section "*Board of directors, senior executives and auditor*".

For the 2019 financial year, total remuneration to the Company's auditor for its services within the Group amounted to SEK 3,271 thousand, of which SEK 665 thousand pertained to audit assignments.

Share capital and ownership structure

General information

As of the date of the Prospectus, according to the Company's articles of association, the share capital may not be less than SEK 873,000 and may not exceed SEK 3,492,000, and the number of shares may not be less than 29,100,000 and not exceed 116,400,000. As of the balance sheet date of 30 June 2020 the Company's share capital amounted to SEK 869,912.35 represented by 29,114,330 shares. As of the date of the Prospectus the Company's share capital amount to SEK 873,429.90 represented by 29,114,330 shares. The shares consist of preference shares and ordinary shares, distributed by the following amount of preference shares and classes 1,660,845 Pref A, 3,242,180 Pref A1, 4,562,375 Pref B, 1,414,300 Pref C and 18,234,630 ordinary shares.

The existing preference share structure will be settled in connection with the listing of the Company's shares on Nasdaq Stockholm. Accordingly, the Company will only have one share class, ordinary shares, following completion of the Offering which will carry the same rights. The ISIN-code for the Company's ordinary share is SE00054168881.

The shares are denominated in SEK and each share has a quotient value of SEK 0.03. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. No public takeover bid has been made for the offered shares during the current or preceding financial year.

Settlement of the existing share structure

As of the date of the Prospectus, there are several different share classes in the Company. In connection with the listing of the Company's ordinary shares on Nasdaq Stockholm, all preference shares will be automatically converted (1:1) ordinary shares in accordance with the conversion right clause in the Company's articles of association (the "**Share Conversion**"). The settlement of the existing share structure is expected to be registered with the Swedish Companies Registration Office on or about 17 September 2020. Accordingly, after the Share Conversion, there will be only one share class in the Company, ordinary shares.

Certain rights associated with the shares

The shares in the Offering are of the same class. The rights associated with shares issued by the Company, including those pursuant to the Company's articles of association, may only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).

Voting rights

Each share in the Company entitles the holder to one vote at general meetings of shareholders, and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Preferential rights to new shares, etc.

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, as a general rule, shareholders have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Rights to dividends and balances in the event of liquidation

All shares carry equal rights to dividends and to the Company's assets and any potential surplus in the event of liquidation. Decisions regarding dividends in limited liability companies are made by the general meeting of shareholders. Entitlement to receive dividends accrues to those who, on the record date adopted by the general meeting of shareholders, are registered in the share register maintained by Euroclear as shareholders. Dividends are normally distributed to the shareholders as a cash amount per share through Euroclear, but may also be distributed in forms other than cash (distribution in kind). Should a shareholder be unable to be reached through Euroclear, the shareholder will continue to have a claim against the Company with regard to the dividend limited in time pursuant to a ten-year statute of limitation. Should the claim become barred by the statute of limitations, the dividend amount accrues to the Company.

No restrictions on the right to receive dividends apply to shareholders resident outside of Sweden. With reservation for any limitations imposed by the banks and clearing systems in the jurisdictions concerned, disbursements to such shareholders are conducted in the same manner as those to shareholders in Sweden. Shareholders who are not subjects to taxation in Sweden are usually subject to Swedish withholding tax.

Rules applicable for takeover bids, etc.

From the date of the Prospectus, the Financial Instruments Trading Act (1991:980) and the Swedish Takeover Act (2006:451) apply to any public takeover bid submitted to acquire the shares in the Company as do Nasdaq Stockholm's Takeover Rules dated 1 April 2018.

If the BoD or CEO of the Company, based on information arising from a party intending to submit a public takeover bid for the shares of the Company, has justifiable grounds to assume that such an offer is imminent, or if such an offer has been submitted, then pursuant to that stated under Chapter 5, Section 1 of the Swedish Takeover Act, Readly may, following a resolution passed by the general meeting of shareholders, implement measures designed to impair the conditions for submission or completion of the takeover bid. Notwithstanding the above, Readly may explore alternative offers.

During a public takeover bid, shareholders are free to determine whether they wish to dispose of their shares via the public takeover bid. Following a public takeover bid, if the party that submitted the offer has thereafter obtained not less than nine tenths of the shares, that party is entitled to purchase the remaining shareholders' shares in accordance with the general rules on compulsory buy-outs set out in Chapter 22 of the Swedish Companies Act (2005:551).

The shares in the Company are not subject to any offer made due to a mandatory bid, redemption rights or buy-out obligation. Nor has any public takeover bid been submitted regarding the shares during the current or preceding financial year.

Dividend policy

The Company's BoD does not intend to propose the distribution of a dividend in the short or mid-term and intends to use the cash flow generated for continued investments in growth. The BoD shall each year evaluate the possibility of distributing a dividend after taking into account the development of the business as well as its operating profit and financial position.

The Company's shareholders have not decided to distribute dividends during the period included in the historical financial information in the Prospectus.

Central securities depository

The Company's shares are registered in a central securities depositary register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register is maintained by Euroclear, Box 191, 101 23 Stockholm, Sweden. No share certificates have been issued for the Company's shares. The account operator is Euroclear. The ISIN code for the Company's shares is SE0005468881.

Changes in share capital

The following table illustrates the changes in share capital for the period encompassed by the historical financial information in the Prospectus, including any known changes after that date.

		Number of shares		*Share capital (SEK)*		
Reg. date	**Event**	**Change**	**Total**	**Change**	**Total**	**Subscription price (SEK)**
~ 21 September 2020	Issue of new shares in connection with the Offering[1]	7,627,118	36,741,448	228,813.54	1,102,243.44	SEK 59
7 September 2020	Share split	23,291,464	29,114,330	-	873,429.90	-
24 July 2020	New issue units[2]	104,817	5,822,866	15,722.55	873,429.90	SEK 268
26 June 2020	New issue units[3]	245 367	5,718,049	36,805.05	857,707.35	SEK 268
3 April 2020	New share issue (exercise of warrants)[4]	1,000	5,472,682	150	820,902.30	SEK 130
3 April 2020	New share issue (exercise of warrants)[5]	22,100	5,471,682	3,315	820,752.30	SEK 86
3 April 2020	New share issue (exercise of warrants)[6]	350	5,449,582	52.50	817,437.30	SEK 155
25 September 2019	New share issue (payment through set-off claim)[7]	41,086	5,449,232	6,162.90	817,384.80	SEK 155.00
8 August 2019	New share issue (cash payment)[8]	8,908	5,408,146	1,336.20	811,221.90	SEK 168.00
25 June 2019	New share issue (cash payment)[9]	934,518	5,399,238	140,177.70	809,885.70	SEK 0.15
30 November 2018	New share issue (cash payment)[10]	32,220	4,464,720	4,833.00	669,708.00	SEK 164.00
25 October 2018	New share issue (cash payment)[11]	28,080	4,432,500	4,212.00	664,875.00	SEK 164.00
12 October 2018	New share issue (cash payment)[12]	222,560	4,404,420	33,384.00	660,663.00	SEK 164.00
26 September 2018	New share issue (common shares)[13]	365,853	4,181,860	54,877.95	627,279.00	SEK 164.00
21 September 2018	New share issue (bonus issue)[14]	0	3,816,007	190,800.35	572,401.05	SEK 0.00
5 June 2018	New share issue (payment through set-off claim)[15]	5,849	3,816,007	584.90	381,600.70	SEK 155.00
25 May 2018	New share issue (exercise of warrants)[16]	3,750	3,810,158	375.00	381,015.80	SEK 86.00
31 October 2017	New share issue (cash payment)[17]	193,547	3,806,408	19,354.70	380,640.80	SEK 155.00
14 June 2017	New share issue (cash payment)[18]	47,940	3,612,861	4,794.00	361,286.10	SEK 155.00
12 June 2017	New share issue (cash payment)[19]	43,686	3,564,921	4,368.60	356,492.10	SEK 0.10
12 June 2017	New share (payment through set-off-claim)[20]	629,902	3,521,235	62,990.20	352,123.50	SEK 155.00

1) Based on the assumption that the Offering is fully subscribed at the Offering price is of 59 SEK and that the Overallotment Option is not exercised.

2) On 25 June 2020, the BoD resolved, with authorisation from the annual general meeting held on 25 May 2020, to issue a maximum of 104,817 units, corresponding to a maximum of 104,817 ordinary shares.

3) On 3 June 2020, the BoD resolved, with authorisation from the annual general meeting held on 25 May 2020, to issue a maximum of 268,357 units, corresponding to a maximum of 268,357 ordinary shares, out of which 245 367 ordinary shares were subscribed for.

4) Increase of the Company's share capital through exercise of warrants. A total of 1,000 warrants were exercised to new common shares in the Company.

5) Increase of the Company's share capital through exercise of warrants. A total of 22,100 warrants were exercised to new common shares in the Company.

6) Increase of the Company's share capital through exercise of warrants. A total of 350 warrants were exercised to new common shares in the Company.

7) The extra general meeting on 2 May 2019 resolved to issue a maximum of 41,086 preferential shares of class B through set-off.

8) The BoD on 15 July 2019 resolved, pursuant to the authorisation granted by the annual general meeting on 18 June 2019, to issue a maximum of 8,908 common shares.

9) The BoD on 18 June 2019 resolved, pursuant to the authorisation granted by the extra general meeting on 14 September 2018, to issue a maximum of 934,518 common shares in the Company.

10) The BoD on 6 November 2018 resolved, pursuant to the authorisation granted by the extra general meeting on 14 September 2018, to issue a maximum of 32,220 preferential shares of class C.

11) The BoD on 28 September 2018 resolved, pursuant to the authorisation granted by the extra general meeting on 14 September 2018, to issue a maximum of 28,080 preferential shares of class C.

12) The extra general meeting on 14 September 2018 resolved to issue a maximum of 588,413 shares, whereas a total maximum of 222,560 preferential shares of class C were subscribed.

13) The extra general meeting on 14 September 2018 resolved to issue a maximum of 588,413 shares and a total maximum of 365,853 common shares was subscribed.

14) The extra general meeting on 14 September 2018 resolved to increase the Company's share capital through a bonus issue, without any shares issued, by allocating capital from the Company's share premium reserve (Sw: *överkursfond*).

15) The BoD on 11 May 2018 resolved, pursuant to the authorisation granted by the annual general meeting on 13 June 2017, to issue 5,849 common shares. The shares issued were paid for through set-off.

16) Increase of the Company's share capital through exercise of warrants. A total of 3,750 warrants were exercised to new common shares in the Company. The warrants were issued by the BoD on 19 February 2016.

17) The extra general meeting on 4 May 2017 resolved to issue a total maximum of 193,547 preferential shares of class B.

18) The BoD 15 May 2017 resolved, pursuant to the authorisation granted by the extra general meeting on 4 May 2017, to issue a total maximum of 47,940 preferential shares of class B.

19) The extra general meeting on 4 May 2017 resolved to issue a total maximum of 43,686 common shares.

20) The extra general meeting on 4 May 2017 resolved to issue a total maximum of 629,902 preference shares of class B.

Net asset value per share compared to the price per share in the Offering

As of 30 June 2020, the Company's net asset value per share amounted to SEK 6.92. The Price in the Offering will amount to SEK 59 per share.

Shareholders' agreements

Two shareholders' agreements exist between certain the Main Shareholder and other shareholders in the Company, to which the Company is a party as well. The shareholders' agreements will cease to apply in conjunction with the listing of the Company's shares on Nasdaq Stockholm. To the best of the BoD's knowledge, there are no other shareholders' agreements' or other arrangements between the Company's shareholders pertaining to joint influence over the Company. Nor is the BoD aware of any agreements or similar undertakings that could lead to changes in control over the Company.

Convertibles, warrants etc.

As of the date of the Prospectus, other than the warrants detailed below, the Company has no warrants, convertibles or other financial instruments outstanding that, if exercised, could lead to dilution for the existing shareholders.

The Company has issued a total of 1,014,441 warrants. At the date of the Prospectus there are 919,023 warrants held by warrant holders. If all warrants held by warrant holders are exercised and new shares are subscribed for, the maximum dilution amounts to approximately 13.6 percent. The warrants currently not held by warrant holders are held by the Company's subsidiaries, Readly AB and Readly Financial Instruments AB.

At the extra general meeting on 4 September 2020 it was resolved to conduct a share split (1:5) leading to a recalculation of the subscription price for the warrants, meaning that each warrant will entitle the warrant holder to subscribe for five shares at a price corresponding to one fifth of the original subscription price.

Series 2016/2020

The BoD resolved on 6 December 2016 to issue a maximum of 30,000 warrants with the right for the warrant holders to subscribe for new common shares in the Company. A total of 10,000 warrants were acquired by key employees. Each warrant entitles the warrant holders to subscribe for one new common share, at a subscription price of SEK 199, between 1 July 2020 up to and including 30 December 2020. The purchase price per warrant was SEK 2.50. The warrants were registered with the Swedish Companies Registration Office on 21 December 2016.

Series 2017/2020

The BoD on 6 December 2017 resolved to issue a maximum of 117,500 warrants with the right for the warrant holders to subscribe for new common shares in the Company. In total, 100,000 warrants were acquired by key employees. The purchase price per warrant was SEK 6.35. Each warrant entitles the warrant holders to subscribe for one new common share, at a subscription price of SEK 250, between 1 July 2020 up to and including 30 December 2020. The warrants were registered with the Swedish Companies Registration Office on 21 December 2017.

Series 2017/2021

The BoD resolved on 19 October 2017 to issue a maximum of 36,000 warrants. The warrants were subscribed by the wholly owned subsidiary Readly Financial Instruments AB, with the right and obligation for the subsidiary to offer the warrants to key employees and consultants in the Group. Each warrant entitles the warrant holders to subscribe for a new common share at a subscription price of SEK 155. No purchase price was paid per warrant. The warrant holders have the right to subscribe for new common shares from a date decided by individual warrant agreements up to and including 30 June 2021. The warrants were registered with the Swedish Companies Registration Office on 21 November 2017.

As of the date of the Prospectus, 350 warrants of series 2017/2021 have been exercised to subscribe for an equal number of common shares and 5,560 warrants have been revoked. As of the date of the Prospectus, the number of warrants outstanding amount to 30,090.

Series 2018/2022

The extra general meeting on 19 December 2018 resolved to issue a maximum of 198,000 warrants, where 55,166 warrants of series A and 142,834 of series B. The warrants were subscribed by the wholly owned subsidiary Readly Financial Instruments AB, with the right and obligation for the subsidiary to offer the warrants to senior executives, key employees, consultants and directors in the Group to acquire the warrants.

A total of 93,167 warrants were acquired by senior executives, key employees, consultants and directors. A total of 12,917 was of series A that was acquired by directors and 80,250 warrants was of series B acquired by senior executives, key employees and consultants. Warrants of series A entitles the warrant holders to subscribe for new common shares from a date decided by individual warrant agreements up to and including 30 December 2022 at a subscription price of SEK 164. No purchase price was paid for the warrants of series A. Warrants of series B entitles the warrant holders to subscribe for new common shares from a date decided by individual warrant agreements up to and including 30 December 2021 at a subscription price of SEK 275. The purchase price per warrant of series B was SEK 5.53.

As of the date of the Prospectus, 4,167 warrants of series A have been revoked and the number of warrants outstanding of series A amount to 8,750.

As of the date of the Prospectus, 22,333 warrants of series B have been revoked and the number of warrants outstanding of series B amount to 57,917.

The annual general meeting on 18 June 2019 resolved to de-register the remaining unallocated 124,333 warrants, held by the subsidiary Readly Financial Instruments AB, with the Swedish Companies Registration Office. The de-registration was registered with the Swedish Companies Registration Office on 5 July 2019.

Series 2019/2022

The extra general meeting on 2 May 2019 resolved to issue a maximum of 150,000 warrants to the Company's CEO Maria Hedengren. Each warrant entitles the warrant holder to subscribe for one new common share in the Company.

Each warrant of series 2019/2022 entitles the warrant holders to subscribe for new common shares, at a subscription price of SEK 275, from a date decided by individual warrant agreements up to and including 30 December 2022. The purchase price per warrant was SEK 5.53. The warrants were registered with the Swedish Companies Registration Office on 25 June 2019.

Series 2019/2023:1

The annual general meeting on 18 June 2019 resolved to issue 45,000 warrants that were acquired by Alexandra Whelan, member of the BoD entitle the warrant holders to subscribe for one new common share, at a subscription price of SEK 164 from date decided by an individual warrant agreement up to and including 30 April 2023. No purchase price was paid for the warrants. The warrants were registered with the Swedish Companies Registration Office on 5 July 2019.

Series 2019/2023:2

The annual general meeting on 18 June 2019 resolved to issue a maximum of 124,333 warrants to the wholly owned subsidiary Readly Financial Instruments AB, with the purpose to implement a warrant-based incentive program for key employees in the Group. The warrants were split into two series, series 2019/2023A2 and series 2019/2023B2. The warrants were registered with the Swedish Companies Registration Office on 5 July 2019.

A total of 55,000 warrants, of the maximum of 124,333 issued warrants, were issued as series 2019/2023A2 with the right to subscribe for new common shares at a subscription price of SEK 164 and all warrants have been acquired by key employees. No purchase price was paid for the warrants of series A. The warrant holders have the right to subscribe for new common shares from a date decided by individual warrant agreements up to and including 30 December 2023.

Out of the maximum of 124,333 issued warrants, a total of 69,333 warrants were issued as series 2019/2023B2 at a subscription price of SEK 275 and all warrants have been acquired by key employees. The warrants entitle the warrant holders to subscribe for new common shares from a date decided by individual warrant agreements up to and including 30 December 2022. The purchase price per warrant was SEK 6.04.

Series 2020:2030:1

The BoD on 7 May 2020 resolved, pursuant to authorisation granted by the extra general meeting on 30 April 2020, to issue a maximum of 68,543 warrants. The warrants were registered with the Swedish Companies Registration Office on 7 May 2020.

42,839 warrants, of the total 68,543 issued warrants, were acquired by Kreos Capital VI (Expert Fund) LP ("**Kreos Fund**") and the remaining 25,704 warrants were subscribed by the Company's subsidiary Readly AB, with the right and obligation for the subsidiary to, at a later date, offer Kreos Fund to acquire the warrants in accordance with the loan agreement, described in section "*Legal considerations and supplementary information - Material agreements - Loan agreement with Kreos Capital VI (UK) Limited*".

The warrants held by the subsidiary shall be offered to Kreos Fund in the event the subsidiary Readly AB requests additional draw down of the credit facility in accordance with the loan agreement. The number of warrants that the subsidiary shall transfer, in the event of a request, shall be determined in relation to the additional amount to be drawn down in relation to the total loan amount.

Each warrant entitles the warrant holder the right to subscribe for new ordinary shares in the Company at a subscription price of SEK 168. The warrant holder have the right to subscribe for new ordinary shares in the Company, by exercise of warrants, during the period commencing on 7 May 2020 up to and including (i) 7 May 2030, (ii) five years from the date when the Company's shares are admitted to trading at Nasdaq Stockholm, (iii) ten (10) business days from the date when a binding share purchase agreement pursuant to a trade sale[21] has been entered into, or (iv) as from up to the earlier day which follows in accordance with the warrant terms.

Series 2020/2021

On 3 June and 26 June 2020, the BoD resolved, with authorisation from the annual general meeting held 25 May 2020, to issue a maximum of 369,898 warrants. A total of 350,184 warrants were subscribed for by existing shareholders. The warrants were

21) Trade sale means a sale of all the issued and outstanding shares in the Company in one single transaction to a third-party bona fide purchaser at a fair market value.

registered with the Swedish Companies Registration Office on 26 June and 24 July 2020, respectively.

The warrants were issued in connection with a new issue of units where each unit entitled the holder to one ordinary share and one warrant with the right to subscribe for an ordinary share in the Company. The subscription price for each unit amounted to SEK 268 and the warrants were issued free of charge.

The warrant holders have the right to, during the period from registration of the warrants with the Swedish Companies Registration Office up to and including the day that falls 13 months after registration, subscribe for one new ordinary share for each warrant held. According to the terms and conditions for the warrants, the subscription price for each share amounts to SEK 10,000 if the Listing is completed. The purpose of the high subscription price is that exercise of warrants should not take place if the Company carries out the Listing. If the Listing is not completed, the warrant holders may subscribe for shares in accordance with other specified terms.

Authorisation to issue shares

On 4 September 2020 the extra general meeting resolved to authorise the BoD during the period up until the next annual general meeting, on one or more occasions, to resolve to issue shares (regardless of share class), with or without preferential rights for the shareholders, corresponding to not more than 11,000,000 shares to be paid in cash, in kind and/or by way of set-off.

Ownership structure

The table below shows the shareholders who hold not less than 5 percent of the shares and votes (as well as any additional known holdings owned by such shareholders) in the Company as of 31 August 2020, including any known changes after that date. The Company is not owned or controlled directly or indirectly by any party.

Shareholders based on the assumption that the Offering is fully subscribed	Holding immediately prior to the Offering		After the Offering (if the Offering is fully subscribed and the Overallotment Option is not exercised)		After the Offering (if the Offering is fully subscribed and the Overallotment Option is exercised in full)	
Shareholders	**No.**	**%**	**No.**	**%**	**No.**	**%**
Major shareholders						
Cleantech Europe II Luxembourg Sarl[22]	9,453,645	32.47%	8,089,873	22.02%	6,259,365	17.04%
Joel Wikell (privately and through company[23])	2,796,020	9.60%	1,541,783	4.20%	1,541,783	4.20%
Swedbank Robur Fonder AB[24]	2,307,675	7.93%	3,494,116	9.51%	3,494,116	9.51%
Tredje AP Fonden (AP3)	1,756,060	6.03%	2,264,535	6.16%	2,264,535	6.16%
Total major shareholders	**16,313,400**	**56.03%**	**15,390,307**	**41.89%**	**13,559,799**	**36.91%**
Other shareholders	12,800,930	43.97%	11,351,143	30.89%	11,351,143	30.89%
Additional new shareholders	-	-	*9,999,998*	*27.22%*	*11,830,506*	*32.20%*
Total new and existing shareholders	**29,114,330**	**100.00%**	**36,741,448**	**100.00%**	**36,741,448**	**100.00%**

22) Cleantech Europe II Luxembourg Sarl is a fund controlled by Zouk Capital LLP.
23) Joel Wikell owns 2,648,500 shares privately and 147,520 shares through Växjö Cityfastigheter AB.
24) Swedbank Robur Ny Teknik BTI is a fund controlled by Swedbank Robur Fonder AB.

Information about the Selling Shareholders

In addition to the shares offered by Readly, the Selling Shareholders are offering not more than 6,406,779 existing shares in the Offering, provided that the Overallotment Option is exercised in full. Information about the Selling Shareholders is presented in the table below.

Name	Address	LEI code	Legal form	Country of formation and jurisdiction	Number of shares that is offered by each Selling Shareholder
Cleantech Europe II Luxembourg Sarl[28]	E-Building, 6, Rue Gabriel Lippmann, Luxembourg	213800T4PUCAV91BS318	Fund	Luxembourg	3,194,280
Joel Wikell[29]	3800 N. Ocean Dr, Singer Island FL, 33404, USA	N/A	N/A	Sweden	1,186,441
Växjö Cityfastigheter AB[30]	Box 3203, 352 53 Växjö	54930027UIR2STVSRZ86	Aktiebolag	Sweden	67,796
Channel 4 Ventures Limited	124 Horseferry Road, London, SW1P 2TX, UK	213800YSOOK4XGP8C532	Limited	UK	894,355
Henrik Widov	Falkgatan 8, 352 36 Växjö	N/A	N/A	Sweden	396,045
Millium AB	Brännhult 2, 342 62 Moheda	9845007FFD3CFJ68F448	Aktiebolag	Sweden	250,000
Readly Co-Investment LP	100 Brompton Road, London, SW3 1ER, UK	2138004KRF5YCMTTK671	Limited Partnership	UK	161,072
State 5 Software AB	Kung Magnus väg 8 BV, 352 34 Växjö	984500FF0C7BV5D7F853	Aktiebolag	Sweden	100,000
Fredrik Petrini	Brännhult 2, 342 62 Moheda	N/A	N/A	Sweden	83,250
Glintsoft AB	Smedjegatan 37, 352 46 Växjö	9845003C5GF387V68B33	Aktiebolag	Sweden	73,540

Lock-up arrangements, etc.

The Selling Shareholders (see section "*Information about the Selling Shareholders*" above), board members[31], senior executives[32] and other shareholders[33] who, as per the day of the Prospectus, in total own 54.9 percent of the shares in the Company, have undertaken, subject to the customary exceptions[34], not to sell any shares in the Company for a specified period following the first day of trading in the shares on Nasdaq Stockholm (the "**Lock-up Period**"). These undertakings do not include shares sold through the Offering. The Lock-up Period for the shareholding board members and senior executives will be 360 days. The Lock-up Period for the Selling Shareholders[35] will be 180 days. Following the expiration of the Lock-up Period, the shares may be offered for sale. The Sole Global Coordinator can grant exemptions to these undertakings. In the Placing Agreement, the Company will make an undertaking to the Sole Global Coordinator, subject to the customary exceptions and for a period of 180 days from the first day of trading in the Company's shares on Nasdaq Stockholm, not to, inter alia, decide on or propose to the shareholders that the general meeting resolve on an increase in the share capital through a new issue of shares or other financial instruments, without the written consent of the Sole Global Coordinator.

Admission of the Company's shares to trading on Nasdaq Stockholm

Readly's BoD has applied for a listing of the Company's shares on the regulated market Nasdaq Stockholm. On 26 August 2020, Nasdaq Stockholm accepted the Company's application on provided that customary terms and conditions, including fulfilment of the distribution requirement for the Company's shares, are met no later than the first day of trading in the Company's shares on Nasdaq Stockholm and that the Company applies for trading of the shares on Nasdaq Stockholm. The expected first day of trading on Nasdaq Stockholm is 17 September 2020. The Company's shares will be traded on Nasdaq Stockholm under the ticker READ.

28) Cleantech Europe II Luxembourg Sarl is a fund controlled by Zouk Capital LLP.
29) Joel Wikell is a larger shareholder and board member in the Company.
30) Växjö Cityfastigheter AB is controlled by Joel Wikell that is a larger shareholder and board member in the Company.
31) Patrick Svensk, Joel Wikell, Viktor Fritzén, Alexandra Whelan and Malin Stråhle.
32) Maria Hedengren, Johan Adalberth, Joe Armstrong, Ranj Begley, Patrik Brännfors, Joakim Johansson, Cecilia von Krusenstierna and Victor Marklund.
33) Mazrui Investments LLC.
34) Exceptions from the lock-up are if the Sole Global Coordinator approves a transfer of shares, the transfer takes place due to a takeover offer, in the event of an offer from the Company to all shareholders to acquire shares, transfer of shares to a company, fund or manager controlled by the party, transfer of shares within the family, sale of subscription rights in a new share issue to be able to pay for subscription/purchase of shares in a new share rights issue or pre-emptive share offering in the Company, transfer of shares to an capital insurance or investment savings account, transfer due to death, long-term illness, acquiring party enters into a lock-up on the same terms as a party to the lock-up agreement, as well as if the transfer must take place due to legal requirements, government decisions or rulings.
35) Except for the Selling Shareholders Joel Wikell and Växjö Cityfastigheter AB who has signed a lock-up for 360 considering Joel Wikell is a board member in the Company.

Articles of association as of the day of the Prospectus

Articles of association for Readly International AB (publ)
Reg.no. 556912-9553

§ 1 Company name

The name of the company is Readly International AB (publ).

§ 2 Registered office

The board of directors shall have its registered office in the municipality of Stockholm, county of Stockholm.

§ 3 Business activities

The company shall, by itself or via subsidiaries, conduct consulting business within the areas internet (production and maintenance of web sites and data bases), advertising, media and communication (production and distribution and sales of digital printed matters such as newspapers and magazines), hold and administrate financial instruments and other assets, as well as conduct other business activities related thereto.

§ 4 Share capital

The share capital shall be no less that SEK 873,000 and no more than SEK 3,492,000.

§ 5 Number of shares

The number of shares shall be no less than 29,100,000 and not more than 116,400,000.

§ 6 Share classes

Shares can be issued in five different classes, ordinary shares, preference shares A, preference shares A1, preference shares B and preference shares C. In each class a maximum of 100 % of the shares in the company may be issued.

All shares shall carry one vote.

The holders of preference shares A, preference shares A1, preference shares B and preference shares C shall in preference to any and all other holders of ordinary shares be entitled to receive dividends in accordance with the principles as set forth in section 7 below.

§ 7 Liquidation preference

In the event (i) a substantial part of the company's assets are disposed of, as for example a sale of one or several subsidiaries, or (ii) the company is liquidated or wound up ((i)- (ii) a "Disposal Event"), dividend or value transfer shall be allocated in the following order:

(a) Holders of preference shares A, preference shares A1, preference shares B and preference shares C shall in preference to the holders of ordinary shares, but pari passu with all preference shares, receive an amount per preference share equal to the greater of (i) the subscription price per share paid for the preference share at subscription, whereof 170 SEK has been paid for preference A shares, 86 SEK for preference A1 shares, 155 SEK for preference B shares and 164 SEK for preference shares C, plus the amount of any declared but unpaid dividends on such preference share or (ii) the amount per share that holder of a preference share would have received if all preference shares been converted to ordinary shares immediately prior to the Disposal Event and the distribution of proceeds is based on share of ownership in the company.

b) In the event of a surplus after the preference shares have received the full amounts to which they are entitled as specified in a) above, such surplus shall be distributed pro rata among the holders of ordinary shares.

In the event dividends have been distributed to the holders of preference shares in accordance with section 6 above prior to a Disposal Event (in preference to holders of ordinary shares), the liquidation preference set forth above shall be adjusted as if such distribution of dividends constituted the proceeds from the Disposal Event.

§ 8 Preferential right

If the company resolves to issue shares of one or several classes, through a cash issue or through an issue with set-off payment, all shareholders shall have preferential rights to subscribe for new shares pro-rata to the number of shares previously held by them irrespective of share class (equal preference).

If the company resolves to issue warrants or convertibles, through a cash issue or through an issue with set-off payment, the shareholders shall enjoy preferential rights to subscribe for new warrants as if the issue contained such shares that may be subscribed for through exercise of the warrants and/or preferential rights to subscribe for convertibles as if the issue contained such shares that the convertibles may be converted into.

The above shall not limit the right to resolve upon a cash issue or upon an issue with set-off payment, with deviation from the shareholders' preferential rights.

In the event of a bonus issue, new shares of each class shall be issued pro-rata to the number of shares of the same class previously issued. In this connection, the owners of old shares of a certain class shall have preferential right to new shares of the same class. This shall not restrict the possibility of issuing new shares of a new class by means of a bonus issue, following the required amendment to the articles of association.

§ 9 Conversion of A shares

The holders of preference shares (A, A1, B and C) shall upon request be entitled to convert such preference shares into ordinary shares at any time. Request for conversion shall be made in writing to the BoD and shall contain a statement as to the requested number of shares to be converted. The board of directors shall, without delay, file the conversion for registration and the conversion shall become effective when registration of the conversion has been made with the Swedish Companies Registration Office and in the company's share register kept by Euroclear Sweden.

Upon completion (the day the shares are listed for the first time) of an IPO (as defined below), each preference share (A, A1, B and C) shall automatically be converted to a ordinary share, without any additional action by the holder. The board of directors shall immediately after such completion file the conversion for registration and the conversion shall become effective when registration of the conversion has been made with the Swedish Companies Registration Office and in the company's share register kept by Euroclear Sweden. An "IPO" means that the shares in the company becomes subject to a public and organized trade on a stock exchange or similar market place for financial instruments.

§ 10 Board and auditors

The board of directors shall consist of 3-10 ordinary members.

One or two ordinary auditors or audit firms shall be appointed, with or without a deputy auditor.

§ 11 Notice

Notice of shareholders' meetings must be giving by advertising in the Swedish Official Gazette (Post och Inrikes Tidningar) and made available at the company's website. That the notice has been given must be advertised in Dagens Industri.

§ 12 Advance notification of participation in general meeting of shareholders

Shareholders who wish to participate in a general meeting of shareholders must be included in a transcript or other representation of the entire shareholders' register on the record date for the general meeting, as determined in accordance with the Swedish Companies Act, and have to give notice to the company of their participation on such day that is stipulated in the notice convening the general meeting of shareholders. Such day must not be a Sunday or other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Years Eve and must not fall prior the day falling five weekdays prior to the general meeting. Shareholders may be accompanied by one or two assistants provided that the shareholder has so notified the company in accordance with the previous paragraph.

§ 13 Matters of the annual general meeting

At the annual general meeting, the following matters shall be considered:

1. Opening of the meeting.
2. Election of chairman of the meeting
3. Preparation and approval of the voting list.
4. Election of one person to certify the minutes.
5. Examination of whether the meeting has been properly convened.
6. Approval of the agenda.
7. Presentation of the annual report and the auditors' report and the group annual report and the group auditor's report.
8. Resolutions regarding:
   a) adoption of income statement and balance sheet and the group income statement and the group balance sheet,
   b) decision regarding the profit or loss of the company in accordance with the adopted balance sheet,
   c) discharge from liability of the board of directors and the managing director.
9. Determination of the number of directors and auditors.
10. Determination of fees to the board of directors and to the auditors.
11. Election of the board of directors and auditors.
12. Any other matter to be dealt with by the meeting according to the Swedish Companies Act (SFS 2005:551) or the articles of association.

§ 14 Financial year

The fiscal year of the company shall be 1 January - 31 December.

§ 15 Central securities depository registration

A shareholder or nominee that is registered in the share register and a CSD register on the record date, in accordance with Ch. 4 the Central Securities Depositories and Financial Instruments Accounts Act (SFS 1998:1479), or registered in a CSD account pursuant to Ch. 4 Sec. 18 first § item 6-8 of the aforementioned act, is deemed to have the right to exercise the rights stipulated in Ch. 4 Sec. 39 the Swedish Companies Act (SFS 2005:551).

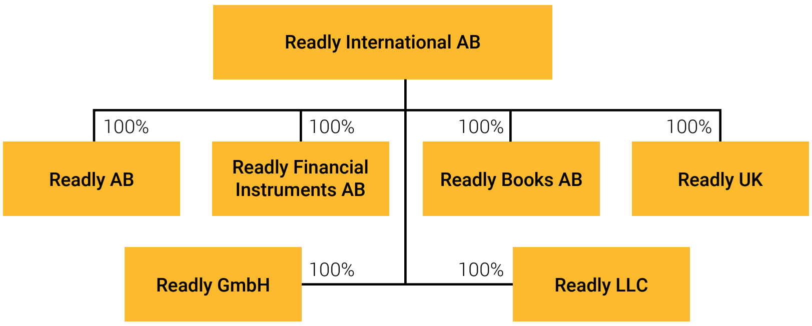
Legal considerations and supplementary information

General company information

Readly International AB is a Swedish public limited liability company that was formed in Sweden and registered with the Swedish Companies Registration Office on 4 December 2012. The Company's company name was registered on 21 September 2018. Readly's corporate registration number is 556912-9553 and the registered seat is located in Stockholm municipality, Stockholm county. The Company's operations are governed by the Swedish Companies Act (2005:551). The Company's Legal Entity Identifier (LEI) code is 549300TT4PAJYUCR4952. The address of the Company's head office is Kungsgatan 17, SE-111 43 Stockholm and the Company can be reached by telephone at +46 (0)8 25 67 70. The Company's website is corporate.readly.com.

Legal group structure

Readly has six wholly owned subsidiaries. The group structure of the Company is presented below.



Material agreements

Publisher agreements

As of the date of this Prospectus, Readly offers content from approximately 800 publishers. The publishers Readly has agreements with include publishing houses such as Condé Nast, Hearst Magazines, Bauer and TI Media who have 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 has entered into agreements with these publisher companies which hold the rights to magazine titles for a specific market or an international market. The agreements enable Readly to provide these publishing companies' content in Readly's service in certain geographical markets and to provide a variety of content to Readly's subscribers. Each publisher agreement is not material in itself, instead it is the aggregated amount of publishers agreements that enables Readly to offer a wide range of magazines. Some of the agreements are particularly important as these publishers provide either separate titles or a number of titles, which makes Readly competitive in Readly's core markets, Germany, United Kingdom and Sweden.

In the agreements with the publishers, Readly receives a non-exclusive right to distribute, market and promote the content provided by these publishers. The publishers are entitled to a certain percentage of revenue that is generated through the monthly subscription fees from subscribers, so called revenue sharing. This is divided between all publishers according to a detailed points system. Each publisher's remuneration depends on several factors, such as, whether the customer downloads the magazine or only reads specific pages.

As part of the agreements, Readly shall provide user reading statistics to the publishers, consisting of anonymised and aggregated data, for example, the age, gender of the users, country of origin, when and what the user reads and on what type of device the magazine usually is read on.

In general, the agreements with publishers are entered into for an initial period of 6 months and are automatically prolonged by one year at a time unless terminated with 3 months' notice.

Partnership agreements

Readly has entered into several agreements to offer Readly's service through partnerships for the purpose of providing value added services to the partners' customers and to increase Readly's brand awareness and customer base. Readly has to date mainly focused on telecom providers, energy providers and airlines and has ongoing partnerships with major companies within these industries.

Readly tailors its offering of the service for each partnership to make it available for the partners' customers. Readly grants each partner a non-exclusive right to market, promote and distribute Readly's service in their marketing and sales channels. The pricing or remuneration structure is also tailored for each partnership, for example, (i) the offering of the service is made for a reduced fee or for free to the partners' customers and without any remuneration for any of the parties, (ii) the partner receives the subscriptions fees from the offering of Readly's service and Readly receives a remuneration for each active subscriber and (iii) Readly receives the subscription fees and pays a remuneration for each active subscriber to the partner.

Some agreements restrict Readly from entering into agreements with competing companies within a certain sector. As an example, Readly undertakes in one of the agreements to not provide any services which form the subject matter of the agreement to any other food retail or coffee roasting company, and the partner undertakes to not provide services of the agreement to any other digital distributor of magazines and newspapers. In an agreement with a partner in the airlines industry, Readly undertakes to not enter into a partnership with another Nordic airline company.

A majority of the agreements are valid until further notice with a notice of termination period of three or six months. One agreement is valid for one-year periods with three months' notice of termination before each period and another agreement is valid for one year and is automatically extended by one more year unless either party terminates the agreement by giving three months' notice prior to expiry.

Loan agreement with Kreos Capital VI (UK) Limited

Readly AB has entered into a secured credit facility agreement dated 20 April 2020 with Kreos as lender, for a credit facility of EUR 10 million (the "**Loan Agreement**"). The credit facility under the Loan Agreement may be drawn down in two different tranches up to and including 31 December 2020. As of the date of the Prospectus, the drawn amount under the Loan Agreement is EUR 5 million. From 1 August 2020, any outstanding amount under the Loan Agreement shall be repaid over a period of thirty months in accordance with the repayment schedule provided by Kreos in connection with each draw down under the Loan Agreement. The interest rate on the outstanding amount is market standard for these types of loan arrangements. The proceeds under the Loan Agreement may solely be used by the Group for the purpose of working capital and general corporate purposes.

The Loan Agreement contains certain customary undertakings, which among other things include restrictions on the raising of new debt (with some exceptions), restrictions on disposal of charged assets or material assets (including shares), a restrictive covenant regarding the provision of security (with some exceptions), and restrictions on acquisitions (except for acquisitions that are made in the normal course of business and upon an arm's length basis).

The Loan Agreement also contains certain undertakings for the Group Companies to, on a monthly, quarterly and yearly basis, disclose information regarding, *inter alia*, the Group's financial position, details of any changes to the management/directors of any Group Company or such other information that Kreos reasonably may request. The Group Companies' obligation to disclose such information under the Loan Agreement is, under certain circumstances, limited and the Group Companies are not required to disclose such information to Kreos if (i) such i nformation would directly result in a requirement that Readly AB shall be required to disclose such information in the Prospectus, or (ii) if the Listing is completed, the disclosure of such information results in that the Group Companies would be in breach of the applicable stock market laws and other applicable regulations or agreements applicable (from time to time) for trading on Nasdaq Stockholm. Kreos is also entitled to have a representative attending all board meetings of the Group Companies in a non-voting observer capacity. Following receipt by Kreos of confirmation from Nasdaq Stockholm that Readly AB has commenced the formal process to initiate the Listing, the Group Companies are, under certain circumstances, not obliged to allow one of Kreos' representatives to attend the board meetings or to comply with certain terms of the Loan Agreement regarding providing forward-looking financial information of the Group.

Readly AB and the Company have provided guarantees and security for the Group Companies obligations and liabilities under the Loan Agreement. The security consists of shares in certain Group Companies, trademarks, and business mortgages and the guarantee is provided by the Company. The security granted and guarantee provided pursuant to the terms of the Loan Agreement may not be enforced by Kreos until the occurrence of an event of default that has resulted in that Kreos has declared the loan and all outstanding amounts under the Loan Agreement immediately due and payable. In connection with Readly AB's repayment of the outstanding amount (including the loan amount and any other applicable costs and fees) under the Loan Agreement, any and all guarantees and security provided in respect of the Loan Agreement will be unconditionally and irrevocably released in full.

The Loan Agreement also includes a provision regarding that the Company shall deliver warrant certificates of Readly AB to Kreos Fund in connection with each new draw down under the Loan Agreement in accordance with a warrant agreement entered into between the Company and Kreos Fund on 7 May 2020, as further described under section "*Share capital and ownership structure - Convertibles, warrants etc. - Series 2020/2030:1*".

The Loan Agreement also includes customary events of default that may trigger a right for Kreos to declare all outstanding amounts under the Loan Agreement immediately due and payable in connection with (i) any Group Company fails to pay any amount due under the Loan Agreement, or (ii) change of control of any of the Group Companies (save for change of control over the Company in connection with the Listing).

Disputes and government agency proceedings

Readly is not, nor has it been during the past 12 months a party to any government agency proceedings, legal proceedings, arbitration proceedings or settlement proceedings (including not yet determined matters or such matters that Readly is aware may arise) that have recently had or could have a material impact on the Group's financial position or profitability.

Intellectual property rights

Trademarks

Readly holds trademark protection for the word READLY in classes 09, 35, 41 and 42 in the EU, Australia, Switzerland, Israel, Mexico, Norway, New Zealand, Serbia, Singapore, Turkey, Ukraine, USA and Vietnam. Furthermore, trademark protection is also given for READLY in classes 09, 35 and 41 in Nigeria, Argentina, Canada, Chile, Indonesia, Malaysia and Taiwan. In Thailand protection is given for relevant goods in class 09. In addition, Readly holds trademark protection for a device mark consisting of four squares in the EU and the USA for goods and services in class 09, 35, 41 and 42. Readly holds trademark protection in China for, *inter alia*, mobile data apparatus and mobile telecommunications apparatus.

Domain names

Readly holds ownership to top domains, such as i.se and .com that contains the name READLY in combination with other elements.

Insurances

Readly deems its insurance coverage to be sufficient with consideration given to the nature and scope of its business. However, there are no guarantees that the Group will not suffer losses that are not covered by insurances.

Related-party transactions

For information concerning related-party transactions relating to the period 1 January 2017 to and including 31 December 2019, refer to Note 27 of the audited financial information on page F-35. For information concerning related-party transactions relating to the period 1 January - 30 June 2020, refer to section "*Related-party transactions*" in the Company's reviewed and unaudited interim financial information relating to the period 1 January - 30 June 2020, on page F-2.

For the period after 30 June 2020 up until and including the day for the Prospectus no related-party transactions have occurred.

Apart from the above-mentioned transactions and remuneration to the BoD and executives, no transactions between Readly and related-parties that affect the Group's position and result have occurred.

Undertakings from Cornerstone Investors

The Cornerstone Investors have undertaken to acquire shares in the Offering for SEK 390 million, corresponding to 47.1 percent of the Offering and 18.0 percent of the shares in the Company following the Offering (provided that the Offering is fully subscribed and the Over-allotment Option is exercised in full). These commitments were entered into around 31 August 2020. No compensation is paid, and the undertakings are made at the Offering Price.

The Cornerstone Investors' undertakings are, however, not guaranteed by bank guarantee, blocking funds, pledges or similar arrangements, which is why there is a risk that Cornerstone Investors will not fulfill their undertakings, refer to section "*Risk factors - Undertaking by Cornerstone Investors are not secured*".

Below is a summary of the names, addresses and undertakings for each Cornerstone Investor in the Offering.

Cornerstone Investor	Address	Undertaking in the Offering	% of the Offering provided that the Offering is fully subscribed and the Overallotment Option is fully exercised
C Worldwide Asset Management	Box 7648, (Blasieholmsgatan 5), SE-103 94 Stockholm	SEK 70 million	8.5
Handelsbanken Fonder	Blasieholmstorg 12, 111 48 Stockholm	SEK 70 million	8.5
Swedbank Robur	Malmskillnadsgatan 32, 105 34 Stockholm	SEK 70 million	8.5
TIN Fonder	Riddargatan 23, 114 57 Stockholm	SEK 70 million	8.5
Skandia Fonder	Lindhagensgatan 86, 112 18 Stockholm	SEK 33 million	4.0
Consensus Småbolagsfond	Strandvägen 7A, 114 56 Stockholm	SEK 30 million	3.6
Tredje AP-Fonden (AP3)	Box 1176, 111 91 Stockholm	SEK 30 million	3.6
Skandia Liv	Lindhagensgatan 86, 112 18 Stockholm	SEK 17 million	2.0
Total		**SEK 390 million**	**47.1**

Stabilisation

Sole Global Coordinaator may, in connection with the Offering, conduct transactions in order to maintain the market price for the shares at a level above that which might otherwise prevail in the open market. Such stabilisation transactions may be carried out on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on Nasdaq Stockholm and ending not later than 30 calendar days thereafter. However, Sole Global Coordinator has no obligation to undertake any stabilisation measures and there is no assurance that stabilisation measures will be undertaken. Under no circumstances will transactions be conducted at a price higher than the one set in the Offering.

Sole Global Coordinator may use the Overallotment Option to overallot shares in order to facilitate any stabilisation transaction. The stabilisation transactions, if conducted, may be discontinued at any time without prior notice but must be discontinued no later than within the aforementioned 30-day period. Sole Global Coordinator must, no later than by the end of the seventh trading day after stabilisation transactions have been undertaken, in accordance with article 5(4) of the Market Abuse Regulation (EU) 596/2014 and the Commission Delegated Regulation (EU) 2016/1052, disclose that stabilisation measures have been undertaken. Within one week of the end of the stabilisation period, Sole Global Coordinator will disclose whether or not stabilisation measures were undertaken, the date on which stabilisation started, the date on which stabilisation was last carried out as well as the price range within which stabilisation was carried out for each of the dates when stabilisation measures were conducted.

Placing agreement

For information on the placing agreement, refer to section "*Terms and instructions - Terms for the Offering's fulfilment*".

Adviser interests

In connection with the Offering, ABG provides financial advisory and other services to the Company and the Main Shareholder, services for which they will receive remuneration from the Company and the Selling Shareholders. From time to time, ABG may provide services to the Company and the Selling Shareholders in the ordinary course of business and in connection with other transactions.

In connection with the Offering, the Company has engaged Avanza Bank AB in the role as Retail Manager. Viktor Fritzén, who is a board member of the Company, is also a board member of Avanza Bank AB. Viktor Fritzén has not been involved in any decisions made in connection with the Company hiring Avanza Bank AB.

Costs related to the Offering

The Company's costs related to the Offering and the listing on Nasdaq Stockholm are expected to amount to approximately SEK 22 million. These costs are mainly related to commission to the Sole Global Coordinator, tax and legal advice, audits, and printing and distribution of the Prospectus.

Tax consequences for investors

Investors should note that the tax legislation in Sweden or in another state to which the investor has a connection or in which the investor domiciled for tax purposes may impact the proceeds from the securities. Each shareholder should, individually, obtain tax advice to ensure the tax consequences which may arise based on the shareholder's specific situation, including the applicability of foreign legislation, agreements and tax treaties.

Webpages mentioned in the Prospectus

Information on Readly's webpage, or other webpages that are mentioned in the Prospectus, are not included in the Prospectus and has not been reviewed or approved by the Swedish Financial Supervisory Authority unless this information is incorporated in the Prospectus through references.

Documents available for inspection

The following documents are available at the Company's head office on weekdays during office hours and on the Company's website, corporate.readly.com for the period during which the Prospectus is valid:

1. Company's articles of association and registration certificate;
2. The Company's audited financial statements for the 2017, 2018 and 2019 financial years and interim report for the 1 January – 30 June 2020 period, with comparative figures for the preceding year; and
3. The Prospectus.

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Historical financial information

Historical financial information for the period 1 January – 30 June 2020 with comparative figures for the corresponding period 2019

Historical financial information for the 2019, 2018 and 2017 financial years

No financial information in the Prospectus, unless otherwise stated, has been reviewed or audited by the Company’s auditor other than the financial information found in this section, pages F-15 - F-18.

Historical financial information for the period 1 January - 30 June 2020 with comparative figures for the corresponding period 2019

Risks and uncertainties
For further information on risks and uncertainties i relation to the six-month period ended on 30 June 2020 (with comparative figures as of and for the corresponding period 2019), refer to the section "*Risk factors*" in the Prospectus.

Events after the end of the reporting period
On 1 July 2020, Germany temporarily reduced the VAT rate on e-publications from 7% to 5% in response to the COVID-19 pandemic. The reduction will remain in effect through 31 December 2020.

Related-party transactions
Readly International AB (publ) conducts transactions with related parties (subsidiaries), consisting of internal Group services, on a continuing basis. All transactions are conducted on market terms.

Readly has not had any significant related-party transactions other than those reported in the historical financial information for the financial years 2019, 2018 and 2017 on page F-35 in the Prospectus.

Condensed Consolidated Income Statement

TSEK	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating revenue						
Net sales	2	82,761	62,338	159,190	121,352	263,360
Other operating income		685	383	1,435	618	1,379
Total revenue		**83,446**	**62,721**	**160,625**	**121,969**	**264,739**
Operating expenses						
Publisher cost		-56,494	-42,959	-108,469	-84,703	-181,966
Other external costs*		-64,293	-37,263	-107,171	-72,365	-158,558
Personnel costs		-19,658	-13,698	-37,244	-25,320	-58,833
Depreciation and amortization		-2,435	-2,019	-4,990	-4,095	-7,921
Operating profit		**-59,434**	**-33,218**	**-97,250**	**-64,515**	**-142,539**
Net financial items		-6,674	-956	-4,867	-1,636	-3,727
Net result before tax		**-66,108**	**-34,173**	**-102,117**	**-66,150**	**-146,265**
Income tax		-35	-43	-71	-75	-300
Net result for the period		**-66,143**	**-34,216**	**-102,188**	**-66,225**	**-146,565**
Net result for the period attributable to the Parent company share-holders		**-66,143**	**-34,216**	**-102,188**	**-66,225**	**-146,565**
Basic and diluted earnings per share, SEK		-12.0	-7.7	-18.7	-14.8	-29.6
Basic and diluted weighted number of shares		5,491,407	4,464,720	5,470,320	4,464,720	4,947,854

* Other external costs also include other operating expenses related to currency exchange effects from operating activities. These are found on separate lines in the Prospectus and in the historical financial information for the 2019, 2018 and 2017 financial years.

Condensed Consolidated Statement of Comprehensive Income

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net result for the period	-66,143	-34,216	-102,188	-66,225	-146,565
Items that may be reclassified to profit or loss					
Exchange rate differences on translating foreign operations	-178	-15	-126	-205	36
Other comprehensive income for the period	**-178**	**-15**	**-126**	**-205**	**36**
Total comprehensive income for the period	**-66,322**	**-34,231**	**-102,314**	**-66,430**	**-146,529**
Total comprehensive income attributable to the Parent company shareholders	**-66,322**	**-34,231**	**-102,314**	**-66,430**	**-146,529**

Condensed Consolidated Statement of Changes in Financial Position

TSEK	Note	Jun 30 2020	Jun 30 2019	Dec 31 2019
ASSETS				
Non-current assets				
Other intangible assets		19,847	14,422	17,656
Property & Equipment		1,597	1,949	1,770
Right of use assets		6,056	6,401	5,017
Other non-current assets	3	6,654	6,161	6,264
Total non-current assets		**34,154**	**28,932**	**30,707**
Current assets				
Trade receivables	3	6,390	5,904	2,588
Other current assets	3	22,841	160,944	13,529
Cash and cash equivalents	3	169,,305	38,826	130,132
Total current assets		**198,536**	**205,674**	**146,249**
Total assets		**232,690**	**234,606**	**176,956**
EQUITY AND LIABILITIES				
Equity	4	**40,309**	**131,035**	**54,773**
Non-current liabilities				
Lease liabilities	3	921	2,876	1,546
Long-term borrowings	5	29,451	-	-
Derivates	5	3,493	-	-
Total non-current liabilities		**33,865**	**2,876**	**1,546**
Current liabilities				
Trade payables	3	24,221	21,470	28,958
Lease liabilities	3	4,437	2,872	2,872
Short-term borrowings	5	15,110	-	-
Derivates	5	6,759	-	-
Other current liabilities	3	107,989	76,353	88,808
Total current liabilities		**158,515**	**100,696**	**120,637**
Total equity and liabilities		**232,690**	**234,606**	**176,956**

Consolidated Statement of Changes in Equity

	Share capital	Ongoing new share issue	Other contributed capital	Reserves	Retained earnings (including net loss for the year)	Total equity
Opening balance 1 January 2020	**818**	**-**	**623,184**	**68**	**-569,276**	**54,773**
Net result	-	-	-	-	-102,188	-102,188
Other comprehensive income	-	-	-	-126	-	-126
Total comprehensive income	**-**	**-**	**-**	**-126**	**-102,188**	**-102,314**
Transactions with owners						
Net new share issue after transaction costs	40	12	86,910	-	-	86,962
Warrants	-	-	18	-	-	18
Share based remuneration	-	-	870	-	-	870
Total transactions with owners	**40**	**12**	**87,298**	**-**	**-**	**87,851**
Closing balance 30 June 2020	**858**	**12**	**710,982**	**-58**	**-671,464**	**40,309**

	Share capital	Other contributed capital	Reserves	Retained earnings (including net loss for the year)	Total equity
Opening balance 1 January 2019	**670**	**463,724**	**32**	**-422,726**	**41,680**
Net result	-	-	-	-66,225	-66,225
Other comprehensive income	-	-	-205	-	**-205**
Total comprehensive income	**-**	**-**	**-205**	**-66,225**	**-66,430**
Transactions with owners					
Net new share issue after transaction costs	140	154,149	-	-	154,289
Warrants	-	1,135	-	-	1,135
Share based remuneration	-	360	-	-	360
Total transactions with owners	**140**	**155,644**	**-**	**-**	**155,784**
Closing balance 30 June 2020	**810**	**619,368**	**-173**	**-488,951**	**131,034**

	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 result	-	-	-	-146,565	-146,565
Other comprehensive income	-	-	36	-	**36**
Total comprehensive income	**-**	**-**	**36**	**-146,565**	**-146,529**
Transactions with owners					
Net new share issue after transaction costs	148	154,714	-	-	154,862
Warrants	-	1,270	-	-	1,270
Share based remuneration	-	1,491	-	-	1,491
Redemption of share-based renumeration	-	2,000	-	-	2,000
Total transactions with owners	**148**	**159,475**	**-**	**-**	**159,623**
Closing balance 30 June 2019	**818**	**623,184**	**68**	**-569,276**	**54,773**

There are no non-controlling interests in the Group. All shareholders' equity is thus attributable to owners of the Parent Company.

Condensed Consolidated Statement of Cash Flows

TSEK	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating result (EBIT)		-59,434	-33,218	-97,250	-64,515	-142,539
Depreciation		2,422	2,012	4,633	4,088	7,921
Other items not affecting liquidity		883	245	1,227	360	3,656
Interest paid		-2,550	-110	-2,643	-226	-394
Paid tax		**-144**	-74	-110	-41	-116
Cash flow from operating activities before changes in working capital		**-58,823**	**-31,145**	**-94,143**	**-60,334**	**-131,472**
Change in working capital		13,054	2,176	1,848	465	16,838
Cash flow from operating activities		**-45,769**	**-28,969**	**-92,295**	**-59,868**	**-114,634**
Investments in intangible and tangible assets		-2,069	-2,610	-4,973	-3,853	-9,355
Investments in financial assets		-140	-169	-677	-1,707	-2,087
Divestments in financial assets		371	-	371	-	276
Cash flow from investing activities		**-1,838**	**-2,779**	**-5,363**	**-5,560**	**-11,166**
Net new share issue net after transaction costs	4	86,263	140	86,263	140	154,862
Warrants in connection with new share issue	4	6,759	-	6,777	1,135	1,270
Loans raised	5	45,537	-	45,537	-	-
Warrants in connection with loans raised	5	3,469	-	3,469	-	-
Amortzation of lease liabilities		-1,074	-650	-1,993	-1,292	-2,622
Cash flow from financing activities		**140,954**	**539**	**140,053**	**-17**	**153,510**
Cash flow for the period		**93,348**	**-31,209**	**42,395**	**-65,446**	**27,710**
Cash and cash equivalents at the beginning of the period		81,227	70,895	130,132	105,886	105,886
Exchange rate differences related to cash and cash equivalents		-5,271	-861	-3,224	-1,615	-3,464
Cash and cash equivalents at the beginning of the period		**169,305**	**38,825**	**169,305**	**38,825**	**130,132**

Notes

Note 1- Accounting policies

This report for the Readly International AB (publ) group has been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in context with the historical financial information for the financial years 2019, 2018 and 2017 on pages F-15 - F-38 in the Prospectus. The most significant accounting policies used in preparing this report are described in Note 1 on pages F-37 - F-42 in the historical financial information for the financial years 2019, 2018 and 2017 in the Prospectus.

Changes in IFRSs and amendments and interpretations of existing standards that took effect on 1 January 2020 have not given rise to any changes in the reporting of the Group's financial performance or position. In addition, the same accounting policies and bases of calculation used in the historical financial information for the financial years 2019, 2018 and 2017 on pages [] - [] in the Prospectus have been applied in preparing the financial statements in this report, except what is stated below.

Accounting policy for credit facility and warrants

Readly AB was granted a new credit facility on 7 May 2020. The total granted loan amount is EUR 10 million, of which EUR 5 million has been utilised as per the second quarter. One condition for the loan is that the lender is also issued warrants in Readly International AB (publ.). The warrants have been granted free of charge. The utilised amount has been apportioned between warrants and borrowing based on fair value. The warrants are reported as a derivative (a liability measured at fair value) on the balance sheet. All changes in the fair value of derivative instruments are recognised directly through profit or loss on the line Financial income or Financial expense. Borrowing is initially recognised at fair value, net after transaction costs. Borrowing is thereafter recognised at amortised cost, and the difference between the amount received, allocated to the loan, and the repayment amount is recognised through profit or loss apportioned over the term of the loan using the effective interest method. In the Parent Company the derivative is reported in accordance with RFR 2, whereby derivative instruments with a negative value are measured at this value.

Accounting policy for issues of shares and warrants

The subscription price is apportioned to ordinary shares and warrants based on fair value. The portion of the issue that is attributable to the warrant is reported as a derivative instrument (a liability measured at fair value) on the balance sheet. The warrants are reported as a derivative instrument since each warrant does not give its holder the right to a set number of shares. All changes in fair value of the derivative instrument are recognised directly in the income statement on the line Financial income or Financial expenses. The portion of the subscription price that is attributable to the issue of ordinary shares is reported in shareholders' equity. In the Parent Company the derivative is reported in accordance with RFR 2, whereby derivative instruments with a negative value are measured at this value.

Note 2- Revenue from contracts with customers

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Germany	33,566	26,071	65,803	50,560	109,606
Sweden	19,642	15,808	39,285	30,962	69,028
United Kingdom	15,997	13,507	29,786	27,231	56,017
Rest of the World	13,558	6,952	24,316	12,598	28,709
Total revenue	**82,761**	**62,338**	**159,190**	**121,352**	**263,360**

Note 3 - Classification of financial assets and liabilities

TSEK	Jun 30 2020 Amortised cost	Jun 30 2020 Fair value through profit and loss	Dec 31 2019 Amortised cost	Dec 31 2019 Fair value through profit and loss
ASSETS				
Non-current receivables	6,654	-	6,264	-
Trade receivables	6,390	-	2,588	-
Other current receivables	7,122	-	9,499	-
Cash and cash equivalents	169,305	-	130,132	-
Total financial assets	**189,470**	**-**	**148,483**	**-**
LIABILITIES				
Non-current lease liabilities	921	-	1,546	-
Long-term borrowings	29,451	-	-	-
Long-term derivates	-	3,493		
Current lease liabilities	4,437	-	2,872	-
Short-term borrowings	15,110	-	-	-
Short-term derivates	-	6,759	-	-
Trade payables	24,221	-	28,958	-
Other current liabilities	58,114	-	51,540	-
Total financial liabilities	**132,254**	**10,252**	**84,915**	**-**

The fair value of current receivables and liabilities reported at amortised cost corresponds to their carrying amounts, since the discounting effect is not considered to be significant. Fair value of non-current receivables and liabilities reported at amortised cost is deemed in all essential respects to correspond to their carrying amount. Non-current and current liabilities attributable to derivatives are measured according to Level 3 in the fair value hierarchy, Unlisted holdings.

Note 4 – Shareholders' equity

During the second quarter a new share issue of a total of 350,184 shares was carried out following authorisation granted by the Annual General Meeting on 25 May. In connection with the new share issue, a total of 350,184 warrants were also issued carrying entitlement to subscribe for up to one year. The subscription price for the shares and warrants is SEK 268. On 26 June, 245,367 of these shares and warrants were registered. As per 30 June an additional 104,817 shares and warrants were subscribed for but not yet registered. Total issued shares and warrants under the new share issue generated a positive cash flow effect of SEK 93.8 million before transaction costs. These are broken down in the statement of cash flows between the new share issue and warrants in connection with the new share issue in accordance with the description below. A total of SEK 0.7 million has not yet been paid in as per 30 June 2020 and is not included in cash flow. Transaction costs amounted to SEK 0.1 million.

The portion of the subscription price that is attributable to the issuance of ordinary shares is reported in shareholders' equity, amounting to SEK 87.0 million as per 30 June 2020. Issued warrants are measured as a derivative at fair value and are reported as a liability, amounting to SEK 6.8 million as per 30 June 2020. Remeasurement at fair value is done in financial items in the income statement. The warrants are measured according to Level 3 in the fair value hierarchy, Unlisted holdings. Fair value is calculated using the Black-Scholes option pricing model combined with the Brownian motion option theory. This includes the exercise price (SEK 0.15), the warrant's term (1 year), the share price on the grant date (SEK 268) and expected volatility of the share price (27%), the expected dividend yield (0%), and risk-free interest (-0.23%) for the warrant's term. Expected volatility of the share price is based on the historical volatility (based on the remaining term of the warrant), adjusted for the expected changes in future volatility resulting from available public information for a group of comparative companies.

As per 30 June 2020 the total number of shares outstanding was 5,822,866 (5,449,232), consisting of 3,646,926 (3,273,292) ordinary shares and 2,175,940 (2,175,940) preference shares. Outstanding employee stock options as per 30 June 2020 correspond in number to 138,517 (130,917) with rights to subscribe 1:1 for ordinary shares. Outstanding warrants as per 30 June 2020 correspond in number to 780,273 (382,917) with rights to subscribe 1:1 for ordinary shares.

Note 5 – Credit facility and warrants

The new credit facility in Readly AB expires on 1 January 2023 and carries annual interest of 10.75%. The total granted loan amount is EUR 10 million, of which EUR 5 million (SEK 49.5 million) was utilised as per the second quarter. The remaining amount can be utilised through 31 December 2020.

Transaction costs for the loan amount to SEK 1.9 million. Interest expenses attributable to the loan amount to SEK 1.5 million in total, while paid interest amounts to SEK 0.9 million.

One condition for the loan is that the lender is also granted warrants in Readly International. As per the second quarter, 42,839 warrants were granted at an subscription price of SEK 168 per share. If Readly chooses to utilise the remaining loan amount in 2020, an additional 25,704 warrants will be granted at the same terms. As per 30 June 2020 the fair value of the granted warrants was SEK 3.5 million.

All of the warrants are measured at fair value at the grant date. Fair value is calculated using a version of the Black-Scholes option pricing model. This includes the exercise price (SEK 168), the warrant's term (6 years), the share price on the grant date (SEK 268) and expected volatility of the share price (27%), the expected dividend yield (0%), and risk-free interest (-0.17%) for the warrant's term. Expected volatility of the share price is based on the historical volatility (based on the remaining term of the warrant), adjusted for the expected changes in future volatility resulting from available public information for a group of comparative companies. The warrants are reported as a non-current liability and are measured according to Level 3 in the fair value hierarchy, Unlisted holdings.

Additional terms for the loan are pledged collateral in Readly International AB in the form of 100% ownership of Readly GmbH (25,000 shares), Readly UK (100 shares) and Readly AB (50,000 shares). In addition, pledged collateral also includes 100% of the registered trademark Readly. Readly International AB has pledged security for the loan as well as for its own debt.

Note 6 - Significant estimations and assessments

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

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

Going concern

Readly's financial statements have been prepared in accordance with the accounting policies that apply for a going concern assumption, that is, that Readly will have the ability to continue conducting its business during the foreseeable future. Foreseeable future extends at least to, but is not limited to, 12 months after the end of the reporting period. It is the Board of Directors and CEO who are responsible for assessing the company's ability to continue operating. To be able to make this assessment in a correct manner, consideration must be given to all available information and assumptions about the future. Further, the Board of Directors and CEO continuously monitor circumstances that may affect the assessment of the validity of the going concern assumption, where the most critical risk is access to funding. Since Readly is in a phase of growth, the company continues to report significant losses. This may lead to strained liquidity and a need to secure long-term funding for the Group. To ensure a satisfactory position, during the second quarter of 2020 the company carried out a new share issue and signed a loan agreement with Kreos Capital. The Board of Directors and CEO believe that, after implemented measures, the company's existing working capital with available funding opportunities is sufficient in order for the going rate assumption to be considered to have been met.

Tax loss carryforwards

Unutilised loss carryforwards for which no deferred tax asset has been recognised amount to SEK 582.2 million (436.7) as per 30 June 2020. Given its current expansion plans, Readly has determined that the Group will likely continue to report tax loss carryforwards also in the coming year, and thus in accordance with IAS 12, no deferred tax asset is reported for these deficits.

For further information on estimations and assessments, please refer to Readly's 2019 Annual Report, Note 3 on page 62.

Key performance indicators

The company presents certain financial measures in the interim financial information that are not defined by IFRS. The company believes that these alternative performance measures (APMs) provide valuable, complementary information to investors and company management, as they allow evaluation of the company's financial performance and financial position. Since not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures shall therefore not be regarded as a replacement for the measures defined in accordance with IFRS. The tables below present certain measures that are not defined in IFRS, and they are therefore defined on pages F-10 - F-11 in the Prospectus.

		Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
FPS (Full paying subscribers	Nr	323,811	252,937	323,811	252,937	278,555
Total revenue	TSEK	83,446	62,721	160,625	121,969	264,739
Total revenue growth	%	33.0	31.6	31.7	35.2	35.1
ARPU[1] (Average revenue per user)	SEK	93	83	93	90	87
Gross profit[1]	TSEK	26,952	19,763	52,156	37,266	82,773
Gross profit margin[1]	%	32.3	31.5	32.5	30.6	31.3
Gross contribution[1]	TSEK	-23,235	-1,049	-19,409	-4,600	-16,303
Gross contribution margin[1]	%	-27.8	-1.7	-12.1	-3.8	-6.2
EBITDA[1]	TSEK	-56,999	-31,198	-92,260	-60,419	-134,618
EBITDA margin[1]	%	-68.3	-49.7	-57.4	-49.5	-50.8
Operating profit	TSEK	-59,434	-33,218	-97,250	-64,515	-142,539
Operating margin	%	-71.2	-53.0	-60.5	-52.9	-53.8
Adjusted operating profit (excl IAC)[1]	TSEK	-56,068	-33,218	-88,040	-64,515	-138,123
Adjusted operating margin (excl IAC)[1]	%	-67.2	-53.0	-54.8	-52.9	-52.2
Total operating expenses	TSEK	-142,880	-95,939	-257,875	-186,484	-407,278
Net result for the period	TSEK	-66,143	-34,216	-102,188	-66,225	-146,565
Items affecting comparability	TSEK	-3,366	-	-9,210	-	-4,416
Net margin	%	-79.3	-54.6	-63.6	-54.3	-55.4
Cash flow from operating activities	TSEK	-45,769	-28,969	-92,295	-59,869	-114,634
Average number of employees	st	69	56	68	52	56
Key data per share						
Basic and diluted earnings per share	SEK	-12.0	-7.7	-18.7	-14.8	-29.6
Basic and diluted equity per share	SEK	7.3	29.3	7.4	29.3	11.1
Weighted number of outstanding shares, basic and diluted	st	5,491,407	4,464,720	5,470,320	4,464,720	4,947,854
Number of outstanding shares at end of the period	st	5,822,866	5,399,238	5,822,866	5,399,238	5,449,232

1) For reconciliation of APMs, see pages F-12 - F-13.

Definitions of key performance indicators and calculations

KPIs	Definition	Purpose
Average revenue per user (ARPU)	Total revenue divided by the number of FPSs	This measure is used to identify what share of revenue is attributable to each full-paying subscriber
Earnings per share	Profit/loss for the period after tax in relation to the average number of shares outstanding during the period	A measure used by investors, analysts and company management to evaluate the value of the company's shares outstanding
EBITDA	Earnings before interest, tax, depreciation and amortisation	Used as an alternative measure of operating profit that is not affected by historical investments and their accounting treatment, nor by items affecting comparability
EBITDA margin	EBITDA divided by total revenue	Used as an alternative measure of the business's profitability
Equity per share	Shareholders' equity in relation to the number of shares outstanding at the end of the period	A measure used by investors, analysts and company management to evaluate the company's financial position
FPS (Full paying subscribers)	A subscriber paying 51% or more of the regular price for a subscription.	Used to identify subscribers leaving the service or paying full price for the service.
Gross contribution	Gross profit excluding marketing costs	A measure of the company's gross profit after marketing costs used by investors, analysts and company management to evaluate the company's profitability
Gross contribution margin	Gross contribution divided by operating revenue	A profitability measure used by investors, analysts and company management to evaluate the company's profitability
Gross margin	Gross profit/loss divided by revenue	Used as a measure of the core business's profitability, regardless of the effect of other operations
Gross profit/loss	Revenue less publisher costs	Used as a measure of the core business's operating profit, regardless of the effect of other operations, items affecting comparability between periods, and financing and company tax
Growth in total revenue	Increase in total revenue compared with the preceding period	Used as a measure of growth in the company's total revenue
Items affecting comparability	Non-recurring significant items and events attributable to the Group's strategy or structure. These are relevant for understanding the Group's performance and year-on-year comparisons	Used to inform about items that affect comparability between different periods

KPIs	Definition	Purpose
Marketing costs	External marketing costs related to customer acquisition, campaigns and similar marketing activities	Used as a measure of marketing costs, regardless of the effect of other operations, items affecting comparability between period, and financing and company tax
Net margin	Profit/loss for the period divided by total revenue for the period	Used as an alternative measure of the business's profitability
Operating profit/loss (EBIT)	Operating revenue less operating expenses	A measure of the company's operating profit/loss before interest and tax that is used by investors, analysts and company management to evaluate the company's profitability
Operating margin	Operating profit in relation to operating expenses	A profitability measure that is used by investors, analysts and company management to evaluate the company's profitability
Total operating expenses	Total expenses excluding interest expenses and tax costs	Used as a measure of the Group's total expenses regardless of the effect of other operations, items affecting comparability between periods, and financing and company tax

Reconciliation of KPIs

Adjusted operating profit and adjusted operating margin

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating profit	**-59,434**	**-33,218**	**-97,250**	**-64,515**	**-142,539**
Preparations for possible future listing of Readly International AB (publ)	3,366	-	9,210	-	4,416
Adjusted operating profit (excl IAC)	**-56,068**	**-33,218**	**-88,040**	**-64,515**	**-138,123**
Total revenue	83,446	62,721	160,625	121,969	264,739
Adjusted operating margin (excl IAC)	**-67,2%**	**-53,0%**	**-54,8%**	**-52,9%**	**-52,2%**

Gross contribution and gross contribution margin

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Total revenue	83,446	62,721	160,625	121,969	264,739
Publisher cost	-56,494	-42,959	-108,469	-84,703	-181,966
Marketing cost	-50,187	-20,812	-71,564	-41,866	-99,076
Gross contribution	**-23,235**	**-1,049**	**-19,409**	**-4,600**	**-16,303**
Gross contribution margin	**-27.8%**	**-1.7%**	**-12.1%**	**-3.8%**	**-6.2%**

EBITDA and EBITDA margin

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
EBITDA	**-56,999**	**-31,198**	**-92,260**	**-60,419**	**-134,618**
Total revenue	83,446	62,721	160,625	121,969	264,739
EBITDA margin	**-68.3%**	**-49.7%**	**-57.4%**	**-49.5%**	**-50.8%**

Gross profit and gross margin

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Total revenue	83,446	62,721	160,625	121,969	264,739
Publisher cost	-56,494	-42,959	-108,469	-84,703	-181,966
Gross profit	**26,952**	**19,763**	**52,156**	**37,266**	**82,773**
Gross profit margin	**32.3%**	**31.5%**	**32.5%**	**30.6%**	**31.3%**

Equity per share

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Weighted number of outstanding shares	5,491,407	4,464,720	5,470,320	4,464,720	4,4947,854
Total equity	40,309	131,035	40,309	131,035	54,773
Equity per share	**7.3**	**29.3**	**7.4**	**29.3**	**11.1**

Net margin

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net result for the period	-66,143	-34,216	-102,188	-66,225	-146,565
Total revenue	83,446	62,721	160,625	121,969	264,739
Net margin	**-79.3%**	**-54.6%**	**-63.6%**	**-54.3%**	**-55.4%**

Total revenue growth

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Total revenue	83,446	62,721	160,625	121,969	264,739
Total revenue growth	**33.0%**	**31.6%**	**31.7%**	**35.2%**	**35.1%**

Operating profit and operating margin

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Total revenue	83,446	62,721	160,625	121,969	264,739
Total operating expenses	-142,880	-95,939	-257,875	-186,484	-407,278
Operating profit	**-59,434**	**-33,218**	**-97,250**	**-64,515**	**-142,539**
Operating margin	**-71.2%**	**-53.0%**	**-60.5%**	**-52.9%**	**-53.8%**

Total operating expenses

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Publisher cost	-56,494	-42,959	-108,469	-84,703	-181,966
Marketing cost	-50,187	-20,812	-71,564	-41,866	-99,076
Other external cost*	-14,106	-16,451	-35,607	-30,499	-59,482
Personnel cost	-19,658	-13,698	-37,244	-25,320	-58,833
Depreciation and amortization	-2,435	-2,019	-4,990	-4,095	-7,921
Operating expenses	**-142,880**	**-95,939**	**-257,875**	**-186,484**	**-407,278**

* Other external costs also include other operating expenses related to currency exchange effects from operating activities. These are found on separate lines in the Prospectus and in the historical financial information for the 2019, 2018 and 2017 financial years.

Auditor's report

Readly International AB org nr 556912-9593

Introduction

We have reviewed the condensed interim financial information (included on page F2-F13 in this document) of Readly International AB as of 30 June, 2020 and the six month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Stockholm, 7 September 2020

Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant

Historical financial information for the 2019, 2018 and 2017 financial years

Group Income Statement

TSEK	Note	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Net sales	4	263,360	194,801	126,564
Other operating income	5	1,379	1,149	408
Total revenue		**264,739**	**195,950**	**126,972**
OPERATING EXPENSES				
Publisher Cost		-181,966	-137,632	-93,684
Other external costs	6	-156,305	-110,792	-62,597
Personnel costs	7	-58,833	-44,775	-32,599
Depreciation and amortisation	8,13,14	-7,921	-6,224	-5,749
Other operating expenses	9	-2,253	-3,503	-1,594
Total operating expenses		**-407,278**	**-302,926**	**-196,224**
Operating result		**-142,539**	**-106,976**	**-69,252**
Profit/loss from financial items				
Financial income	8	104	58	0
Financial expenses	10	-3,830	-928	-387
Net financial items		**-3,727**	**-870**	**-387**
Net result before tax		**-146,265**	**-107,846**	**-69,639**
Income tax		-300	-134	-190
Net result for the period		**-146,565**	**-107,980**	**-69,829**
Net result for the period attributable to the Parent company shareholders		**-146,565**	**-107,980**	**-69,829**
Basic and diluted earnings per share, SEK		-29.6	-27.6	-21.0
Basic and diluted weighted average number of shares		4,947,854	3,917,162	3,325,235

Group Comprehensive Income Statement

TSEK	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Net result for the period	-146,565	-107,980	-69,829
Items that may be reclassified to profit or loss			
Exchange rate differences on translating foreign operations	36	61	-90
Other comprehensive income for the period	**36**	**61**	**-90**
Total comprehensive income for the period	**-146,529**	**-107,919**	**-69,919**
Total comprehensive income attributable to the Parent company shareholders	**-146,529**	**-107,919**	**-69,919**

Group Balance Sheet

TSEK	Note	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
ASSETS				
Non-current assets				
Intangible assets				
Capitalised development expenditure	13	17,656	14,267	16,392
Total intangible assets		**17,656**	**14,267**	**16,392**
Property & Equipment	14	1,770	956	269
Total tangible assets		**1,770**	**956**	**269**
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	1,846
Total financial assets		**6,264**	**4,454**	**1,846**
Total non-current assets		**30,707**	**19,676**	**18,507**
Current assets				
Trade receivables	17	2,588	3,506	5,760
Other current assets	18	4,050	2,330	107
Prepaid expenses and accrued income	19	9,479	4,075	5,150
Cash and cash equivalents	20	130,132	105,886	73,346
Total current assets		**146,249**	**115,796**	**84,363**
Total assets		**176,956**	**135,472**	**102,870**

TSEK	Note	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to Parent Company shareholders				
Share capital		817	670	381
Other contributed capital		623,184	463,724	356,898
Reserves		68	32	-29
Retained earnings (including net loss for the year)		-569,276	-422,746	-314,558
Total equity	21,22	**54,773**	**41,680**	**42,691**
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	8,621
Lease liabilities	16,24	2,872	-	-
Current tax liabilities	11	371	257	-
Other current liabilities	16,24	8,037	6,630	5,796
Accrued expenses and deferred income	25	80,400	63,925	45,762
Total current liabilities		**120,637**	**93,792**	**60,179**
Total liabilities		**122,183**	**93,792**	**60,179**
Total equity and liabilities		**176,956**	**135,472**	**102,870**

Group Changes in Equity

TSEK	Share capital	Other contributed capital	Reserves	Retained earnings (including net loss for the year)	Total equity
Opening balance 1 January 2017	**289**	**236,932**	**61**	**-244,777**	**-7,495**
Net profit for the year	-	-	-	-69,829	-69,829
Other comprehensive income	-	-	-90	-	-90
Total comprehensive income	**-**	**-**	**-90**	**-69,829**	**-69,919**
Transactions with shareholders in their role as owners	**-**	**-116**	**-**	**48**	**-68**
New share issue					
Transaction costs	92	108,255	-	-	108,347
Warrants	-	-2,580	-	-	-2,580
Share-based remuneration – value of employees' service	-	348	-	-	348
Redemption of share-based renumeration	-	14,059	-	-	14,059
Closing balance 31 December 2017	**381**	**356,898**	**-29**	**-314,558**	**42,692**

TSEK	Share capital	Other contributed capital	Reserves	Retained earnings (including net loss for the year)	Total equity
Opening 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 remuneration – value of employees' service	-	712	-	-	713
Share-based remuneration – Supplier agreements	-	908	-	-	908
Closing balance 31 December 2018	**670**	**463,709**	**32**	**-422,711**	**41,680**

TSEK	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**
Other adjustments					
Transactions with shareholders in their role as owners	**148**	**158,530**	**-**	**-**	**158,678**
Bonus issue	-	-3,816	-	-	-3,816
New share issue	-	1,270	-	-	1,270
Share-based remuneration – value of employees' service	-	1,491	-	-	1,491
Share-based remuneration – Supplier agreements	-	2,000	-	-	2,000
Closing balance 31 December 2019	**817**	**623,184**	**68**	**-569,276**	**54,773**

Total equity includes deferred tax. Deferred tax related to leasing expenses, according to IFRS 16, amounts to SEK 31 (0) thousand. Differed tax related to employee options (share-based remuneration) 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.

Condensed Consolidated Cash-Flow Statement (TSEK)

TSEK	Note	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Operating profit (EBIT)		-142,539	-106,976	-69,252
Depreciation		7,921	6,224	5,749
Other items not affecting liquidity	28	3,656	1,665	14,407
Interest paid		-394	-15	-387
Paid tax		-116	-134	-190
Cash flow from operations before changes in working capital		**-131,472**	**-99,236**	**-49,673**
Changes in account receivables		917	2,254	-3,613
Changes in operating receivables		-7,939	-1,146	-3,215
Changes in account payables		5,978	14,360	1,903
Changes in operating liabilities		17,882	19,254	18,965
Cash flow from operating activities		**-114,634**	**-64,514**	**-35,633**
Investments in intangible and tangible assets	13,14	-9,355	-4,690	-6,363
Investments in financial assets	12	-1,811	-2,608	-1,421
Cash flow from investing activities		**-11,166**	**-7,298**	**-7,784**
New share issue		154,862	105,205	105,767
Warrants		1,270	-	-
Amortisation of lease liabilities		-2,622	-	-
Cash flow from financing activities	29	**153,510**	**105,205**	**105,767**
Cash flow for the period		**27,710**	**33,393**	**62,350**
Cash and cash equivalents at the beginning of the period		105,886	73,346	10,687
Exchange rate differences related to cash and cash equivalents		-3,464	-851	309
Cash and cash equivalents at the end of the period		**130,132**	**105,886**	**73,346**

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 Maj 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 and 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 percent 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 of use assets	-	7,785	7,785
Other prepaid expenses	6,405	-745	5,660
Non-current lease liabilities	-	4,168	4,168
Current lease 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	-568
Lease liabilities recognised as at 31 December 2018	**7,812**
(Less): short-term leases not recognised as a liability	-772
(Less): low value leases not recognised as a liability	-
Lease liabilities recognised as at 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.

In statement of cashflows 2018, the Group has reclassified capitalised proprietary product development expenditures from other non-cash items to be 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 decisionmaker 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 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).

The majority of the Group's agreements with customers are less than 12 months. In accordance with the exemption rules in IFRS 15, disclosures are not provided on the transaction price allocated to the performance commitments that are unfulfilled at the end of the reporting period. The customer is normally invoiced for the entire contract amount before the contractual period begins. The advanced payments are recognised as contract liability (presented as deferred income in the balance sheet, see Note 25) and the revenue is recognised straight-line over the subscription period.

(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 realise 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

The assets' residual values and useful lives are reviewed annually and adjusted if necessary. If an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is immediately written down to its recoverable amount.

Gains and losses upon sale are determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognised in other operating income or other operating expenses in the consolidated income statement.

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 and 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 another 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.

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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 another 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.

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 (2018: 15.6, 2017: 1.0) million and SEK 13.1 (2018: 12.9, 2017: 2.4) 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 (2018: 1.6, 2017: 0.1) million and SEK 1.3 (2018: 1.3, 2017: 0.2) 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 credit risk, neither through exposure towards a single customer or group of customers for whom the economic situation might be affected in an equal way from macroeconomic changes. For new customers, a risk assessment is made of the customer's credit-worthiness 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.

Tax risks
The Parent Company Readly International AB invoices the subsidiaries in the Group based on actual use of resources. During certain prior financial years through 2018, such resource use and thus invoicing did not pertain to all subsidiaries in the Group. The Swedish Tax Agency has expressed in position statement that a parent company shall invoice all subsidiaries in a Group in order for full VAT deduction to be allowed. However, legal precedence from the Administrative Court of Appeal suggests that resource based invoicing shall be accepted. It cannot be

entirely ruled out that the Swedish Tax Agency could question certain parts of the company's deductions for losses or VAT, which by extension could give rise to significant negative effects on the Group's earnings and financial position. The Parent Company's accumulated deductions for incoming value added tax during the financial years in question amount to a total of approximately SEK 25 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	Between 1 and 2 years	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
Lease liabilities	745	2,234	-	2,872
Accrued expenses and deferred income	-	51,540	-	51,540
Total current financial liabilities	**29,703**	**53,774**	**-**	**83,477**
Total financial liabilities	**29,703**	**53,774**	**2,423**	**85,900**

At 31 December 2018	Less than 3 months	Between 3 months and 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**

At 31 December 2017	Less than 3 months	Between 3 months and 1 year	Carrying amount
Current financial liabilities			
Accounts payable	8,620	-	8,620
Lease liabilities	-	-	43
Other current liabilities	43	-	-
Accrued expenses and deferred income	4,335	27,501	31,836
Total current financial liabilities	**12,998**	**27,501**	**40,499**
Total financial liabilities	**12,998**	**27,501**	**40,499**

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 6.7 (2018: SEK 3.9 million, 2017: SEK 6.2 million) million 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 capitalised 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 status

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 582.2 (2018: 436.7, 2017: 327.4) million.

Note 4 – Distribution of net sales

Distribution of net sales by type of service	**2019**	**2018**	**2017**
Readly's digital magazine service	263,360	194,801	126,564
Total	**263,360**	**194,801**	**126,564**

Net sales by geographic market	**2019**	**2018**	**2017**
Sweden	69,028	52,349	43,238
Germany	109,606	77,259	42,067
UK	56,017	49,341	33,454
Rest of the world	28,709	15,852	7,805
Total	**263,360**	**194,801**	**126,564**

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

Note 5 – Other operating income

Group	**2019**	**2018**	**2017**
Exchange-rate gains in operations	1,379	1,134	408
Other operating income	-	15	-
Total	**1,379**	**1,149**	**408**

Note 6 – Auditor's remuneration

Group	**2019**	**2018**	**2017**
PwC			
– Audit assignment	665	275	195
– Auditing activities in addition to audit assignment	69	503	85
– Tax advisory services	961	325	360
– Other services	1,576	627	600
Total	**3,271**	**1,730**	**1,240**

Note 7 – Employee benefits, etc.

Average number of employees	2019		2018		2017	
Group	Average number of employees	Whereof men	Average number of employees	Whereof men	Average number of employees	Whereof men
Sweden	36	18	27	21	19	17
Germany	10	4	11	8	7	6
UK	9	5	6	4	5	3
Total	**55**	**27**	**44**	**33**	**31**	**26**

Gender balance, senior executives of the Group	2019		2018		2017	
Group	Number year-end	Whereof men	Number year-end	Whereof men	Number year-end	Whereof men
Board members	3	2	4	4	4	3
Managing Director and other senior executives	10	6	8	6	7	6
Total	**13**	**8**	**12**	**10**	**11**	**9**

Expensed salaries, other benefits and social security contributions

Group	2019	2018	2017
Salaries, including other remuneration for termination of employment	40,058	31,142	22,322
Social security contributions	11,318	7,862	5,907
Pension costs – defined contribution plans	2,960	2,327	1,649
Share-based remuneration for employees	1,491	861	349
Total	**55,827**	**42,192**	**30,227**

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 (2018: 100, 2017: 200). 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 remuneration	Variable renumeration	Other renumeration
Nathan Medlock	29	-	-
Alexandra Whelan	-	-	1,642
Joel Wikell	-	-	-
Per Hellberg	71	-	-
Total	**100**	**-**	**1,642**

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

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

2017	Salaries and other remuneration	Variable renumeration	Other renumeration
Nathan Medlock	-	-	-
Joel Wikell	-	-	-
Per Hellberg	-	-	-
Meg Tivéus	200	-	-
Total	**200**	**-**	**-**

Expensed remuneration and other benefits to senior executives, SEK thousand

	Salaries			Variable renumeration			Pension costs		
	2019	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Managing Director	3,177	2,017	1,545	538	720	168	943	595	453
Other senior executives	13,107	8,420	7,671	2,292	1,060	1,737	2,113	330	628
Group total	**16,284**	**10,437**	**9,216**	**2,830**	**1,780**	**1,905**	**3,056**	**925**	**1,081**

Total invoicing related to non-employed senior executives amounts to SEK 3.9 (2018: 0.8, 2017: 0) 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.

Variable remuneration consists of bonuses related to financial year of 2019 amounting to SEK 1,3 (2018: 1.1, 2017: 1.5) million, whereof SEK 0.5 (2018: 0.7, 2017: 0.4) million relates to the managing director, as well as employee stock options for other senior executives of 1.5 (0.7) MSEK.

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		2017	
	Average exercise price per option, SEK	**Options (thousands)**	**Average exercise price per option, SEK**	**Options (thousands)**	**Average exercise price per option, SEK**	**Options (thousands)**
As of 1 januari	**222**	**137,500**	**225**	**155,000**	**148**	**37,500**
Granted	275	295,250	-	-	250	117,500
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**	**225**	**155,000**

In 2019, 1,000 (2018: 0, 2017: 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**	**Fair value**	**Average term to maturity**	**Number of warrants 31/12 2019**	**Number of warrants 31/12 2019**	**Number of warrants 31/12 2018**	**Number of warrants 31/12 2017**
2015	2016/2019	1/1/201930/12/2019	130	1,50	3	0	27,500	27,500
2016	2016/2020	1/7/2020-30/12/2020	199	2,50	3	10,000	10,000	10,000
2017	2017/2020	1/7/2020-30/12/2020	250	6,35	3	100,000	100,000	117,500
2018	2018/2021	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**	**155,000**

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 incentive for 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		2017	
	Average exercise price per option, SEK	**Options (thousands)**	**Average exercise price per option, SEK**	**Options (thousands)**	**Average exercise price per option, SEK**	**Options (thousands)**
As of 1 januari	**127**	**61,000**	**124**	**66,000**	**86**	**30,000**
Granted	164	102,917	-	-	155	36,000
Forfeited	157	-7,650	86	-1,500	-	-
Exercised	87	-22,450	86	-3500	-	-
Expired	86	-2,900	-	-	-	-
As of 31 december	**162**	**130,917**	**127**	**61,000**	**124**	**66,000**

In 2019, 22,450 (2018: 3,500, 2017: 0) employee options were exercised to subscribe for shares at a weighted average price of SEK 87 (2018: 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 period**	**Share price**	**Fair value**	**Number of employee options 31/12 2019**	**Number of employee options 31/12 2018**	**Number of employee options 31/12 2017**
2015	2016/2019	23/2/2016-31/12/2018	31/12/2018	1/9/2019-30/12/2019	86	17	-	25,000	25,000
2015	2016/2020	23/2/2016-31/12/2018	31/12/2018	1/9/2019-31/1/2020	86	17	-	-	5,000
2017	2017/2021	19/10/2017-31/12/2020	31/12/2020	1/1/2021-30/6/2021	155	45	30,000	36,000	36,000
2018	2018//2022	25/3/2019-30/6/2022	31/12/2020	1/1/2021-30/6/2021	164	22	10,917	-	-
2019	2019/2023	2/5/2019-1/1/2021	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**	**66,000**

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 SEK 1.5 (2018: 0.7, 2017: 0.3) million 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	
Opening 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 reported in the Statement of cash flows

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	**2 018**	**2 017**
Within 1 year	3,905	760
Between 1 and 5 years	3,136	581
More than 5 years	-	-
Total	**7,041**	**1,341**

Expensed lease charges amounting to SEK 2,8 million, of which variable fees amounting to SEK 0 regarding leasing mainly of premises are included in the consolidated income statement for 2018 financial year.

Note 9 – Other operating expenses

Group	2019	2018	2017
Exchange-rate losses in the operations	2,253	3,503	1,594
Total	**2,253**	**3,503**	**1,594**

Note 10 – Financial income and expenses

Group	2019	2018	2017
Exchange-rate differences	104	58	-
Total financial income	**104**	**58**	**-**
Interest expenses	-394	-15	-248
Exchange-rate differences	-3,436	-912	-139
Total financial expenses	**-3,830**	**-927**	**-387**
Net financial items	**-3,727**	**-869**	**-387**

Note 11 – Income tax

Group	2019	2018	2017
Current tax	300	134	190
Total current tax	**300**	**134**	**190**

	2019	2018	2017
Loss before tax	-146,265	-107,461	-69,639
Income tax calculated according to local tax rate in Sweden, 21,4% (2018: 22 %, 2017: 22%)	31,301	23,641	15,321
Tax effects of:			
Tax-effects of non-capitalised deficits	-31,750	-24,092	-15,926
Tax-effects of non-deductible expenses	-53	-77	-37
Expenses to be deducted but not included in recognised earnings	396	374	568
Tax effects of foreign tax rates	405	287	264
Tax expense	**300**	**134**	**190**

Note 12 – Holdings and investments in subsidiaries

The Group had the following subsidiaries on 31 December 2019

Name	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	Percentage of ordinary shares owned by the Group (%) 2017-12-31
Readly AB	Sweden	100%	100%	100%
Readly Books AB	Sweden	100%	100%	100%
Readly Financial Instruments AB	Sweden	100%	100%	100%
Readly GmbH	Germany	100%	100%	100%
Readly UK Ltd	UK	100%	100%	100%
Readly LLC	US	100%	100%	100%

Note 13 – Intangible assets

Group	Capitalised development expenditure
2017 financial year	
Opening carrying amount 1 January 2017	**15,652**
Purchases/internally developed	6,166
Amortisation	-5,426
Closing carrying amount on 31 December 2017	**16,392**
Carrying amount	
Cost	32,216
Accumulated amortisation	-15,824
At 31 December 2017	**16,392**

Group	Capitalised development expenditure
2018 financial year	
Opening carrying amount 1 January 2018	**16,392**
Purchases/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**
Purchases/internally 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**

Note 14 – Tangible assets

Group	Equipment, tools, fixtures and fittings
2017 financial year	
Opening carrying amount 1 January 2017	**803**
Purchases	196
Disposals	-407
Amortisation	-323
Closing carrying amount on 31 December 2017	**269**
Carrying amount	
Cost	773
Accumulated amortisation	-504
At 31 December 2017	**269**

Group	Equipment, tools, fixtures and fittings
2018 financial year	
Opening carrying 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**

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**

Note 15 – Other non-current receivables

Group	2019-12-31	2018-12-31	2017-12-31
The item other non-current receivables comprises:			
Deposits with payment providers	6,137	4,372	1,593
Rental deposits	127	82	253
Carrying amount	**6,264**	**4,454**	**1,846**

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	Amortised cost 2017-12-31
Financial assets			
Other non-current receivables	6,264	4,454	1,846
Accounts receivable	2,588	3,506	5,760
Other current receivables	4,050	2,330	107
Accrued income and prepaid expenses	5,449	2,959	1,545
Cash and cash equivalents	130,132	105,886	73,346
Total	**148,483**	**119,134**	**82,604**
Financial liabilities			
Non-current lease liabilities	1,546	-	-
Current lease liabilities	2,872	-	-
Accounts payable	28,958	22,980	8,620
Other current liabilities	-	130	43
Accrued expenses and deferred income	51,540	40,615	31,836
Total	**84,916**	**63,725**	**40,499**

Note 17 – Accounts receivable

	2019-12-31	2018-12-31	2017-12-31
Accounts receivable	2,707	3,506	5,760
Less: provision for doubtful receivables	-118	-	-
Accounts receivable – net	**2,588**	**3,506**	**5,760**

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 (2018: 3.5, 2017: 5.8) million after reservation for expected customer bad debts.

	2019-12-31	2018-12-31	2017-12-31
1-30 days	557	1,044	729
31-60 days	-46	-	-
> 61 days	148	282	-
Total overdue accounts receivable	**658**	**1,326**	**729**

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	2019-12-31	2018-12-31	2017-12-31
Receivables from suppliers	-	149	107
Receivables from employees	2,053	-	-
Value-added tax receivable	-	2,181	-
Other current receivables	1,996	-	-
Total	**4,051**	**2,330**	**107**

Note 19 – Prepaid expenses and accrued income

Group	2019-12-31	2018-12-31	2017-12-31
Prepaid rental expenses	696	614	324
Prepaid marketing expenses	1,485	370	-
Other prepaid expenses	1,849	132	3,281
Accrued income	5,449	2,959	1,545
Total	**9,479**	**4,075**	**5,150**

Note 20 – Cash and cash equivalents

Group	2019-12-31	2018-12-31	2017-12-31
Bank balances	130,132	105,886	73,446
Total	**130,132**	**105,886**	**73,446**

Note 21 – Equity

	2019		2018		2017	
Share capital	**Number of shares**	**Share capital**	**Number of shares**	**Share capital**	**Number of shares**	**Share capital**
Ordinary shares	3,273,292	491	2,329,866	350	1,954,414	196
Preference shares A	332,169	50	332,169	50	332,169	33
Preference shares A1	648,436	97	648,436	97	648,436	65
Preference shares B	912,475	137	871,389	131	871,389	87
Preference shares C	282,869	42	282,860	42	-	-
Total	**5,449,232**	**817**	**4,464,720**	**670**	**3,806,408**	**381**

At 31 December 2018, the share capital consists of 5,449,232 shares (2018: 4,464,720, 2017: 3,806,408) consisting of 3,272,292 ordinary shares (2018: 2,329,866, 2017: 1,954,414) and 2,175,940 (2018: 2,134,854, 2017: 1,851,994) 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 remuneration.

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.

Group	2019	2018	2017
Opening recognised liability for services received	-	2,416	2,343
Cash settlement of liabilities	-	-2,443	-
Exchange-rate differences	-	27	73
Closing recognised liability for services received	**-**	**-**	**2,416**

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 (2018: 436.7, 2017: 327.4) 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	2019-12-31	2018-12-31	2017-12-31
Lease liabilities	2,872	-	-
VAT	5,139	5,642	4,915
Employee withholding taxes	1,856	858	838
Other current liabilities	1,042	130	43
Total current interest-bearing liabilities	**10,909**	**6,630**	**5,796**

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

Note 25 – Accrued expenses and deferred income

Group	2019-12-31	2018-12-31	2017-12-31
Accrued remuneration to publishers	51,540	40,615	27,501
Prepaid subscription income	14,223	10,366	11,509
Accrued salaries	1,728	3,247	-
Accrued holiday pay	2,348	1,645	1,839
Other accrued expenses	10,561	8,052	4,913
Total	**80,400**	**63,925**	**45,762**

Note 26 – Contingent assets, pledged assets and contingent liabilities

Group	2019-12-31	2018-12-31	2017-12-31
Pledged assets			
Chattel mortages as collaterial for bank guarantees	1,160	1,160	50
Total	**1,160**	**1,160**	**50**

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 remuneration to related parties, please refer to Note 7. 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.

	2019-12-31	2018-12-31	2017-12-31
Loans from related parties			
At beginning of the year	**-**	**-**	
Loans raised during the year	-	-	5,000
Amortised amounts	-	-	-5,000
Interest expenses	-	-	114
Interest paid	-	-	-114
By the end of the year	**-**	**-**	**-**

The loan from shareholders in had a set term with an annual interest rate of 12%. The loan was not pledged and was paid in cash.

Note 28 – Other non-cash items

Group	2019-12-31	2018-12-31	2017-12-31
Share-based remuneration, employee share option program	3,491	757	348
Share-based remuneration, supplier agreements	-	908	14,059
Other items not affecting liquidity	165	-	-
Total	**3,656**	**1,665**	**14,407**

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 activities	**-**	**-**	**-**	**-**

TSEK	2016-12-31	New lease agreements	Cash flow	2017-12-31
Lease liabilities	-	-	-	-
Reconciliation of liabilities attributable to financing activities	**-**	**-**	**-**	**-**

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 horison 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.

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.

		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 (Genomsnittlig intäkt per användare)	SEK	87	86	84
Gross profit	TSEK	82,773	58,319	33,288
Gross profit margin	%	31.3	29.8	26.2
Gross contribution	TSEK	-16,303	-15,439	-14,763
Gross contribution margin	%	-6.2	-7.9	-11.6
EBITDA	TSEK	-134,618	-100,752	-63,503
EBITDA margin	%	-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	-69,829
Items affecting comparabiility	TSEK	4,416	-	-
Net margin	%	-55.4	-55.1	-55.0
Casy flow from operating activities	TSEK	-114,634	-64,514	-35,633
Average number of employees	st	55	44	31
Key data per share				
Earnings per share, basic and diluted	SEK	-29.62	-27.57	-21
Equity per share, basic and diluted	SEK	11.1	10.6	12.8
Weighted number of outstanding shares, basic and dilluted	st	4,947,854	3,917,162	3,325,235
Number of outstanding shares at end of the period	st	5,449,232	4,464,720	3,806,408

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)	ARPU 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	Significant items and events attributable to the Group's strategy or structure. These are relevant to understand the Group's development and comparison between years.	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	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
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	**-16,303**	**-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
EBIT	**-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
Total 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	42,691
Equity per share	**11.1**	**10.6**	**12.8**

Auditor’s report

This is a literal translation of the Swedish original report included in RevR 5

The Auditor’s Report on new (or restated) historical financial statements

Independent Auditor's report

To the board of directors of Readly International AB (publ), corporate identity number 556912-9553

Report on the consolidated accounts

Opinions

We have audited the consolidated accounts of Readly International AB (publ) (publ) for the period of three financial years ending 31 December 2019. The consolidated accounts of the company are included on pages F15-F38 in this document.

In our opinion, the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019, 31 December 2018 and 31 December 2017 and its financial performance and cash flow for each of the three financial years ending 31 December 2019 in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

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

In preparing the consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the 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 the annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our ur opinion about the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for my our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Stockholm 7 September 2020
Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant

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