Readly

ANNUAL REPORT INCLUDING SUSTAINABILITY REPORT

2020

Contents

This is a translation of the Swedish original. In case of any discrepancy between the Swedish and the English versions of this Annual Report, the Swedish version shall govern.

Bringing the magic of magazines into the future

All in one app

Readly is a digital subscription service that gives users unlimited access to more than 5,000 national and international magazines – all in one app. Today the company is the European leader in “all-you-can-read” digital magazine subscriptions with users in 50 markets. In collaboration with approximately 900 publishers worldwide, Readly is digitalising the magazine industry. Our mission is to bring the magic of magazines into the future so that quality content remains something that can be discovered and lives on. In 2020 Readly distributed approximately 140,000 editions of magazines and newspapers that have been read 99 million times. Since September 2020 Readly’s shares are listed on Nasdaq Stockholm, Midcap.

USD 60 billion

The global consumer magazine market, measured by advertising revenue and circulation, is estimated to be worth approximately USD 60 billion by 2024, according to a report from PwC. The anticipated annual growth rate for digital magazines is approximately 4 per cent.

121 employees, including consultants

369,764 full-paying subscribers

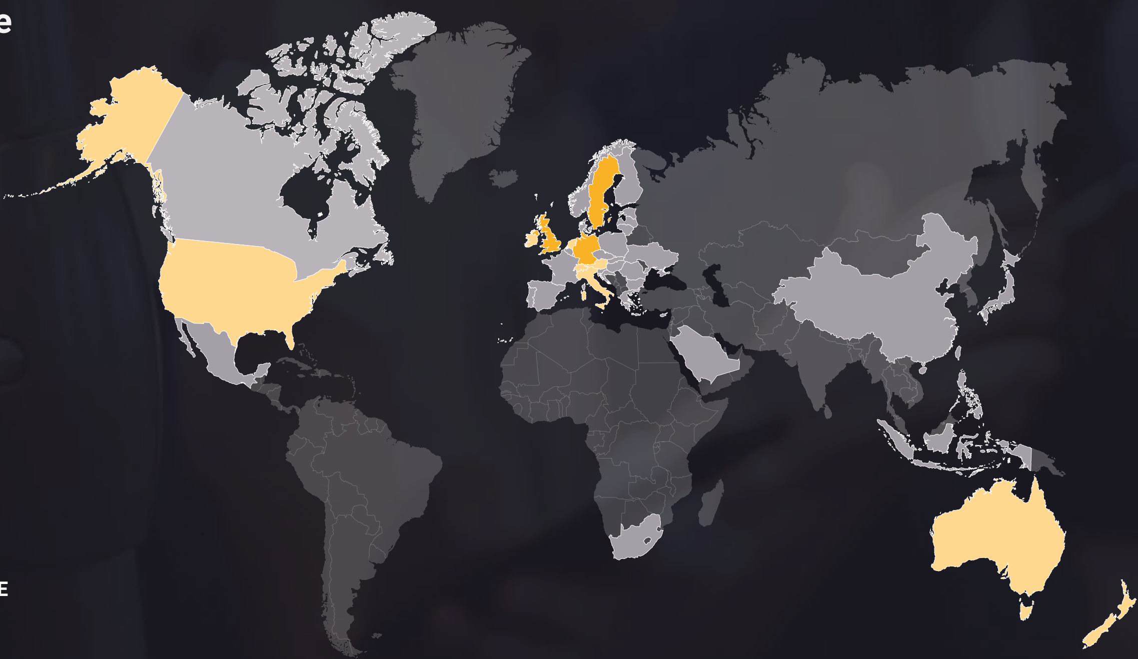
5,000 titles

900 publishers

17 languages in the app

Readly worldwide

Readly is accessible for subscribers in 50 countries with content from local publishers in 11 countries.



COUNTRIES WHERE WE HAVE OFFICES (Sweden, UK and Germany)

MARKETS IN WHICH WE ACTIVELY MARKET READLY (Austria, Australia, Germany, Ireland, Italy, the Netherlands, New Zealand, Sweden, Switzerland, UK and USA)

OTHER COUNTRIES WHERE READLY IS ACCESSIBLE

2020 in brief

Interest in Readly was high in 2020, which is both a result of an increased interest in digital alternatives and increased investments in brand awareness and optimisation of conversion campaigns.

During the year, the reading experience improved through development of the product and a broadening of the content portfolio, for example by adding a number of newspapers. Continuously broadening and deepening the content on the platform is an important step in attracting new readers to Readly.

A milestone in Readly's history was passed during the year with the listing of Readly's shares on Nasdaq Stockholm, Midcap list, on 17 September. The Initial Public Offering attracted great interest from institutional investors in Sweden and internationally as well as from the general public in Sweden.

33%

Growth in number of full-paying subscribers (FPSs) compared with year-end 2019.

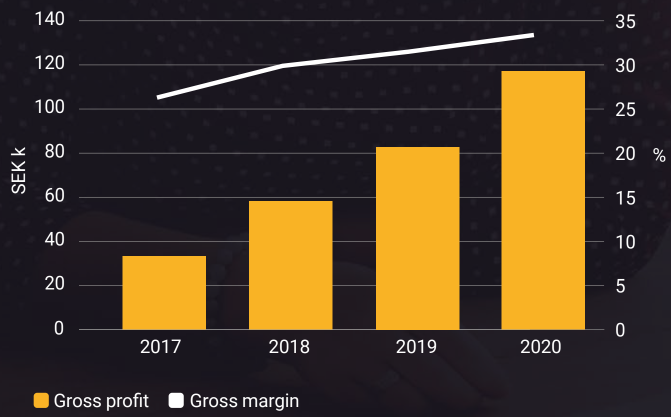
33%

Growth in revenue compared with 2019.

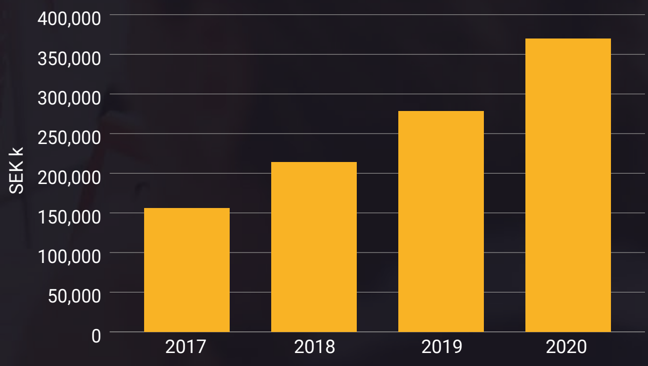
33%

Gross margin, compared with 31 per cent in 2019.

Gross profit and gross margin as per 31 Dec.



FPSs as per 31 Dec.



Multi-year overview

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

1) Earnings per share for the comparison periods have been adjusted to the number of shares after the 1:5 share split.
See Definitions of Key Performance Indicators and Calculations on pages 105–106.

More important events during the year

Growing number of newspapers on Readly

In June 2020 the British publishing house ESI Media joined Readly and made two of the UK's largest daily newspapers – Evening Standard and The Independent – available on the platform with a view to increasing their digital presence and global audience. During the autumn several other publishers followed suit, including Schibsted-owned Aftonbladet in Sweden and several British-owned newspapers. After year-end Readly signed an agreement with one of Germany's largest publishers, Axel Springer, to offer BILD, one of Europe's largest daily newspapers. Today the offering includes titles such as Metro, The Guardian, The Observer and BILD. In total Readly's global offering of daily newspapers increased by 15 titles during the year.

New publishers

During the year Readly welcomed more than 100 new publishers. Approximately 800 new and returning titles also came onboard the platform. Among new titles are National Geographic Germany and The Guardian Weekly in the UK. Added to these, the portfolio was expanded with Australian titles such as Better Homes and Gardens, New Idea and Rolling Stone Australia.

EXAMPLES OF NEW PUBLISHERS IN 2020

NG Media GmbH & Co. KG (DE)
Panorama S.r.l. (IT)
Are Media (AUS)
Next Media (AUS)
Guardian News & Media (UK)

Examples of new commercial partnerships

We continue to develop relationships with various types of commercial partners in physical and digital trade as well as with strong membership networks to expand our brand awareness and acquire more subscribers.

Klarna. SAGA talpa ADAC MediaMarkt XING Tchibo H&M HUAWEI TALLINK | SILJA LINE WW CDON Revolut

Selected articles launched in more markets

Readly Articles is a curated article flow that simplifies the discovery of quality journalistic content with format adapted for mobile devices. During 2020 Readly Articles, which had previously been launched in the UK and Sweden, was also launched in Australia, New Zealand, Ireland and Italy.

"The average reading time of articles in our curated flow confirms that Readly's users appreciate reading selected content and interviews. By recommending inspiring, relevant content we are making it easier for readers to navigate and find new favourites," said Nima Boustanian, Chief Product Officer at Readly, in connection with the launch.

In early April Readly was launched in Australia and New Zealand in cooperation with a number of major publishers. Approximately 70 titles are offered today in digital format for the 17 million magazine readers in total in the two markets.

New search function

Readly's product development took several new steps during the year. Among other things, we launched a new app design for both iOS and Android. We also improved our search function to make discovery of relevant content easier and make it easier for readers to find interesting reading and discover new favourite titles they did not know about before.

The feature helps readers find information on specific topics from all available sources on the platform and has very good accuracy, which means that readers can search for a specific topic or keyword and find a large amount of articles from various sources. It's an effective way to seek qualitative and independent content compared to the search engines. The function also contributes to reading narrower titles and increased visibility for both larger and smaller publishers.

New brand campaign: *Got time, Make it count*

Got time? Make it count! That was the main message in Readly's new ad campaign that was launched in March and was aired on TV and communicated on outdoor billboards and in digital channels in several markets. The campaign's message emphasises that the time we spend mindlessly scrolling in social media could be used reading quality content in the 5,000 magazines that are available on Readly's platform. Campaign measurements indicate that the message inspired many and sparked curiosity about Readly's platform.

A strong year for Readly

2020 was a special year for us at Readly and for the entire world. Interest in exploring digital alternatives grew sharply during the spring, especially in countries that were entirely or partly locked down in response to the coronavirus pandemic. Although demand normalised during the summer and autumn, growing digital awareness is creating conditions for us at Readly to continue driving digitalisation of the magazine industry.

The pandemic has brought forth changes in our behaviours that will have far-reaching effects in society. A clear example is how quickly we changed over to a more digital life as workplaces and schools were forced to shut down in many countries early in the year. Digital meetings and education are today a natural part of our daily lives and will likely continue to be so also in the future.

For Readly the pandemic has required certain adjustments in our way of working, but overall we were spared from most of the negative impacts that the pandemic has had for many companies. This is partly because we were previously already working from various parts of the world and communicating via various digital channels, but partly also because growing interest in our service and digital services in general is strengthening our opportunities for continued success.

At the start of April we launched Readly in Australia and New Zealand, which illustrates the scalability of our product and business model. A new market does not automatically mean that we must open new offices and hire more people. Nearly all preparation work including publisher agreements, partnerships and other components of the launch plan was conducted by our teams based in Europe via digital communication with our local counterparties "down under".

Strong growth in all markets

Financially, 2020 was a strong year. Our sales amounted to SEK 352.6 million, an increase of 33.2 per cent compared with a year ago. The number of full-paying subscribers grew by 33.2 per cent to 367,764 (278,555). Performance in the UK was particularly strong, where we saw good growth especially during the second half of the year. Other markets continue to see good growth, and all markets contributed with double digit growth rates.

Much to our satisfaction, we also saw an improvement of our gross margin, which was 33.2 per cent in 2020, compared with 31.3 per cent a year ago. At the same time, our EBITDA increased to SEK -179.9 million (-134.6), largely owing to the investments we have made in brand awareness – something that we expect will generate returns in both the short and long term. Through brand surveys we can already see a clear increase in awareness of our brand and what our service entails and what advantages it brings.

Bringing the magic of magazines into the future

Opening a magazine is like opening the door to a special place, a separate universe that takes us to foreign lands, situations or events. Through magazines we find inspiration, insight and knowledge. Verified journalism is also an important pillar of democratic societies. A fresh study from PwC shows that consumers today rely on magazines more than any other news or information source, and many people are prepared to pay for quality content from trusted sources.

At Readly we have a fundamental conviction that it is by creating value for our subscribers and our partners, i.e., publishers, advertisers and commercial partners, that we lay the foundation for our shared success. So value creation is very high on our strategic agenda for 2021 and going forward. During 2020 Readly continued working for an even better product experience in order to elevate the reading experience for our subscribers. This work is continuing also into 2021. Among other things, we have further developed our presence on the Web with Readly GO, a service that simplifies access and reading of our more than 5,000 titles for people who are curious about digital magazines but have not yet downloaded the Readly app.

We have also introduced Readly Moments, a function that sums up our subscribers' yearly reading and presents it in an exciting and easily grasped way. Here, readers can see highlights of their past year of reading on Readly and can also share their Readly Moments with family and friends.

A year of development

During the past year we also welcomed a number of new publishers

> "Through magazines we find inspiration, insight and knowledge. Verified journalism is an important pillar of democratic societies."

and titles to Readly. Being able to offer a wide selection of engaging and inspiring titles in all our 11 markets is a key to our success. At the same time, publishers gain access to an additional source of revenue and an opportunity to reach new readers through our platform, which can be seen in the fact that roughly 20 per cent of reading on Readly is done of titles from a country other than the subscriber's place of domicile. Through more than 30 billion anonymised data points we also provide knowledge and insights into reader behaviours to publishers that support their revenue generation, as we enable optimisation of both editorial content and their advertisements. I am grateful for the very good relationships we have formed with publishers and partners since Readly was founded, and that we also had the pleasure of seeing more than 100 new publishers come aboard in 2020.

During the year we strengthened our position in the UK considerably, among other things by expanding our selection of daily newspapers. We can now offer our readers a number of leading British newspapers, including the Daily Express, The Guardian and The Observer – titles that attract great interest among an international audience. In Sweden and Germany, too, we welcomed leading news sources through Aftonbladet, as well as BILD and Die Welt after the end of the period.

Readly's first sustainability report

Being able to make a positive difference in the world we operate in is something that we hold close to heart at Readly. We are therefore very proud to be able to present our first official sustainability report, which includes among other things a materiality analysis that maps out the sustainability aspects that all of Readly's stakeholders feel are most important for us to focus on. The results of the survey and the in-depth interviews that have been conducted give us valuable feedback on our sustainability work and are being taken into account in how we implement a systematic way of working in our future sustainability initiatives. One strategically prioritised area involves contributing to a smaller carbon footprint by continuing to be a driver of digitalisation in the magazine industry, which also has a great impact on Readly's business and our prospects for successful future development. Read more about this in Readly's Sustainability Report on page 27.

Listing on Nasdaq – a milestone

Since 17 September Readly's shares are traded on Nasdaq Stockholm. Preparing the company for a stock market listing was both intense and educational. I am extremely humbled and grateful for the enormous effort that the team at Readly made to prepare the organisation for life in a public environment as well as to carry out the actual listing process.

I am also very proud and happy about the keen interest in Readly that the Initial Public Offering generated. The available scope in the issue was ten times oversubscribed, and we had the opportunity to welcome new, highly respected Swedish and international institutional investors as well as a large number of private individuals as new shareholders, which was far more than we had dared hope for. Our goal in listing Readly was to broaden the ownership base and with our owners' support to increase opportunities to drive development of the digital magazine market over the long term. In that I think we were successful. Through the IPO the company raised approximately SEK 450 million in new capital, which ensures that we can continue to work towards our strategic and financial goals.

Thanks to all our employees

I want to round off my first yearly summary as CEO of a listed Readly by directing a big and sincere thank you to all of our employees. It was a year that in many ways will go down in history as being extraordinary – both for us at Readly and for the world in general. Readly is made up of a strong team of individuals who all contribute their courage, experience, energy and passion for quality content and the publishing industry. Together we are building the future of digital magazine reading. During 2020 we continued to create conditions for more people to discover the magic of magazines and laid the foundation for continued positive development in 2021.

Maria Hedengren
CEO, Readly

Our purpose: bringing the magic of magazines into the future

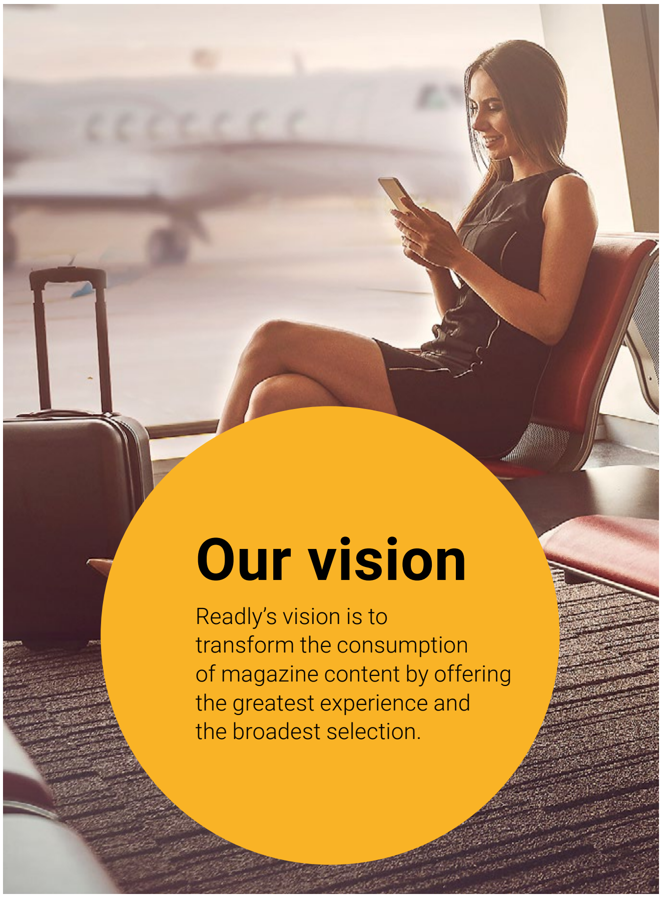
"The only thing we know about the future is…"
There are many ways you could end that sentence. But most will agree that the future will bring change. At Readly we agree. The one thing we know for certain about the future is that it is growing increasingly digital. Readly's purpose is to bring the magic of magazines into the future and capitalise on the digital opportunities it brings.

Paradoxically, we also believe in a future that in many ways will remain unchanged. Consumers will always be eager to explore their interests, find inspiration, surrender to their passions, try new things or just relax. All of these needs can be met by reading magazines – by reading articles, reports, or flipping through photos. Plus, many people associate magazine-reading with personal time. And it is this captivating content and that moment for yourself where readers can enter another world and imagine other situations, experience current or historical events, see new places, find inspiration about their interests and perhaps dream away, that we call the magic of magazines.

For us the future is also about the importance of providing access to content from responsible publishers. In times of information overflow, clickbait and disinformation, we aim to be a counterforce to the spread of false and irresponsible content and enable social and community engagement.

No matter what the future brings, at Readly we will continue to serve our purpose – bringing the magic of magazines into the future so that quality content is something that will continue to be discovered and live on.

Strategy
As Europe's leader in its format, Readly has set an ambitious growth strategy. With our market-leading position in the "all-you-can-read" format in Europe, Readly is favourably positioned in the markets in which we are active. Our business model and our service offering are scalable, we have a compelling offering to subscribers, publishers



Our vision

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

and partners, our product engages our readers, and we have a high share of recurring revenue. Against this backdrop, Readly has adopted a strategic growth plan that is based on the following six points:

- Strengthen our position as the European market leader in the "all-you-can-read" format by continuing to expand our offering and developing new digital solutions together with publishers
- Increase the share of organic growth by investing in product development and stronger brand awareness
- Continue investing in conversion-driving campaigns and long-term brand-building marketing
- Increase distribution, reach and brand awareness through partnerships
- Continue penetrating existing markets and expanding into new geographic markets
- Develop new revenue streams over time

Strengthen our position as the European market leader in the "all-you-can-read" format
Readly is the market leader in Europe in the "all-you-can-read" format for digital magazines, with a digital offering of more than 5,000 titles and approximately 140,000 editions to date. Among other things we have the largest number of magazine titles, the highest scores in the AppStore and Google Play, and agreements with many large publishing houses in Germany, the UK and Sweden.

With 900 publishers as partners worldwide, we are positioned to leverage our market-leading format. Our strategy builds upon the breadth and depth of our content, where we will continue to add titles in strategic categories in close cooperation with publishers around the globe.

Organic growth
To capitalise on the underlying growth potential, Readly will focus on continuously renewing and further developing its service offering and user experience, such as by improving opportunities for both new and existing users to even more quickly discover relevant and engaging content, experience the smart functions that Readly offers, and support frequent use of the app. We are also working on further developing the mobile experience.

Continue investing in conversion-driving campaigns and long-term brand-building marketing
Readly will continue to invest in marketing initiatives and PR activities aimed at strengthening the company's brand and enhancing organic growth. Readly will also continue to invest in conversion of new customers via digital channels for digital, performance-based marketing. The marketing budget is allocated in view of the channels and markets that generate the highest returns and based strategic considerations.

Partnerships
Partnerships are an important opportunity for Readly to increase the inflow of subscribers as well as brand awareness. Readly currently has partnerships with a multitude of major actors, including telecoms operators, energy companies, grocery retailers and membership networks. Going forward Readly will continue to focus on further developing its network of partnerships in sectors such as retail, the hotel and restaurant industry and the transport sector. Entering into new partnerships also helps Readly achieve greater exposure in existing markets and future expansions to new markets.

> "We have the largest number of magazine titles and the highest scores in the AppStore and Google Play."

Continue penetrating existing markets and expanding into new geographic markets
Readly will continue to increase its penetration in existing core markets, where awareness and demand for digital all-you-can-read magazine services are relatively high. Readly will also focus on accelerating its rate of growth in its secondary markets and expanding into new geographic markets. Since Readly's platform and business model are scalable, Readly can establish a presence in new geographic markets without costs for building up permanent, local teams. Having built up a network of some 900 publishers facilitates this as the company establishes contacts with new, potential publishers in existing as well as new markets.

Develop new revenue streams over time
Readly is constantly developing new product functionality and exploring new ways to generate additional revenue. One example of this is Readly Ads, our proprietary advertising technology. Readly Ads' dynamic advertisements combine the best of offline and online by allowing Readly to add advertisements that are adapted for a specific magazine or personalised for specific readers. Readly thereby has the opportunity to establish itself in the magazine advertisers market.

Another example is the large volume of data points that Readly generates. Data-based insights are made available for publishers, giving them insights into readers' preferences and behaviours, which in turn gives the publishers an opportunity to personalise and share their future content. This could replace or reduce publishers' need to hire external consultants to collect and analyse customers' reading behaviours. Further, Ready believes there are opportunities in the future to develop e-commerce solutions that allow users to buy products by clicking on a link in a magazine, for example.

Financial targets

The Board of Directors has adopted three financial targets for the medium and long term.

Growth

30%-35%

In the medium term Readly shall maintain an annual organic growth rate of 30 to 35 per cent. In 2020, growth was 33.2 per cent (35.1).

Gross margin

35%

Long term Readly shall achieve a gross margin of 35 per cent. The gross margin in 2020 was 33.2 per cent (31.3).

Operating profit before depreciation and amortisation

4-5 yrs

Readly shall achieve a positive EBITDA in four to five years. In 2020 EBITDA was SEK 178.5 million (-134.6), which is in line with the company's planned financial performance.

Dividend Policy

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

A strong value proposition that adds value

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

READLY'S ECOSYSTEM – BUSINESS MODEL

Readly's publisher partnerships

Readly offers its readers trusted content from approximately 900 publishers. During 2020 the breadth of the offering was strengthened through agreements with approximately 100 new publishers, and through these close to 800 titles have joined the platform. Above all, the offering of highly respected and popular daily newspapers has increased with leading titles from several countries, including the UK and Sweden. After the end of the year, the news offering was strengthened in Germany as well through a new agreement with Axel Springer.

Readly's publisher partnerships include publishing houses such as Condé Nast, Hearst Magazines, Bauer and TI Media – global companies with reach across the UK, Germany, Italy and the Netherlands. Egmont Publishing and Aller Media are examples of publishers in the Swedish market, and Funke Mediengruppe and Axel Springer are publishers in the German market. At year-end 2020 Readly had 900 active agreements with publishers around the world.

Publishers use Readly as part of their digital strategies for audience development, tactical subscription delivery and practical audience insight. Through this Readly helps publishers generate new readers, increase their brand footprint and establish a global digital presence. Readly makes it possible for publishers to expand their readership bases globally and thereby generate additional revenue from Readly's subscription fees and potentially to increase their advertising revenue through increased circulation.

Readly's subscribers

Readly offers a digital subscription service for magazines where the subscribers gain unlimited access to the full content portfolio. Subscribers pay a monthly fee in advance, and through their subscriptions readers gain access to thousands of national and international magazines in one app. The broad portfolio of quality content from trusted publishers and editors covers more than 30 different categories. Readly has a large and growing subscriber base that is very active and engaged on the platform, which allows us to collect data about subscribers' reading behaviours and preferences. We use this data to improve our service and to create a more personalised and engaging experience for our subscribers. We can also share anonymised and aggregated data with publishers to analyse what types of content subscribers prefer to read, which helps publishers improve their content for the benefit of their readers as well as improve their advertising. Publishers only gain access to anonymised data pertaining to the readership of their own publications.

Readly's current subscriber base is relatively evenly balanced between men and women. The majority of subscribers are older than 35. The most active subscribers typically have specific interests or hobbies. The most popular categories in 2020 were Celebrity & Entertainment, Lifestyle, Automotive & Tech, Gadgets and Home Electronics.

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

Advertisers

Readly has developed proprietary technology under Readly Ads which makes it possible for publishers to add additional advertisements in the digital version of their magazines on Readly. These ads can be personalised for specific subscribers based on data analytics. This means that a magazine can contain different ads depending on who the reader is. Via Readly Ads the company can generate additional revenue from direct advertising that is shared with the publishers.

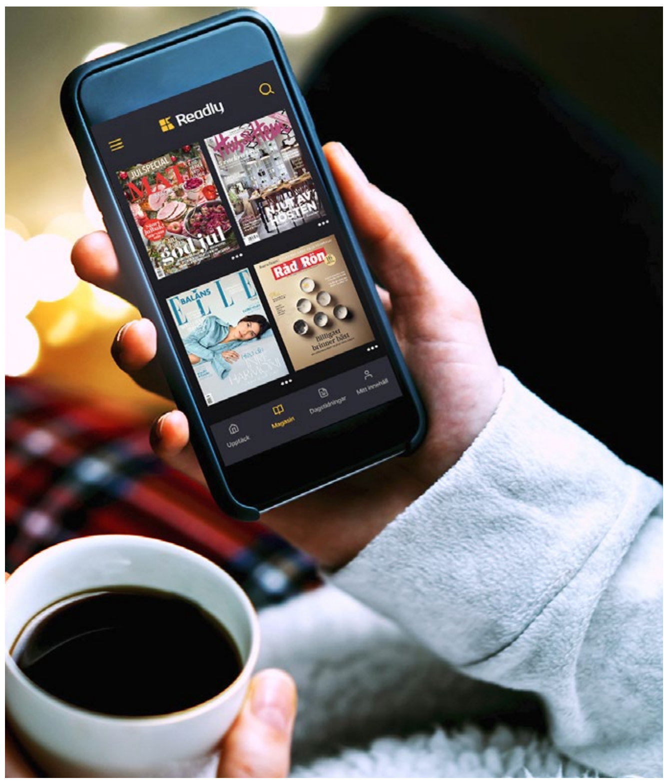
Commercialisation of Readly Ads is in an early stage, but the company believes that this service has potential to develop significantly in pace with growth of the subscriber base.

Commercial partners

Readly's commercial partners are an important channel for reaching more readers. Readly today has several commercial partnerships in a multitude of segments such as retail, energy and telecommunication. Commercial partners offer their customers trial subscriptions to Readly during a set period of time, such as 1–2 months, as part of their commercial offering. When the trial period expires, Readly has good opportunities to convert the trial subscription to a full-paying subscriber (FPS).

During 2020 an important focus area was on increasing co-operation with commercial partners. During the year Readly signed agreements for collaboration with more than 100 new partners which in various ways market Readly through their channels. A good example is H&M, which offers Readly to its customers in the UK, the Netherlands and Germany, mainly with focus on the leading fashion magazines that are offered on the platform.

Readly is also working actively on expanding and developing its successful collaborations with global brands that have already been under way in one market to additional markets where Readly is accessible. A prime example is the grocery chain Lidl, which has been offering Readly to new members of its loyalty programme in Germany and during the year also introduced the same offer in the UK.



Growing demand for digital content

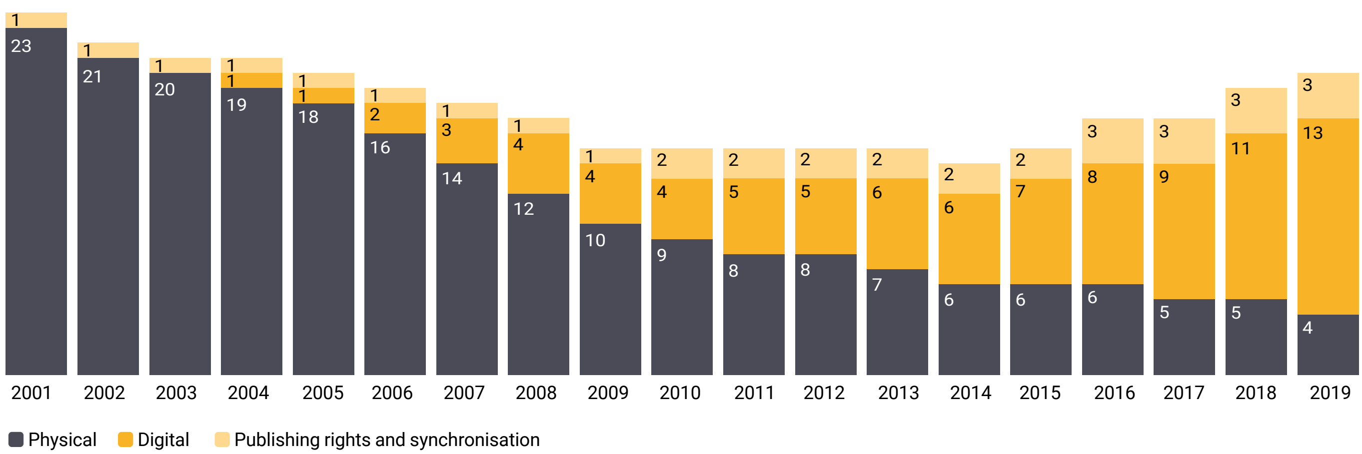
Readly is the market leader in Europe in the “all-you-can-read” digital magazine format measured by, among other factors, the highest number of magazine titles, top scores in the AppStore and Google Play, and agreements with most of the largest publishing houses in Germany, the UK and Sweden.[1]

Sales in the global magazine market consist of sales of editions as well as advertising space in each edition. The market is further broken down into two separate subsets – printed magazines and digital magazines. At present Readly solely addresses the market for sales of digital editions. The global magazine market is undergoing a shift from printed to digital magazines. This trend is being driven by consumers and advertisers who prefer other types of media over printed magazines. This has resulted in a general decline in the global market, similar to the development that has previously taken place in other media, such as consumption of music and books, which are increasingly being consumed via digital streaming services rather than in physically distributed form.

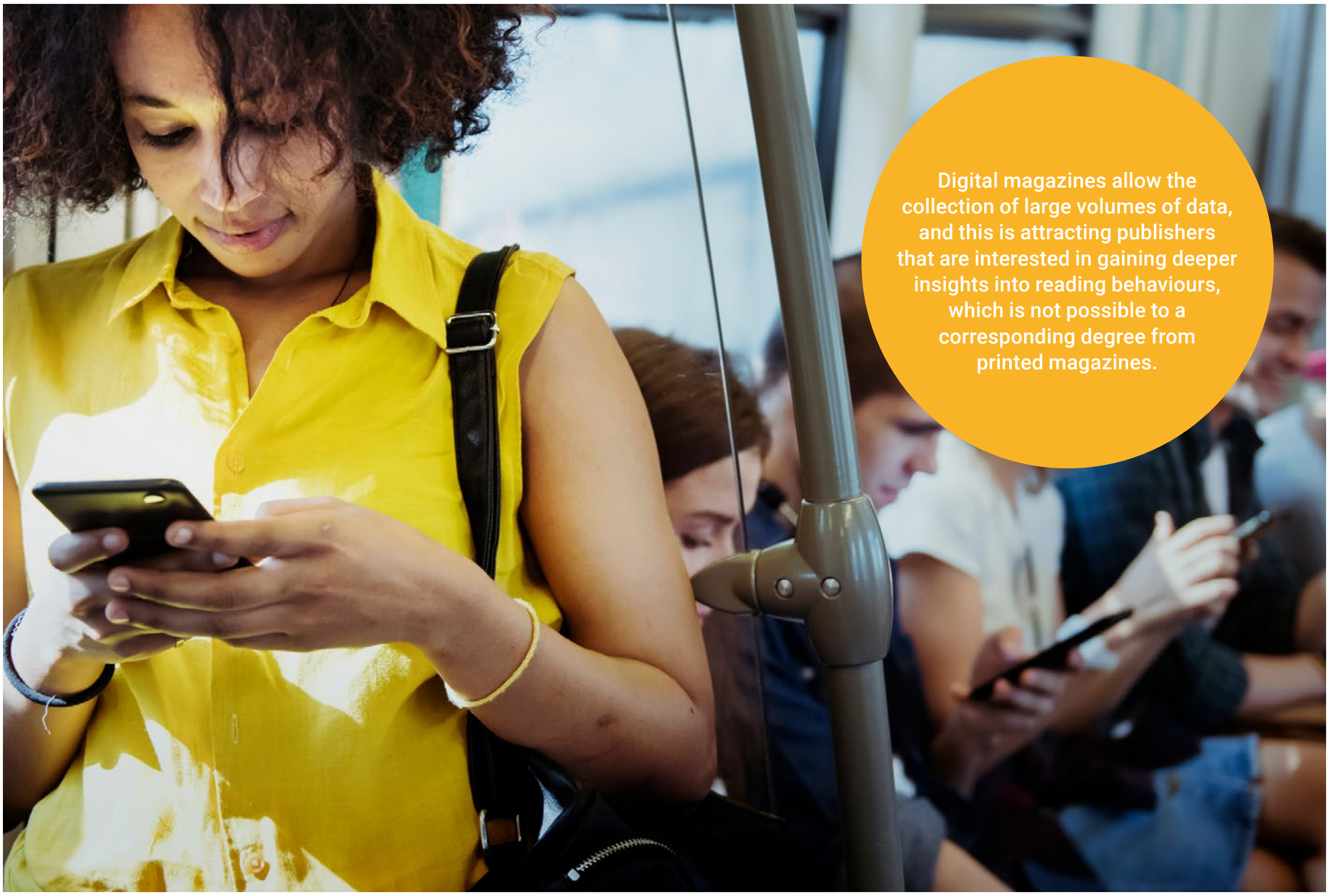
The global market for consumer magazines is expected to be worth SEK 60 billion by 2024, representing average yearly declines of 3.6 per cent compared with 2019 at the same time that the annual growth rate for consumption of digital magazines is expected to be around 4 per cent. By 2024 sales of digital editions are expected to account for 13 per cent of the total market for magazines.

In response to digital consumption trends, publishers have been forced to seek out revenue streams from other sources than printed magazines. Digital magazines allow the collection of large volumes of data, and this is attracting publishers that are interested in gaining deeper insights into reading behaviours, which is not possible to a corresponding degree from printed magazines.

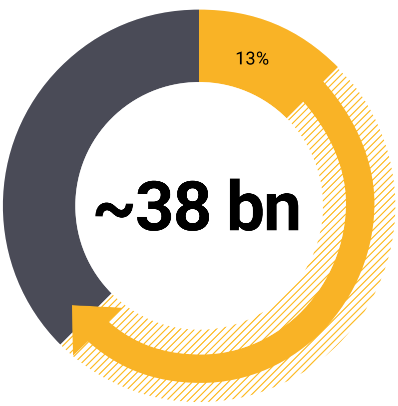
Global music industry, USDbn



1) Of the “all-you-can-read” actors identified in Europe, Readly is ranked as the market leader in the “all-you-can-read” format based on the following criteria: highest number of magazine titles, agreements with most major publishers in main markets, highest number of website visitors on average per month from October to December 2019 (globally), and highest scores in the Apple AppStore according to PwC Strategy’s market study.



Global magazine market — editions



In 2024 sales of digital editions are expected to account for 13 per cent of the total market for magazine editions.

■ Printed magazines ■ Digital penetration of the total market

Source: PwC Strategy& market study

Moreover, it is possible to measure the result of advertisements placed in digital magazines to a considerably greater extent than ads in printed magazines, which makes it possible for publishers to optimise advertising space. In view of the large demand for data and the fact that Readly is generating ever-growing amounts of data, the company plans to launch a new analysis tool for publishers in 2021 based on the 34 billion data points we have accumulated thus far.

Providers of “all-you-can-read” subscriptions, like Readly, also help publishers reach a wider audience, which can lead to higher advertising revenue in pace with increased reach. The large base of subscribers of digital magazines also allows publishers to reach out to new target groups outside of the audience that normally reads their magazines, including to people who are in a geographic location where the publisher’s magazines are not physically available. During 2020 Readly distributed 140,000 magazines that were read 99 million times. As many as one in five titles read on Readly was a magazine from a foreign publisher.

Trends that are driving digitalisation

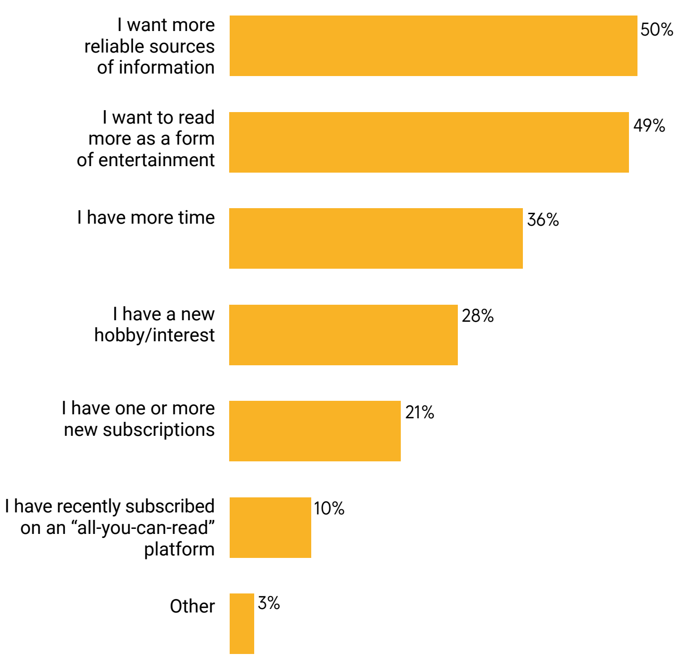
Higher demand for digital content
Within the media industry, digital business models are showing growth. The shift to digital business models has been clear in the music industry – a market that was previously in decline and that is now showing overall market growth thanks to digitalisation.

Digital penetration in the magazine market is expected to reach 13 per cent by 2024 according to PwC. Compared with the music industry, which already has digital penetration of 56 per cent (according to IFPI Global Music Report 2020), this underscores the decisive difference in maturity between printed media and other media and points to a significant opportunity for continued growth. The growing digital penetration in the media industry has been and will continue to be driven by steadily growing consumer interest in digital content. This higher demand for digital content is being driven by a shift in consumption behaviour that is based on growing use of mobile platforms in pace with greater use of smartphones and tablets.

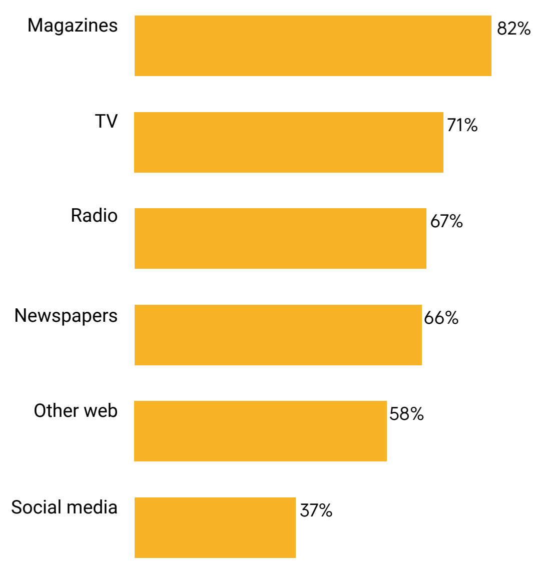
Changed consumer demand
According to a market study conducted by PwC Strategy, consumers in Germany, the UK and Sweden say that they will read more digital magazines and fewer printed magazines during the coming year than in previous years. As for the shift to digital magazines, there is a distinct difference between younger generations (<35 yrs) and older generations (>56 yrs), where the younger generations represent an underlying drive toward the growing demand for digital solutions.

There are three particularly common reasons for the growth in demand of digital magazines. The most common reason is that it is more practical to read digital magazines than printed ones. The second reason is that it is a cheaper alternative compared with buying individual issues of a printed magazine. The third reason is that it appears to be a more environment-friendly alternative to

Main reason for reading more magazines



Considered the most reliable media platform



Source: PwC Strategy&

printed magazines. Owing to increased environmental awareness, consumers are making an effort to reduce their use of paper and instead focus on digital alternatives, which they feel are better for the environment.

Higher demand for content from trusted sources
One of the most important reasons why magazine reading is expected to increase is the demand for more trusted information. Increased digitalisation has led to rapid growth in the information flow and number of channels, which is resulting in false information – which is hard for consumers to fact-check – being spread to a higher degree than previously.

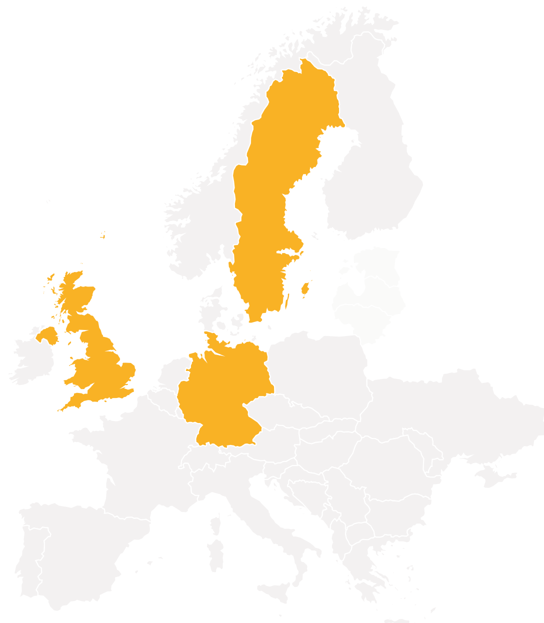
As readers' awareness of misleading news is growing, they are searching for more trusted sources of journalism where magazines – according to PwC's market study – are believed to be the most trusted media platform.

Greater willingness to pay for media
Digital subscriptions have become the new standard in music, film and TV. Growing numbers of people can consider subscribing for more media services, and 61 per cent of consumers have two or more media subscriptions, which shows that many consumers today are willing to subscribe for their media consumption.

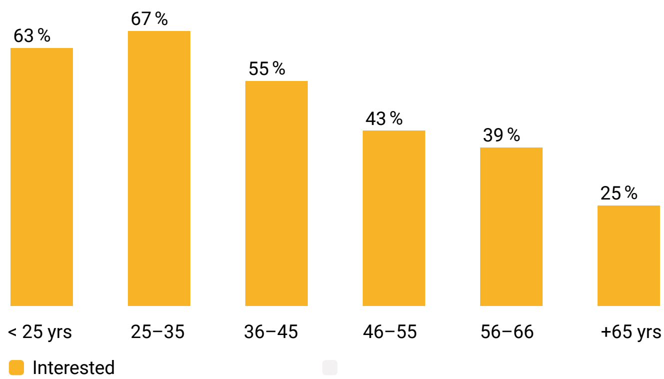
Accelerating trends during the pandemic
Finally, the pandemic has had an accelerating effect on the trends outlined above and has helped establish new media habits, especially in countries with very strict restrictions on social distancing and opportunities to move about freely in society due to the pandemic. The coronavirus situation has forced the industry to quickly adapt to the new conditions. Many publishers have accelerated their pace of digitalisation to reach their audiences online. Demand for digital magazines and newspapers has also increased among consumers, who are paying for online news to an ever-greater extent.[2] Media consumption has also increased, as has demand for verified news and information.[3]

Readly's three core markets

In Germany, Sweden and the UK, digital "all-you-can-read" subscriptions still have relatively low penetration, with Sweden showing the highest penetration overall. However, digital penetration is considerably higher among younger generations in the UK, which means that the UK as a whole has the highest penetration of digital magazine reading measured in terms of revenue. Germany is the country in which penetration for the "all-you-can-read" format is lowest in nearly all age groups, especially among older generations. Even though penetration of "all-you-can-read" platforms is relatively low, consumers in Readly's core markets are showing considerable



Indicated interest for "all-you-can-read" platforms



2) https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2020-06/DNR_2020_FINAL.pdf
3) https://www.edelman.com/research/trust-2020-spring-update

interest in such kinds of platforms. Roughly 50 per cent of consumers show some or great interest in "all-you-can-read" platforms. The main reason why people do not subscribe is that they do not know that this type of service exists, which 45 per cent of consumers say.

Germany

Of Readly's core markets, Germany is the largest, which is mainly due to the country's culture of reading. The German magazine market was worth USD 2,864 million in 2020, with digital penetration of 13 per cent. In Germany it is common to buy individual issues from newsstands which is an underlying factor for the high share of readers and large magazine market in Germany.

The German market for digital magazines has grown considerably, from USD 284 million in 2015 to approximately USD 460 million in 2020, representing CAGR of 10 per cent. The main growth factor has been the trend in sales of digital editions, which had CAGR of 19 per cent between 2015 and 2020. Sales of digital issues during the last five years have been driven by the early introduction of paywalls for digital content and experimentation by certain, larger actors in the market with various subscription models.

Sweden

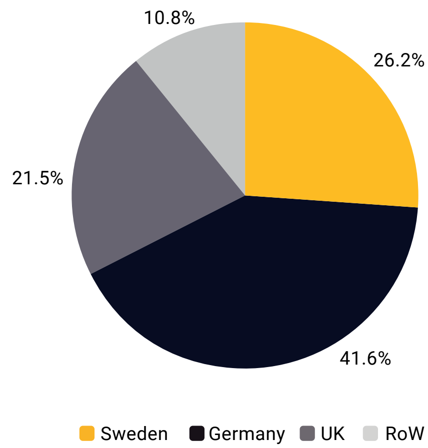
The Swedish market for sales of editions was worth USD 171 million in 2020 and is the smallest market compared with the UK and Germany. Digital penetration was 10.5 per cent in 2020. The market for digital magazines in Sweden grew from USD 22 million in 2015 to USD 40 million in 2020, representing CAGR of 13 per cent.

The Swedish market for sales of digital magazines is benefiting from a greater willingness to pay for digital content. In Sweden, 27 per cent of subscribers pay for digital news, while the corresponding figure globally is 13 per cent. There are certain structural drivers for a shift from magazines in printed format to digital magazines. One significant factor that is driving this development is the higher distribution costs for printed magazines.

UK

Even though the UK magazine market is smaller than the German one (USD 1,888 million), its digital market is considerably larger and thus the digital penetration is higher. During 2020, digital penetration accounted for 34 per cent of the total UK market. The UK market for sales of editions was valued at USD 1,268 million in 2020, of which the digital share was USD 380 million. Naturally, the market is affected by the fact that English-language magazine titles have a global audience.

Distribution of sales between countries



About the market overview

Readly has obtained some date in this market overview from PwC – Global Entertainment & Media Outlook 2020–2024 and complementary information from a study that the company commissioned from PwC Strategy&, dated 6 February 2020. Other sources are indicated in footnotes.

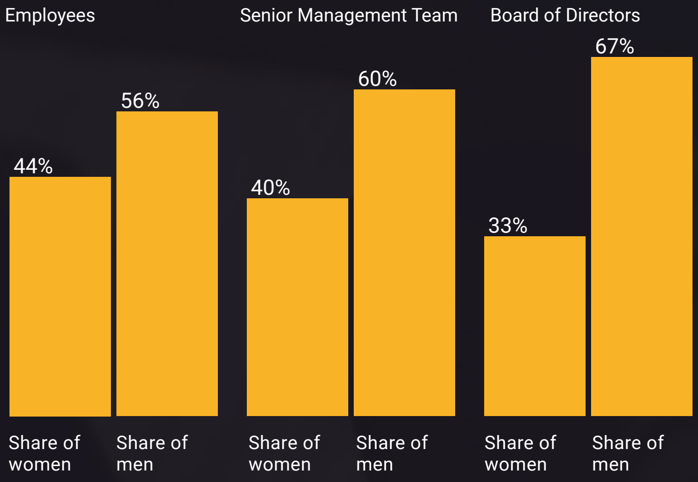
Our team at Readly

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

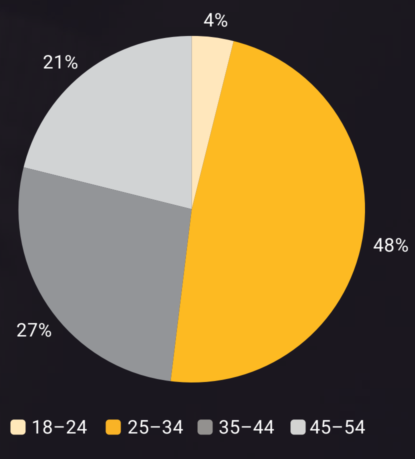
Number of employees:	121*
Average number of FTEs	71
Sales per employee (SEK m):	5.0
Operating result per employee (SEK m):	-2.7
Nationalities:	10 +

* Of whom, 42 consultants

Gender breakdown



Age distribution



OUR PEOPLE

Being part of Readly means sitting in the driver's seat in digitalising the magazine industry for our customers and for the industry. At Readly you will be involved and have a chance to influence the development of the future magazine experience. Today we are a passionate team of approximately 70 employees. We are continuously recruiting new talent, welcoming new subscribers, entering into partnerships with fantastic publishers and commercial partners and forming teams of dedicated consultants from different parts of the world. We work towards these goals through behaviours that we have developed together and which we believe will take us towards our vision and mission. Our Readly Mindset defines how we differ from others and what expectations we put on each other internally and include our efforts to Be Brave, Say It as It is and Win as a Team.

Developing at Readly – together
Our team is a key factor when we take our place as the European category leader in "all-you-can-read" subscriptions. We always strive to strengthen our brand as an employer, both internally and externally, and offering a workplace that stands for diversity and works actively to make everyone feel included is important for us. Over the years, we have actively worked in our recruitment to achieve an equal gender balance and have been highly successful on the Senior Management Team, among our managers and in the company as a whole, as the distribution between women and men is at least 40/60. We now face the challenge of recruiting more women to our more technical roles, where men still are over-represented.

At Readly we believe that employees' opportunities to grow play a very important role in their commitment and performance at work. Through active leadership we create an environment for personal development, and based on the Readly Mindset our employees are expected to take initiative, dare to try something new and create opportunities for themselves and for Readly by being challengers. We believe that it is important that all employees know how their individual roles contributes to the whole, and through continuous feedback and result follow-up we develop together.

The year 2020
2020 brought unimagined challenges and extenuating circumstances that required us to change our ways of working and be even more digital. We are proud that not only did we manage to transform and work from home during the year, but that we have had the financial strength and organisational fortitude to take on new employees at all four of our offices. During the year we restructured our onboarding and interview process, making it fully digital. We also increased our communication through new meeting forms, we launched an intranet, and we actively worked to find new ways to uphold and develop the team spirit that is distinctive at Readly.

Meet three “Readlers”

NAME: Nicoleta Åhlander
OFFICE: Stockholm
ROLE: CRM Customer Onboarding Specialist

What do you work with at Readly?
I work with customer communication through various channels, such as email, mobile push notices and our website.

What motivates you in your work?
It’s Readly’s product that motivates me the most. I truly believe in being able to read magazines in this “magical” way and see potential in sharing the magic with more people. My colleagues are also strong motivators. I am happy to come to work at the office and work with such enthusiastic and competent people. They inspire me daily.

What was your high point at Readly in 2020?
The high point during the year was seeing how we held together as a strong team despite the strong impact the coronavirus pandemic had on our work situation. We created strong CRM campaigns both for subscribers who chose to leave us and for existing subscribers in an effort to increase their readership engagement.

You lead a yoga class at the office (now digital via zoom) every Friday morning – why?
I practice yoga – both as a student and instructor. It would be unfortunate to not share my yoga with my colleagues, because I believe in the potential of yoga to contribute to well-being and help us create better contact, both with ourselves and with others.

NAME: Ragnar Garberg
OFFICE: Stockholm
ROLE: Business controller

What do you appreciate most about Readly as a workplace?
At Readly I work closely with my colleagues on my team as well as other teams. It is an open-minded environment where everyone is encouraged to participate. This contributes to commitment throughout the organisation. With high ambitions and strong growth there are always things to do, and I rarely get bored.

Readly was listed in September – what are your strongest memories from that process?
An intensive process where I learnt lots and that really proves the importance of a well-functioning cooperation between the various departments in the organisation. The strongest memories I have from the process must be the evenings close to the listing where we handled potential obstacles. Watching Maria ring the bell was a perfect ending.

The pandemic has resulted in a lot work from home. How has it worked?
With offices spread both in Sweden and in other European countries we already had an ability to manage the work digitally before the pandemic outbreak. It therefore did not impact the operational part of the work to the same extent as the social parts. It has worked well but I miss the daily contact with colleagues.

What do you look forward to in 2021?
I'm looking forward to a more normal everyday working routine, to hopefully be able to meet colleagues regularly and to continue to be able to focus fully on growing and improve our service.

NAME: Farina Frost
OFFICE: Växjö
ROLE: Quality Assurance

Tell us about what you do at Readly.
As a QA, I am responsible for ensuring that Readly delivers a high-quality product and service and to ensure that we keep our customer promise to the subscribers and to our internal and external partners. Our job is very detail oriented and we have varying responsibilities such as development and implementation of so-called inspection activities where we search for, and find, solutions to production problems so that we deliver on a high level.

What in your work makes you proud?
It is hard to point out just one thing that makes me proud. When I look back to when I joined Readly in 2017, we had no quality assurance process in place and we rarely took an interdisciplinary approach to the various tech stacks. If I compare that with what we are today, with everything we have learned and all that we have accomplished without losing what is the core of Readly, and that there still is so much potential to grow, then I am proud and curious about the future.

How do you want to summarise your three years at Readly so far?
In three words: fun, developing and friendly.

What is your main high point since 2017?
I recently found a version of our app from 2017, and when I look at how much it differs from today, how much we have accomplished and that I have been a part of and influenced all this, it is a real high point for me. And to further top this off, I am always very happy to see good reviews from our subscribers.

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

Contents

Readly's Sustainability Report 2020

2020 was a year characterised by change – both at Readly and in the world we work in. The company was listed on the stock exchange, expanded to new markets and grew as an organisation. All this took place during an uncontrolled pandemic and a tough time for the publishing business.

With increased size comes higher demand and expectations on Readly's role as a sustainable company. And in the present we now find ourselves in, it is clear that Readly can make a difference in many ways.

Publishing a sustainability report for the first time is part of Readly's focus on more strategic sustainability work that was initiated during the past year. By conducting systematic sustainability work from the ground up, Readly is increasing its opportunities to create value for its entire ecosystem and drive the entire industry in a more sustainable direction.

I'm looking forward to the work ahead!

Patrick Svensk
Chairman of the Board
Readly International AB

"With increased size comes higher demand and expectations on Readly's role as a sustainable company. And in the present we now find ourselves in, it is clear that Readly can make a difference in many ways."

Sustainable digitalisation of magazines

Readly's purpose is to bring the magic of magazines into the future, enabling the discovery and survival of quality content. We strive to lead the digitalisation of the magazine industry and thereby have a positive impact on society and create long-term value for the entire world we work in. In today's society it is clearer than ever that the core of our business makes a vital contribution to a sustainable future.

Readly's role and impact in sustainability
Readly's vision is "to transform the consumption of magazine content by offering the greatest experience and the broadest selection". This also includes doing so in a sustainable and responsible way, with the smallest environmental impact and in the most inclusive way possible.

During the year we performed a materiality analysis that takes into account various sustainability perspectives, measured our carbon footprint and implemented a number of policies and codes of conduct that prescribe how both we and our suppliers are to work with each other. Development of a framework for addressing sustainability issues has begun, where sustainability work is integrated in the business strategy. The work on delegating responsibility to key functions in the organisation will be completed during next year. In 2021 a strategy will also be developed.

This year's sustainability report is Readly's first and will serve as the foundation for continued work in the years ahead.

5 sustainability highlights 2020

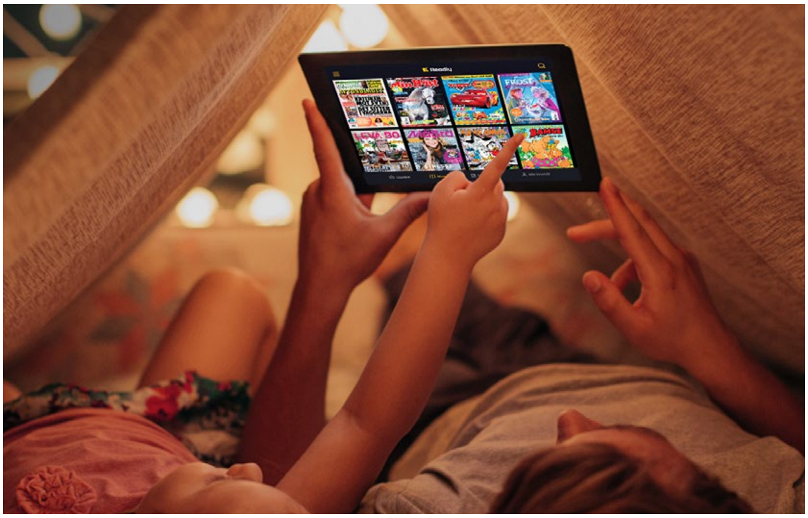
Climate-friendly reading

In spring 2020 we conducted an analysis together with Ethos International that indicates that reading on Readly generates 76 per cent lower CO_2 emissions than the corresponding consumption of printed magazines.

Reading on Readly generates 76 per cent lower CO_2 emissions.

Visit from Reporters Without Borders

We are proud members of this important organisation, and one of the year's high points was when the chair of the organisation's Swedish chapter, Erik Halkjaer, paid us a virtual visit and talked about the important work they do.



Readly ❤ Läslovet

To encourage more children and adults to read out loud, for the second year in a row Readly paid tribute to the school autumn break in Sweden ("höstlovet"), which has alternatively been coined as the Reading Holiday ("läslovet") by the Swedish Institute for Children's Books.

Strong engagement for female role models

Articles covering, for example, Ruth Bader Ginsburg's work and contributions to a better world and Gunhild Stordalen's involvement in sustainability issues were among the most popular features under the Discover tab in the Readly app. One of the most engaging contributions to our social media flow focused on Judi Dench, the oldest person to feature the cover of British Vogue at the age of 85. We are happy about the importance that our users attach to female role models and proud to be able to spread journalistic content that contributes to knowledge and engagement.

Supplier Code of Conduct

Our Code of Conduct was complemented with a Supplier Code of Conduct, where among other things we encourage strategic work to ensure diversity and equality.

Readly's prioritised sustainability aspects

An active and transparent dialogue with our stakeholders is key for gaining an understanding of where our sustainability work has the greatest benefit, and it prepares the organisation to address factors in our external operating environment that could affect operations.

During 2020, subscribers, publishers, employees, the Board of Directors, investors, equity analysts and others were given an opportunity to share their perceptions of Ready from a sustainability perspective. This formed the basis of Readly's materiality analysis.

Through stakeholder dialogues, 14 prioritised aspects have been compiled, where Readly has the opportunity to analyse how the company can meet stakeholders' expectations. The analysis was also based on Readly's impacts from and on its operating environment, the Global Risk Report 2020 and a risk analysis performed by Ethos International.

All aspects have been deemed relevant for Readly, but by combining the stakeholder groups' expectations and the Senior Management Team's joint assessment of long-term commercial value, three aspects have been singled out as having particularly material importance and where we have the greatest potential to make a difference. The prioritisation will serve as the basis for Readly's strategic sustainability work going forward, including the setting of KPIs, targets and action plans.

In this sustainability report we summarise how Readly is working to maximise our positive impacts from environmental, social, ethical and governance perspectives. The content reflects the materiality analysis.

Readly's materiality pyramid – how we prioritise our most material sustainability aspects

USP

- Empower people to be educated, engaged and entertained.
- Contribute to climate-friendly magazine reading through digitalisation.
- Provide responsible content and counter the spread of fake news.

Focus

- Minimisation of Readly's environmental impact.
- Strengthen the joy of reading among children and young adults.
- Guarantee data security.
- Promote diversity and inclusion in the entire organisation.
- Secure handling of personal data.
- Support and develop an inclusive reading experience.

Foundation

- Upholding high business ethics and countering corruption.
- Ensure a sustainable supply chain.
- Ensure business resilience.
- Be a responsible employer that promotes personal development.
- Attract talent.

1) http://www3.weforum.org/docs/WEF_Global_Risk_Report_2020.pdf

Environment

Through digitalisation Readly's goal is to increase the consumption of journalistic content with the lowest possible climate impact. Our subscribers are clearly environmentally conscious. Our yearly surveys show that the choice of buying a Readly subscription is based partly on a desire to reduce one's environmental impact. Customers in all our markets have ranked the fact that Readly is a climate-friendly way of consuming magazines as one of the most important sustainability aspects.

USP Contribute to climate-friendly magazine reading through digitalisation

A major benefit of digitalisation of magazines is the positive effect it has on consumers' carbon footprint. In 2020 Readly conducted a study together with Ethos International that calculated the level of greenhouse gas emissions that is avoided by reading a digital publication on Readly's platform. The calculation compares the carbon footprint from reading a digital magazine with the printed equivalent. The difference in reading habits between printed and digital versions as well as the split between tablets and smartphones was taken into account.

To determine a tablet's or smartphone's share of a user's carbon footprint, an estimation was also made of how many hours the device is used to read a magazine compared with how many hours the device is used in total over its lifetime. The devices' environmental impacts arise in production, charging and recycling. Since these figures differ between smartphones and tablets, the breakdown between devices is significant for the end result.

READLY'S PRIORITISED SUSTAINABILITY ASPECTS

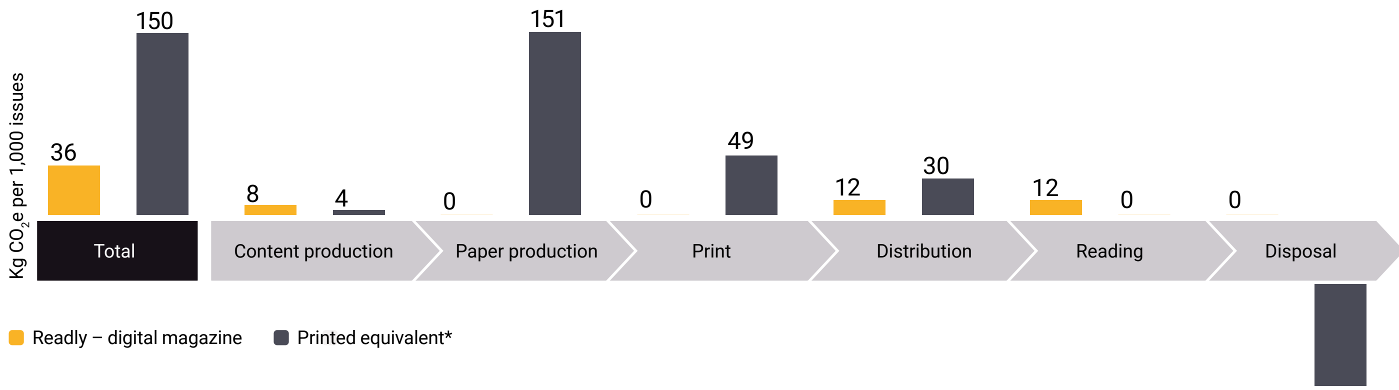
The following conclusions can be drawn from the result:

- The study indicates that reading a digital magazine on the Readly platform results in 76 per cent lower greenhouse gas emissions than reading the printed equivalent.
- The reduction in CO_2 emissions in 2020 corresponds to approximately 11,300 tonnes CO_2e, or the equivalent of 160,000 produced and recycled iPhones.[2]
- The percentage level of reduced greenhouse gases per read digital magazine is affected by whether the reader used a tablet or smartphone, where the latter has a higher climate impact than the former. In the 2020 calculation, a change of -3 per cent was noted from 2019, as a larger share of reading was done on smartphones compared with previously.
- Avoided paper production and printing are the two biggest reasons why reading digitally is better for the climate.
- A large share of the climate impact from printed magazines comes from the required consumption of energy and resources. Recycled magazines partly reduce the need for virgin resources and fossil energy sources, as the paper is re-used or incinerated for energy recovery. This way, recycling contributes to the carbon footprint being lower than without recycling.
- Production and waste management of the subscriber's electronic device accounts for most emissions from reading a digital magazine, followed by the subscriber's access to and use of the internet's infrastructure.
- Emissions from business travel and data centres are Readly's largest sources of emissions.
- In addition to the lower climate impact from digital reading, other environmental impacts also decrease as paper production and printing require the cutting of trees and result in emissions of chemicals – factors that are entirely avoided by reading digital magazines.

Read more in the complete climate study from Readly on our website https://corporate.readly.com/about-us/sustainability/.

2) www.apple.com/environment/pdf/products/iphone/iPhone_12_PER_Oct2020.pdf

Climate impact from magazines – digital versus a printed equivalent



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

Minimisation of Readly's environmental impact
The Covid-19 pandemic has required a global transformation like no other. Readly's offices have stood empty since March 2020, and many trips by airplane have had to be cancelled. Much of the direct environmental impact from our operations is coupled specifically to offices and travel, but also to waste and data centres.

With offices in Stockholm, Växjö, Berlin and London as well as collaborations with hundreds of publishers and commercial partners around the world, meetings play a big part in daily life at Readly. We have always made an effort to conduct virtual meetings, mainly as a way to reduce business travel, which is time-consuming, costly and a burden on the climate. As a growth company, part of Readly's plan is to launch its service in new markets, which also necessitates business travel. This can be minimised by recruiting local resources as required as our subscriber base and presence in the market grows.

Once the world returns to the "new normal", we realise that many of our meetings that previously required air travel can continue to be held virtually.

Emissions generated from business travel in 2019 and 2020

	2019 (km, thousands)	2019 (kg CO_2e)	2020 (km, thousands)	2020 (kg CO_2e)
Air	747.5	126.7k	230.7	53.2k
Rail	122.9	0.6	14.7	0.1

Examples in 2020 of Readly's digital readjustment during the pandemic

- During 2020 we launched Readly in Australia and New Zealand, which was largely achieved through virtual working.
- In 2020 our annual Client Day conference was held as a virtual event.
- The final phase of the IPO was conducted mainly via virtual meetings and remote work.

Energy consumption at Readly's offices
We introduced mandatory work from home at the end of March 2020, which likely affected total energy consumption and kept it at a relatively low level during the year. Since the offices have been used for specific occasions, they have been kept heated and were cleaned more frequently than usual. Going forward, when we return to normal use of our offices, we see that actual energy consumption will rise, as our staffing is growing. The office in Växjö, where our tech organisation is located, requires higher levels of electricity and ventilation than the Stockholm offices due to all the IT equipment.

Waste management in operations
As Readly provides a digital service for magazine reading, only household, office and electronic waste arise in operations. With respect to office equipment and electronic waste, we strive to re-use as much as possible. New employees inherit equipment from their predecessors, and new models are bought only if existing equipment breaks. The only exception concerns purchases of the newest models to test and develop our service to make sure it works on all consumer devices. To minimise the amount of

scrapped electronics, an internal evaluation is always conducted of equipment that does not work satisfactorily to find out if the malfunction can be remedied with new hardware or software. All offices dispose of electronic waste at designated environmental collection sites.

Waste sorting is conducted at all offices. Ahead of 2021 plans have been drawn up for our largest office, in Stockholm, to introduce an improved waste sorting system where waste is picked up on demand for material that does not fill up on a regular basis, such as glass and metal, and monthly for more frequently disposed of material, such as paper and containerboard. When exactly we start this initiative depends on when we can return to working in the offices.

Another concrete example of how we are actively minimising our waste is the Växjö office's donation of office furniture to Erikshjälpen[3], a second-hand charity organisation, instead of sending it to a landfill in connection with a move. In this way the furniture was given another life, while the revenue earned from its second-hand sale by Erikshjälpen was used for social sustainability projects in Africa, Asia and Europe.

Energy use by servers and data centres

As a company we strive to have a positive influence on suppliers of IT systems and equipment to ensure that they are as energy-efficient as possible and that upgrades to greener technologies are conducted in pace with societal development.

Readly's content is stored externally at Amazon Web Services' (AWS) servers in Ireland, as they are one of the vendors that can handle the volumes of data that a service like Readly requires. AWS has set a target to have 80 per cent renewable energy by 2024, and 100 per cent by 2030. To achieve this target they are conducting continuous work with energy efficiency improvement and reduced use of water in their cooling systems. Although AWS at present has chosen to not share emissions data, we are aware that our external data storage capacity accounts for a large share of Readly's CO_2 emissions.

Electricity consumption and waste sorting at Readly's offices 2020

	London	Berlin	Stockholm	Växjö
Property owner	We Work	GSG Asset GmbH & Co Verwaltungs KG	MP Gusto	Norrporten i Växjö AB
Available workspaces	16	14	50	22
Area (m²)	50	125	358	384
Waste sorting	Yes	Yes	Yes	Yes
Electricity (kWh)	9,092	2,291	9,286	14,657
Heat (kWh)	9,369	n.a.	51,230	35,000
Cooling (kWh)	3,219	n.a.	7,756	12,300

3) https://erikshjalpen.se/vad-vi-gor/

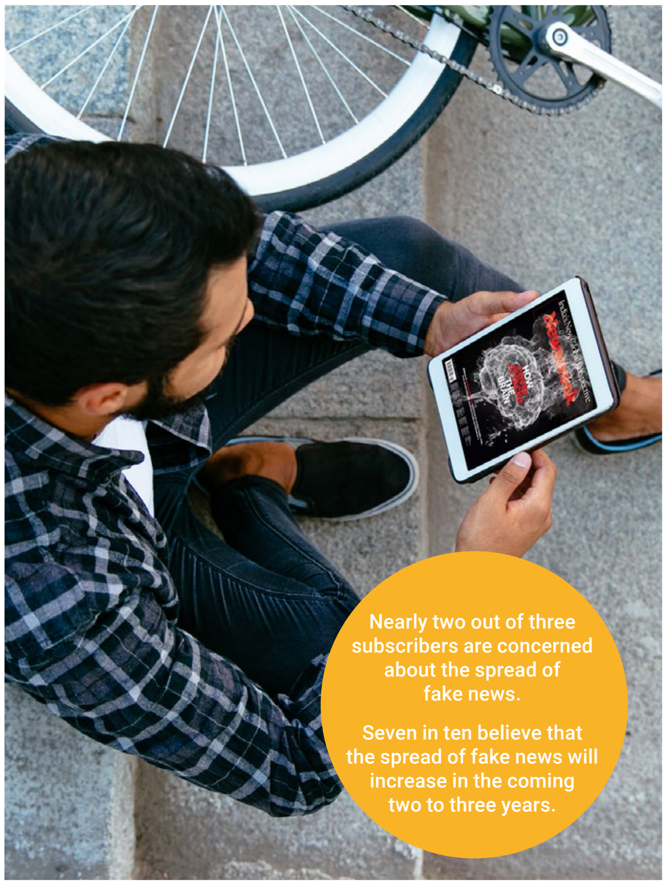
Social external aspects

With our content and service, Readly can contribute to a more sustainable society by focusing on its subscribers. We see great opportunities to meet people's needs for information and knowledge. The goal is to create positive social effects that enable people to develop and live in a healthy democracy in which journalism from various countries is easily accessible.

USP Provide responsible content and counter the spread of fake news

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

During the Covid-19 pandemic a new, rapidly spreading wave of false information emerged, which is so prevalent that a new term for it has even been coined – "disinfodemic". The search for information on the pandemic from reliable sources has helped



raise trust in established news outlets. We are therefore glad to have expanded our portfolio at Readly to include content from a number of well-established journalism institutions, such as The Guardian, The Observer, Metro, the Evening Standard, The Daily Mirror, Aftonbladet and Der STANDARD kompakt.

It is important for Readly that the content we provide through third-party publishers is relevant to our audience and in line with our ethical guidelines as laid out in our Code of Conduct and our Supplier Code of Conduct. Our content team vets all magazines manually before they are included in our platform.

Summary of our ethical guidelines

- Respect human rights.
- Encourage diversity within the organisation and promote equal opportunity in employment.
- Strive to safeguard the physical and mental well-being of all employees.
- Published content may not contain libellous, defamatory or unlawful material.
- Respect and value the personal integrity of our customers and employees.
- Comply with all laws, rules and regulations governing bribery and corruption.

USP Empower people to be educated, engaged and entertained

There are countless examples of how journalistic content can be a force for good. It empowers consumers to understand the complex world we live in, to gain knowledge, to find inspiration and get engaged, to learn new skills and explore new interests, or quite simply to enjoy an entertaining moment at the end of the day. At Readly we can bring that positive force to people, connecting our subscribers with all the quality content we offer on our platform – magazines and newspapers from the respected and well-known publishers that we partner with.

Through digitalisation we help our readers gain perspectives from both national and international sources the minute the latest issue is released, in addition to giving them access to a vast catalogue of back issues.

The reading trends on Readly in 2020 show that the reading of back issues increased compared with 2019 and accounted for nearly 20 per cent of all magazines read. Foreign titles, i.e., editions from a country other than the subscriber's country of domicile, also accounted for nearly 20 per cent of all magazines read globally. It is primarily people from smaller countries that do the highest share of reading of foreign titles. This indicates that reading foreign titles may have a lot to do with finding special-interest magazines from countries with a wider offering.

Countries that instituted lockdowns in 2020 showed spikes in reading times during the lockdown periods, as subscribers

At Readly we supported Black Lives Matter by highlighting content relating to the social movement on our Featured Articles carousels as well as in posts in social media.

showed greater interest in home activities. Accordingly, the reading of magazines in the Food & Drink, Home & Renovation and Interior Design categories increased significantly worldwide.

On average Readly subscribers consume 13 magazines per month – a number that shows that we are contributing to the discovery of new titles. The average reading time per user is 7 hours per month and around 20 minutes per session.

Through our service development we want to help people discover quality journalism – content they might otherwise not come across. In 2020 we shared many reading tips in our own and social media channels to help create an understanding of events that are transpiring in the world around us, where magazines and articles can contribute with insights and education on selected topics.

• International Women's Day

Readly joined the celebration of International Women's Day through a campaign in social media and customer newsletters.

• Covid-19

Since the World Health Organisation declared that the spread of the coronavirus had evolved into a pandemic, there has been a huge need for information and education. Our editors have continuously published relevant articles on our article feed in the app to help Readly's subscribers stay informed. Through our social media channels, during the year Readly spotlighted articles focusing on the pandemic to provide readers with in-depth reviews of the latest news, but also uplifting stories and tips for activities on how to bide their time during lockdown.

• Black Lives Matter

At Readly we supported Black Lives Matter by highlighting content relating to the social movement on our Featured Articles carousels as well as in posts in social media. On #Blackout-Tuesday we also voiced our position as a company, employer and media platform by dedicating that day's post on Facebook and Instagram in support of Black Lives Matter and to help raise awareness about racism.

• *Pride*
We have celebrated Pride by highlighting content from titles such as the world's leading LGBTQ+ magazine, Gay Times, and other relevant articles in our own and social media channels. We also welcomed Winq to our platform – the largest queer lifestyle magazine in the Netherlands.

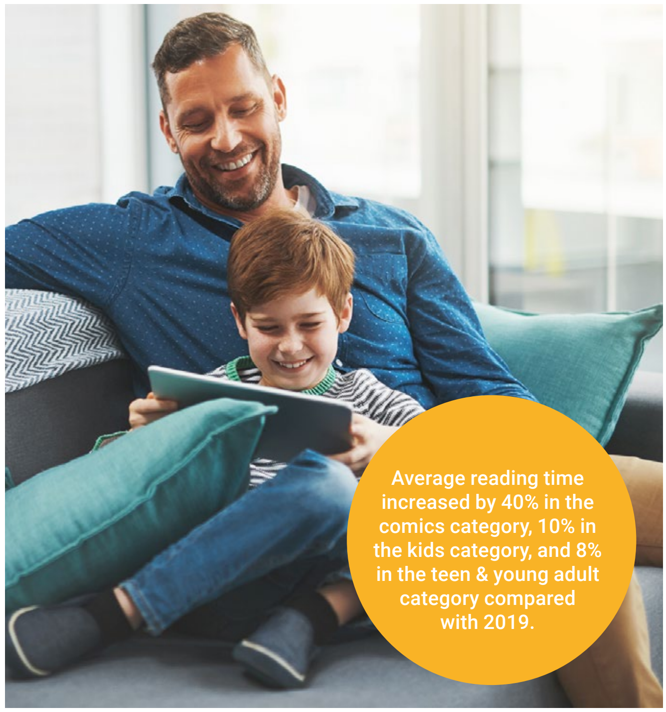
Last but not least, many people read magazines quite simply as a form of entertainment – to unwind from daily routines, relax, enjoy "me-time" and for a bit of escapism. Categories such as crosswords, DIY, celebrity & entertainment, and food & drink are all examples of popular content. Entertainment as such can therefore have a positive impact on well-being and be a source of happiness. This was clearly seen in 2020 during periods of lockdown in several countries where reading titles in several of these categories spiked. It can certainly be suggested that reading magazines has helped many people deal with periods of isolation during the pandemic.

Support and develop an inclusive reading experience
At Readly we aim to provide a portfolio of content that mirrors all of society and fosters inclusion, diversity and equality regardless of age, gender, ethnicity, sexual orientation, political opinion or faith. Regardless of one's interests or nationality, Readly's ambition is to offer a wide range of newspapers and magazines so that everyone in society can enjoy the positive power provided by journalistic content. At present Readly offers titles from 900 publishers in 17 languages in 50 countries. We have more than 5,000 magazines divided into 36 different categories. By making the content available digitally, at Readly we provide affordable and easily accessible content to anyone with a connected smartphone, computer or tablet.

Moreover, compared with printed magazines, digital reading offers opportunities to assist people with impaired vision and colour-blindness, for example, as both Apple[4] and Google[5] offer advanced technical features such as screen magnifiers and contrast filters in their respective operating systems.

Strengthen the joy of reading among children and young adults
Reading magazines and newspapers at an early age is an important step in developing a strong sense of well-being and active citizenship later in life. We know that many children use Readly. The average time spent per user in the children's categories on Readly increased in 2020 compared with a year earlier. By the end of October, for example, reading time had increased by as much as 40 per cent in the comics category, 10 per cent in the kids category, and 8 per cent in the teen & young adult category compared with the full year 2019. This can be partly credited to a growing portfolio.

Today we offer a total of 43 Swedish titles, 22 English titles and 20 German titles in the kids, teen & young adult categories. During the year, our offering was expanded to include a number of new magazines, including in Italy with the addition of History Kids and Pianeta Enigmistica Kids.



Examples from 2020 of how using Readly affects our users

- 60% of our users say that using Readly makes them feel better informed.
- 44% feel more relaxed.
- 39% feel more inspired and more curious.
- 24% feel they are more educated.
- 18% become less absorbed by social media and gaming apps.

Source: Readly global user survey 2020

4) https://www.apple.com/accessibility/
5) https://www.android.com/accessibility/

Social internal aspects

Our employer vision is to offer everyone who works at Readly a place in the driver's seat as we digitalise the magazine market together. Sitting in the driver's seat means giving everyone the right and obligation to take initiative, be engaged and influence. We believe in a decentralised organisation where everyone on the team plays an equally important role – regardless of title or area of responsibility. The key to our long-term and fast growth is a non-hierarchical structure where initiatives and decisions are not concentrated to a handful of executive decision-makers.

The Readly Mindset – our culture
The "Readly Mindset" reflects our aspiration to Be Brave, Say It as It is, and Win as a Team. Our ambition is, among other things, to be able to work more across and between different departments and use the collective knowledge of our various teams in the best way possible.

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

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

For us it is essential that recruitment and negotiations of pay and benefits are based only on the individual's abilities and performance. We do not tolerate discrimination of any form, which is also stipulated in the Code of Conduct that we adopted during the year.

Being part of the tech industry means that we – like many other companies in the industry – must engage ourselves more to be able to compete for women developers, who are fewer than men. It also means that we have a responsibility to inspire and encourage more women to develop an interest in tech careers. During 2020 we took further steps forward in the company's gender equality and diversity work as part of our efforts to ensure that going forward we can continue to offer a workplace characterised by an even gender balance and openness.

The Readly Mindset

Be Brave
Behaviours reflecting a Be Brave mindset include:

- I challenge the status quo
- I take initiative and ownership
- A mistake that we learn from is not a failure
- I bring passion and grit
- I constantly seize new opportunities to grow our business

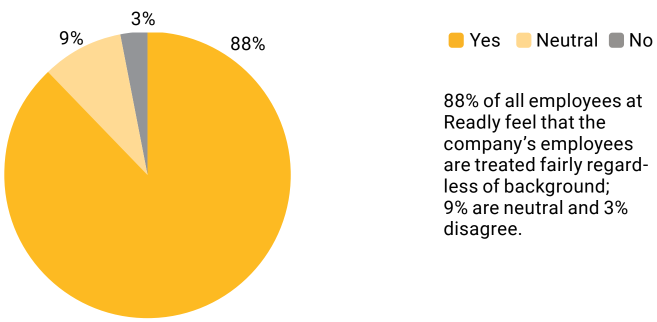
Say It as It is
Behaviours reflecting a Say It as It is mindset include:

- I build trust through honesty, transparency and mutual feedback
- I share information openly and proactively
- I communicate in a clear, crisp and respectful way
- I listen actively to fully understand

Win as a Team
Behaviours reflecting a Win as a Team mindset include:

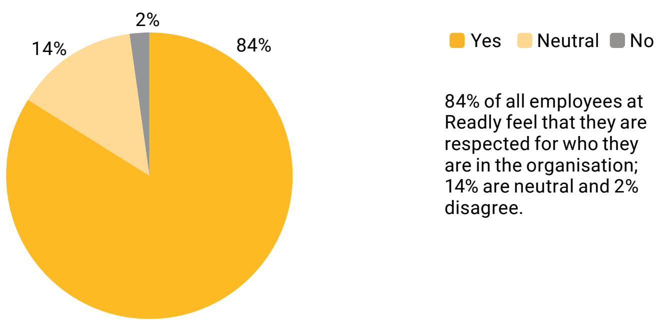
- I am curious and always willing to learn
- I seek different perspectives, ideas and opinions
- Disagree, discuss and commit
- We help each other and share credit
- Our ecosystem's success is my driving force

Fair treatment



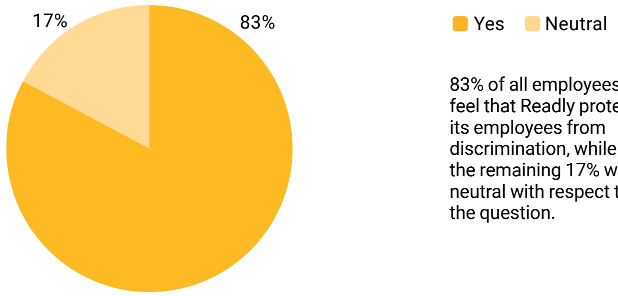
88% of all employees at Readly feel that the company's employees are treated fairly regardless of background; 9% are neutral and 3% disagree.

Respectful workplace



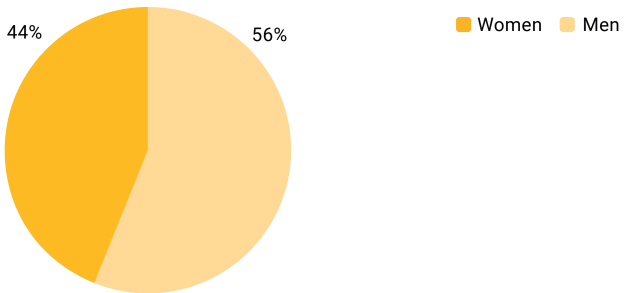
84% of all employees at Readly feel that they are respected for who they are in the organisation; 14% are neutral and 2% disagree.

Protection against discrimination



83% of all employees feel that Readly protects its employees from discrimination, while the remaining 17% were neutral with respect to the question.

Gender balance



Toward this end, during the year we conducted an overhaul of how we write recruitment advertisements, ensured our policies are inclusive of non-binary individuals and instructed our recruitment firms to recruit on more equal bases and with a focus on diversity.

Attract talent

To successfully attract talent, regardless of gender, Readly emphasises in its recruitment advertisements as well as in own and social channels that employees grow in pace with the company and that what we do together plays a positive role in society. In addition, we refer frequently to the importance of diversity and equality, such as through the blog on our careers site, on our LinkedIn page, at external events and in media interviews. We also have employees who are engaged in the Women in Tech organisation in Växjö. In 2020, 58 per cent of new hires were men and 42 per cent were women.

Be a responsible employer that promotes personal development

Employee health and safety has high priority at Readly. The company has a Work Environment Policy, Work Environment Officer and even a Work Environment Committee. In 2021 all managers will participate in a fundamental training course on Readly's systematic work environment initiatives, where for example risk assessments will be a natural part of the company's continued work environment activities.

For a company undergoing rapid growth like Readly, the opportunities for personal and professional development are great, and by encouraging own initiatives, delegating responsibility and inviting our employees to participate strongly in how we shape our business and execute our goals, our belief and ambition is that our employees will thrive at their work and with their work. Support from the organisation and managers should be felt, but not take the upper hand. In the final analysis we believe in self-leadership and values-based management combined with clear goals and coaching support from managers. This is something that should come naturally, but which is also described in Readly's Employee Handbook.

To be sure, the pandemic has also directed our focus on protecting our employees from exposure to the coronavirus and potential negative impacts on mental health caused by a prolonged period of social distancing. We chose at an early stage to require employees to work from home. Readly continuously measures and follows up the employees' well-being through surveys and engagement measurements, and has also established more frequent information meetings for all employees on current events in the business in general and within various teams, including Q&A sessions, group discussions and more festive events – all via video meetings – in an effort to compensate, as far as can be done, for the fact that we have not been able to meet in person as previously.

Our Wellness Team, comprising a group of health-interested colleagues, encourages the entire organisation to participate in large as well as small health activities, including step competitions, photo challenges and mindfulness exercises. We have had the benefit through one employee's initiative to arrange virtual yoga classes, and during the autumn we invited our employees to an introduction course in meditation. In October, in connection with World Mental Health Day, we arranged a week of activities and inspiring reading to highlight the importance of mental health. We are happy to say that in 2020 no one at Readly had to go on a long-term sick leave due to work-related mental ill-health or stress.

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

We safeguard good and ethical relations

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

Upholding high business ethics and countering corruption

At Readly we always conduct business in the utmost professional manner that fosters long-term relationships. The way we do business is stipulated in our Code of Conduct (CoC). To make sure that our suppliers and business partners uphold the same standards that we do, the Supplier Code of Conduct (SCoC) stipulates ethical conduct for suppliers as well. The SCoC was drafted in 2020, and implementation within the supplier base will be carried out during 2021.

Guarantee data security

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

Secure handling of personal data

With respect to customer integrity and collection of personal data and user habits, our position is that our readers should be able to trust that their integrity is always respected and that their personal information is handled with care. Our Privacy Policy, which all users receive when they register an account for the service, describes which information is stored and for what purposes.

The latest version of the Privacy Policy is always available on the website. For example, we collect and store information in order to be able to provide the service, including to offer the best possible experience, since understanding our readers and their habits can enable us to personalise tips and lists. At the request of users, or when information no longer serves the purpose it was collected for, information is erased or anonymised. We never sell collected information, but we do share information with a limited number of recipients in accordance with the terms of our Privacy Policy. We have internal routines in place to respect users' rights, e.g., to respond to requests for access for personal data. To protect personal data and prevent unauthorised use, agreements (personal data assistant agreements) are entered into with all types of subcontractors that need customer data. Our technical solutions and internal routines are updated continuously to ensure that handling of information is done in accordance with the EU's General Data Protection Regulation (GDPR) and complementary data protection rules. Our Privacy Policy is updated yearly. In 2020 fundamental training was conducted on the GDPR for all Readly managers.

Ensure a sustainable supply chain

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

During 2020 we implemented our new Supplier Code of Conduct (SCoC). Starting in 2021 the SCoC will be included in all contracts and contract renewals with our publishers. As for other suppliers and partners, our ambition is to – by the end of 2021– either have incorporated the SCoC in all new agreements or to have ensured that the suppliers have own codes of conduct that set the corresponding standards.

Sustainability governance

The aim of our sustainability governance model is to be able to conduct effective sustainability work and deliver long-term sustainable results to subscribers, employees, shareholders, business partners, suppliers and other pertinent parties.

Sustainability is naturally integrated in our business and our operations. The detailed sustainability strategy including measurable goals will be developed during 2021.

The materiality analysis that was conducted in 2020 has been approved by our Senior Management Team and describes the areas that will serve as the foundation for the continued development of our sustainability strategy. The Board of Directors has ultimate responsibility for governance and oversight of sustainability, and Senior Management is responsible for carrying out and implementing the sustainability strategy in the company. During the IPO process in 2020, Readly's governance models were reviewed by the company's auditors, who certified that Readly has a satisfactory system of governance and control.

Going forward, a well-working governance model will be important for continuing to be an attractive investment. As part of this, a thorough policy structure has been formulated, and several company policies have been further developed or updated. Most of these are obligatory for all employees and consultants to read and sign. In 2020 a Code of Conduct and a Supplier Code of Conduct were drawn up, both of which will serve as guiding principles for various aspects of Readly's sustainability work.

Ensure business resilience
2020 was a challenging year globally, but by being a company in the hub of digitalisation we managed to successfully continue our expansion. Since most of our work tasks can be handled remotely, apart from our normal office facilities, as long as there is an internet we can continue working without disruption. To clarify what is expected for work outside the offices, a Remote Work Policy was drafted during the year, which will be of great significance for being employed at Readly going forward.

Readly has a crisis management plan that ensures correct handling and delegation of responsibility in the event of a crisis, such as a pandemic, fire or threat. Readly also has a continuity plan with a crisis management framework to ensure continuity in the event of an operational disruption or similar challenge.

Policies & documentation
Readly's structure for policies and governance documents is highly developed and covers significant sustainability areas, with policies for IT, crisis management, codes of conduct, workplace routines and much more. The Code of Conduct addresses human rights, labour law, the environment and anti-corruption. During 2020 all employees were introduced to the Code of Conduct. Reading and understanding the Code is required of all employees and is part of our new employee orientation process.

Readly has implemented the COSO[6] internal audit framework to ensure reliable reporting, compliance, risk minimisation and prevention of fraud.

About his report and its content

This report has been prepared based on the materiality analysis that was conducted in 2020, which was based on a stakeholder dialogue conducted in accordance with the AA1000SES stakeholder engagement standard, which is the global benchmark for conducting stakeholder dialogues. Readly's Senior Management Team adopted the materiality analysis in December 2020. Sustainability data has been collected through internal systems and suppliers. Employee data is presented per employee. Environmental data has been calculated based on the GHG protocol[7] and information from suppliers.

6) www.coso.org
7) https://ghgprotocol.org

Auditor’s report on the statutory sustainability report

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

Engagement and responsibility
It is the Board of Directors who is responsible for the statutory sustainability report for the year 2020 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR’s auditing standard RevR 12 The auditor’s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion

Opinion
A sustainability report has been prepared.

Stockholm 25 March 2021
Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

Remuneration Report 2020

Introduction
This report provides a description of how the group's guidelines for senior executives, adopted by the 2020 Annual General Meeting, have been implemented during the year. It also presents details on remuneration of CEO Maria Hedengren and board member Alexandra Whelan, as she receives share-related remuneration. The report has been prepared in accordance with Ch. 8 §§ 53a and 53b of the Swedish Companies Act (Aktiebolagslagen (2005:551)) and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

The information required by Ch. 5 §§ 40-44 of the Swedish Annual Accounts Act (Årsredovisningslagen (1995:1554)) regarding remuneration of executive management is provided in Note 7 (Employee remuneration, etc.) on pages 88–91 of the 2020 Annual Report. Information on the work of the Remuneration Committee is set out in the corporate governance report on page 64 of the 2020 Annual Report.

In addition to what is referenced above, the Board's remuneration is not covered by this report. Such remuneration is decided on yearly by the Annual General Meeting and is described in Note 7 (Employee remuneration, etc.) on pages 88–91 of the 2020 Annual Report.

Important developments during the year
A summary of important events during the year is provided in the CEO's statement on pages 10–11 of the 2020 Annual Report.

The group's remuneration guidelines: scope, purpose and deviations
In order for Readly to successfully be able to execute the group's business strategy and meet its long-term interests, including sustainability, conditions are required to retain and recruit competent and engaged senior executives. The remuneration guidelines, which were adopted by an Extraordinary General Meeting on 4 September 2020, aim to stimulate greater interest in the business and earnings performance in its entirety, and to elevate motivation among the senior executives and increase cohesion within the Group. Moreover, the guidelines aim to achieve a greater alignment of interests between senior executives and the shareholders of the parent company. Further, the guidelines shall contribute to good ethics and company culture.

Achieving the group's business strategy requires that the combined, annual remuneration is in line with the going rate in the market and competitive in the job market in which the executive is located and takes into account the individual's qualifications and experience, and that outstanding performance is reflected in the individual's total remuneration.

According to the guidelines, remuneration of senior executives shall consist of the following components: Fixed base salary, possibly variable cash remuneration, other customary benefits and pension. The combined yearly cash remuneration, including pension benefits, shall be in line with the going rate in the market and competitive in the job market in which the executive is located, and take into account the individual's responsibility, competence qualifications and experience, and shall reflect outstanding performance. Both fixed and variable remuneration shall be related to the executive's responsibility and authority. Fixed remuneration shall be revised yearly.

Variable remuneration shall be based on the outcome in relation to concrete, set targets with a starting point in the group's business strategy and the long-term business plan that has been approved by the Board of Directors. Targets may include share price related or financial targets – at the group or unit levels – operational targets, and targets for sustainability and social responsibility, employee engagement or customer satisfaction. The company

Remuneration 2020

SEK K	Fixed remuneration	Other benefits	Variable remuneration (0-1 years)	Variable remuneration (+1 years)	Pension	Total remuneration 2020	Proportion of fixed and variable remuneration, %
Maria Hedengren, **CEO**	2,160	72 [1]	851 [2]	–	549 [5]	3,632	77
Alexandra Whelan, **Director**	275 [3]	–	–	500 [4]	–	775	54

1) Other benefits consist in their entirety of rent for a parking spot.
2) Variable remuneration for CEO Maria Hedengren consists of an expensed bonus for the 2020 financial year, for which a provision has been made.
3) Fixed remuneration for director Alexandra Whelan consists of an ordinary director's fee of SEK 250 thousand plus a committee fee of SEK 25 thousand. All directors' fees were approved by the Annual General Meeting on 25 May 2020.
4) Variable remuneration for director Alexandra Whelan consists of vested amounts pertaining to share-based remuneration granted to her.
5) Vested pension for the CEO is considered in its entirety to consist of fixed remuneration.

has set financial targets and KPIs based on strategic and business-critical initiatives and projects that ensure performance in accordance with the business plan and business strategy for sustainable, continued operation. Variable remuneration shall also be designed with a view to achieve a greater alignment of interests between the senior executive and the shareholders of the parent company in contributing to the group's long-term interests. No deviations or exceptions from the guidelines were decided on during 2020. Nor was any remuneration repaid during the year.

Auditor's statement on the company's compliance with guidelines is available on https://corporate.readly.com.

The employee option programme is designed to provide long-term incentives to key persons in the group (including Senior Management) to deliver long-term shareholder value. Through the plan, the participants are granted options with partial vesting over time. Granted not yet vested options may only be vested if the participants remain employed during the entire term. The options are granted free of charge and do not carry entitlement to dividends or have any voting rights. All existing options carry entitlement to subscribe for five shares per option. The fair value on the grant date is calculated using the Black Scholes pricing model.

Share-related remuneration

	Grant date	Vesting period	Final exercise date	Exercise period	Exercise price	Options granted at start of year[1]	Options vested at start of year	Granted options	Vested options	Options granted but not vested
Maria Hedengren [2] **CEO**	24/4/2019	24/4/2019 – 1/4/2022	30/12/2022	1/5/2022 – 30/12/2022	55	150,000	—	—	87,000	63,000
Alexandra Whelan [3] **Director**	2/5/2019	31/12/2019 – 31/12/2020	30/4/2023	30/4/2022 – 30/4/2023	32.8	45,000	22,500	—	22,500	—

1) After completed 1:5 share split during 2020 all existing options carry entitlement to subscribe for five shares per option.
2) Options granted to the CEO pertain to vested options during the year.
3) Options granted to the board member are included in the employee option programme as per below.

Yearly change

	RFY-4 vs RFY-5	RFY-3 vs RFY-4	RFY-2 vs RFY-3	RFY-1 vs RFY-2	RFY vs RFY-1[1]
CEOs	1	94	72	2,790	-1,087
Change (%)	0.1	5.4	3.9[3]	145.3[2]	-23.1
Board member Alexandra Whelan	–	–	–	2 ,149	-1,379[4]
Change (%)	–	–	–	–	-63.9
Group's EBITDA	13,239	-9,284	-37,249	-33,866	-45,251
Change (%)	19.6	-17.1	-58.7	-33.6	-33.6
Average remuneration on full-year basis for employees	-53	244	-11	21	70
Change (%)	-10.2	51.9	-1.6	3.0	9.7

1) Readly was listed on Nasdaq Stockholm on 17 September 2020, and thus comparison with the preceding year, during which the company was not listed, is somewhat misleading.
2) The increase in base salary for the CEO is mainly explained by severance pay for the previous CEO. Maria Hedengren succeeded Jörgen Gullbrandsson as CEO in April 2019.
3) Jörgen Gullbrandsson succeeded Per Hellberg as CEO in March 2018.
4) Compared with 2020, remuneration to board member Alexandra Whelan 2019 also includes invoiced fees for her industry expertise in her capacity as consultant.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been chosen to realise the company's strategy and to encourage ownership that is in the company's long-term interest. In setting the performance criteria, the strategic objectives as well as short- and long-term business priorities for 2020 were taken into account. Further, the nonfinancial performance criteria contribute to an adaptation to sustainability and the company's values. For the 2020 financial year the CEO's performance criteria were split among revenue (30%), SAC (15%), liquidity (30%), and individual (discretionary) targets (25%). For the 2020 financial year, an expensed provision of SEK 0.9 million was made for variable remuneration for the CEO.

Board of Directors

PATRICK SVENSK

Patrick Svensk
Chairman of the Board
Born: 1966
Director since: 2020
Other current assignments:
CEO at Bright Group OY.
Other current board assignments:
Chairman of the Board of Directors of Betsson Group.
Previous assignments:
Several leading positions at entertainment companies such as Kanal 5, Zodiak Television and MTG in Sweden and has also held the position as chairman of the Board of Directors for the news app Squid.
Education: Master of Science in Business Administration, Finance and Marketing from Stockholm School of Economics.
Holding in Readly:
22,180 shares and 436 options.
Independent in relation to the company and major shareholders:
Yes

VIKTOR FRITZÉN

Board member
Born: 1985
Director since: 2020
Other current board assignments:
Director of the Board at Avanza Bank Holding AB, Avanza Bank AB, Avanza Pension, Appjobs Sweden AB and StickerApp Holding AB.
Previous assignments:
Group CFO at LeoVegas in a period of strong growth, IPO and several acquisitions. Background in the Finance sector as equity research analyst at Goldman Sachs.
Education: Master of Science in Finance from Stockholm School of Economics.
Holding in Readly:
8,315 shares and 163 options
Independent in relation to the company and major shareholders:
Yes

NATHAN MEDLOCK

Board member
Born: 1972
Director since: 2014
Other current assignments:
Partner at Zouk Capital.
Other current board assignments:
Member of the Board of Workable, and of Taulia, board observer at Huddle.
Previous assignments:
Director of the Board of iZettle AB, Partner at Galaxis Capital.
Education: Master of Business Administration, Wharton School of the University of Pennsylvania, Masters of Engineering, Bachelor of Science in Mechanical Engineering and Energy Systems (Nuclear), University of Manchester.
Holding in Readly:
Nathan Medlock has no personal holding in Readly but is partner at Zouk Capital that holds 7,459,873 through the fund Cleantech Europe II Luxembourg.
Independent in relation to the company and major shareholders:
No

Following a share split 1:5 in September 2020, each option carries entitlement to subscribe for 5 shares.

MALIN STRÅHLE

Board member
Born: 1971
Director since: 2020
Other current assignments:
Director of Strategy Operations at Spotify.
Previous assignments:
CTO of Schibsted Publishing Sweden, Director of Business Development at Bonnier Digital, Head of Products and Platform for the Maria brand within the Unibet Group. Board member in Steni Group AS, Lets deal AB, Venture Cup Sweden and Hööks Hästsport AB.
Education: Master of Architecture, Faculty of Engineering from Lund University.
Holding in Readly:
15,000 shares.
Independent in relation to the company and major shareholders:
Yes

ALEXANDRA WHELAN

Board member
Born: 1973
Director since: 2019
Other current assignments:
Consultant within strategy and marketing for consumer, sports and media brands.
Previous assignments:
Vice President Marketing at Time Warner Cable, Consultant at McKinsey & Company and Senior Communication Planner at DDB UK.
Education: Bachelor of Arts and Master of Studies from the University of Oxford, Master of Business Administration from The Wharton School of the University of Pennsylvania, Financial Times Non-Executive Director Diploma.
Holding in Readly:
45,000 options.
Independent in relation to the company and major shareholders:
Yes

JOEL WIKELL

Board member
Born: 1965
Director since: 2012
Other current assignments:
Founder of Readly and one of the largest owners of the company (10.4%).
Previous assignments:
Founder of HexiGames and Boss Media.
Holding in Readly:
1,462,055 shares.
Independent in relation to the company and major shareholders:
No

(No photo)

AUDITOR

Auditors
PricewaterhouseCoopers AB was elected for a one-year period at the AGM 2020. PricewaterhouseCoopers AB has announced that Authorised Auditor **Aleksander Lyckow** is the auditor-in-charge.

Senior Management Team

MARIA HEDENGREN

Chief Executive Officer
Born: 1970
Employed since:
April 2019.
Maria has more than 20 years of experience from global finance and business management. Maria has led both private and public technology companies and has a proven track record of scaling companies internationally. Before Readly Maria was the CFO of iZettle and NetEnt.
Education Business Administration at Gothenburg School of Business
Holding in Readly:
33,055 shares and 150,649 options.

JOHAN ADALBERTH

Chief Financial Officer
Born: 1979
Employed since:
August 2019.
Johan brings finance experience from tech companies like Klarna and Kry. Johan also worked several years at Attendo where he played a big part in the successful stock exchange listing in 2015. Before that he worked as an auditor.
Education: Master Business administration, Uppsala University.
Holding in Readly:
500 shares and 30,000 options.

JOE ARMSTRONG

Chief Operating Officer
Born: 1974
Employed since:
June 2019.
Joe began his professional career as a corporate M&A lawyer at major international law firms before moving into private equity where he was involved in the origination, execution and management of real estate investments up to EUR 2bn in size. Prior to joining Readly, Joe was Chief Operating Officer of a Cleantech startup.
Education: LLB from King's College London University
Holding in Readly:
45,000 options.

RANJ BEGLEY

Chief Content Officer
Born: 1982
Employed since:
January 2014.
Ranj set up and grew Readly in the UK to its current position. Prior to Readly, Ranj held a number of senior management positions in publishing and fulfilment companies such as Dovetail, Highbury House, CDS Global and United Business Media Plc.
Education: Heston School & College Business Administration.
Holding in Readly:
30,500 shares and 6,500 options.

FRIDA SVENSSON

Chief People Officer
Chief People Officer
Born: 1983
Employed since:
August 2019.
Frida has 13 years of experience of various HR roles. Frida has worked extensively with HR issues at fast-growing Swedish and international tech companies both in Sweden and abroad, such as Betsson, LeoVegas and Goodbye Kansas.
Education: Bachelor's degree in Personnel, Work and Organisation at Stockholm University.
Holding in Readly:
500 shares.

SENIOR MANAGEMENT TEAM

Following a share split 1:5 in September 2020, each option carries entitlement to subscribe for 5 shares.

NIMA BOUSTANIAN

Chief Product Officer
Born: 1983
Employed since: 2018
Nima has consulted for large Fortune 500 companies for the past 10 years, as well as co-founded multiple successful start-ups. Past experiences include creating the UX & Design department at Tele2 and guiding brands such as Clas Ohlson and Scandic Hotels venture into mobile e-commerce. Education: M.Sc. in Computer Science, Stockholm University.
Holding in Readly: 0.

PATRIK BRÄNNFORS

Chief Business Development Officer
Born: 1979
Employed since: January 2019.
Patrik has an entrepreneurial background founding Vinoteket.se, the leading direct wine seller in Sweden. He has also been Head of Sales Northern Europe at Zanox and was Country Manager for Getty Images before joining Readly.
Education: Marina Läroverket in Stockholm
Holding in Readly: 15,000 options.

JOAKIM JOHANSSON

Chief Technology Officer
Born: 1973
Employed since: April 2019.
Joakim has a background as Head of Platform at LeoVegas. Within the same company he also worked as a Product Manager for the platform as well as being the Site Manager for the tech office in Växjö. He has a broad technical background and is experienced in online gaming and payment technology. He has also worked as a Business Analyst at IKEA with skills to define optimal business solutions (processes, people and IT).
Education: IT studies at Linnaeus University.
Holding in Readly: 10,000 options.

CECILIA VON KRUSENSTIERNA

Chief Growth Officer
Born: 1975
Employed since: September 2019.
Cecilia has 18 years' experience in marketing, online sales and strategy, business development and customer operations, reaching from small start-ups to large international corporations such as search company Eniro and telecoms operator Telia Company.
Education: Master of Science in Media & Communication from Uppsala University.
Holding in Readly: 20,000 options.

VICTOR MARKLUND

Chief Analytics Officer
Born: 1984
Employed since: April 2019.
Victor brings experience in data strategy, business intelligence, and advanced analytics. He has experience from start-ups as Head of Analytics and Growth from VC backed Natural Cycles and Zlatan Ibrahimovic's sportswear brand A-Z as well as the gaming industry.
Education: M.Sc. in Economics and Political Science from Uppsala University and Harvard University.
Holding in Readly: 500 shares and 13,000 options.

Directors' report

The Board of Directors and the CEO of Readly International AB (publ) hereby present the annual report and consolidated financial statements for the 2020 financial year. The annual report is prepared in Swedish kronor (SEK), and all amounts presented are in thousands of Swedish kronor (SEK k), unless otherwise stated. Readly International AB is the parent company of the group in which the following subsidiaries are included: Readly AB, Readly Financial Instruments AB, Readly Books AB, Readly UK Ltd, Readly GmbH and Readly LLC (jointly referred to as Readly). The group has its head offices in Stockholm, Sweden, with local offices in Växjö, Sweden; Berlin, Germany; and London, UK.

Information on the business

Readly's purpose is to bring the magic of magazines into the future. The company was established in 2012 and is the market leader in its category in Europe with respect to digital magazine services.

Readly offers customers a digital subscription service in the market for digital magazines with content from third-party publishers. The subscription model is what's referred to in the industry as an "all-you-can-read" service and reflects the distinction from other actors, which offer, for example, purchases of individual digital articles or unlimited reading from one and the same digital magazine. For a fixed monthly fee, Readly's subscribers have unlimited access to quality content from approximately 900 publishers and editors. The product can be accessed online or via an app that can be downloaded from Apple App Store, Google Play, Amazon AppStore and Huawei App Gallery.

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

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

Revenue, expenses and profit

Total revenue amounted to SEK 352.6 million (264.7) for the year January–December 2020, an increase of 33.2 per cent compared with previous year. Revenue growth came from all markets, with Germany, Sweden and the UK accounting for the majority. The increase was mainly related to continued investments in marketing in existing markets during the year.

Total operating expenses increased by 33.2 per cent to SEK -542.4 million (-407.3). The increase is mainly attributable to costs for marketing together with higher publisher costs driven by revenue growth. The increase was also attributable to items affecting comparability associated with the listing of shares in Readly, amounting to SEK -19.6 million (-4.4) for the full year 2020, together with a higher number of employees.

Significant events during the year

- On 1 January 2020, VAT on e-publications was lowered in Austria from 20 per cent to 10 per cent and in the Netherlands from 21 per cent to 9 per cent.

- On 17 January 2020 an Extraordinary General Meeting was held at which Patrick Svensk, Viktor Fritzén and Malin Stråhle were elected as new directors on the company's board. Patrick Svensk was elected as new Chairman of the Board. Nathan Medlock, Alexandra Whelan and the company's founder Joel Wikell continue to serve as ordinary directors on the board.

- At the start of April, Readly launched its service in Australia and New Zealand, where among others the leading publishing houses Bauer Media and Next Media joined the platform. During the quarter, partnerships were also reached with the pay TV company Foxtel, which strongly contributed to the launch in Australia.

- On 20 April 2020 Readly signed a loan agreement with Kreos Capital, giving Readly access to a credit facility of up to EUR 10 million, of which EUR 5 million was utilised in connection with signing of the agreement. The loan agreement includes the issuance of up to 68,543 new warrants, which was approved by an Extraordinary General Meeting on 30 April. The credit facility was granted on 7 May and was obtained to secure the group's funding.

- On 1 May 2020, VAT in the UK on e-publications was reduced from 20 per cent to 0 per cent.

- A new issue was conducted of a total of 350,184 shares after authorisation was granted by the Annual General Meeting on 25 May. In connection with the new issue of shares, warrants totalling 350,184 in number were issued with the right to subscribe for up to one year. The subscription price per share was SEK 268. Total issued shares and warrants through the new issue had a positive cash flow effect of SEK 93.8 million before transaction costs.

- On 1 July 2020 Germany temporarily reduced VAT on e-publications from 7 per cent to 5 per cent as an effect of the Covid-19 pandemic. The reduction was notified to remain in effect through 31 December 2020.

- A 1:5 share split was registered on 11 September 2020 after authorisation was granted by an Extraordinary General Meeting on 4 September 2020. Following the share split, the number of shares outstanding was 29,114,330, compared with 5,822,866 as per 30 June 2020.

- On 14 September 2020, Readly was notified that two of the group's then approximately 800 publishers, Bonnier News and Aller media, intended to leave Readly's platform in 2021. The notification gave rise to publication of a supplementary prospectus.

- On 17 September 2020, Readly's ordinary shares were listed on Nasdaq Stockholm. The Initial Public Offering was fully subscribed, which included newly issued shares amounting to 7,627,118 in number. In addition, in connection with the listing of shares, 4,576,271 existing shares in the parent company were sold. This resulted in an increase in the number of shares outstanding from 29,114,330 to 36,741,448.

- On 15 October 2020, it was announced that Aller media and Readly had renewed their cooperation agreement and that Readly's subscribers could thereby continue to read Aller media's titles without interruption. Aller media distributes more than 70 titles on Readly's platform.

Liquidity and financial position
Capitalised costs for development work amounted to SEK 21.9 million (17.7) at year-end. These capitalised costs are mainly attributable to new functionalities in the app. Cash and cash equivalents amounted to SEK 521.6 million (130.1). The group's shareholders' equity amounted to SEK 381.9 million (54.8) on 31 December 2020, representing equity per share of SEK 12.5 (2.2). The listing on Nasdaq Stockholm on 17 September 2020 resulted in an increase in shareholders' equity by a total of SEK 422.2 million after transaction costs of SEK 27.8 million. In addition, the new issue of shares in June 2020 resulted in an increase of shareholders' equity by SEK 86.8 million in total after transaction costs of SEK 0.3 million. Accrued expenses and deferred income amounted to SEK 109.4 million (80.4) at year-end. The increase is attributable to higher publisher costs driven by revenue growth.

Cash flow
Cash flow from operating activities before changes in working capital was SEK -182.2 million (-131.5). The positive change in working capital of SEK 28.2 million (16.8) compared with previous year is mainly attributable to a larger number of publishers and thus higher operating liabilities attributable to publisher costs, and accrued marketing costs associated with ongoing growth initiatives. Cash flow from financing activities was SEK 564.0 million (153.5). The increase is mainly attributable to the listing of shares of Readly on 17 September, which generated issue proceeds of SEK 450 million before transaction costs of SEK -27.8 million. In addition, the increase in cash flow is attributable to a loan secured with Kreos Capital earlier in the year, which generated an inflow of SEK 49.0 million before transaction costs of SEK 1.9 million. In the statement of cash flows, granted warrants amounting to SEK 3.5 million have been netted from the total loan and are reported as warrants in connection with the raising of loans.

Research and development
The group has continued to develop its app with the goal to offer subscribers the best possible reading experience on the market. The group is today a market leader in digitalisation of the magazine sector, and to maintain this position the group will continue to invest in research and development (R&D). R&D has always been a priority focus for Readly, and as an expression of this, in 2020 the group invested the equivalent of 1.5 per cent of its operating expenses in R&D.

Important key ratios
Readly uses certain financial measures that are not defined by IFRS. Readly believes that these Alternative Performance Measures (APM) provide valuable information to readers of the financial reports as they allow evaluation of Readly's performance. The key ratios that Readly has chosen to present are relevant taking into account the company's operations and with respect to the financial measures for growth, margins and capital structure. The APMs are not always comparable with measures used by other companies, since other companies may have calculated them in a different way. The definitions on page 105 show how Readly defines its key ratios

Multi-year overview

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

1) The average number of shares and earnings per share have been adjusted in comparison period for the 1:5 share split.
See Definitions of Key Performance Indicators and Calculations on pages 105–106.

and the purpose of the respective key ratios. On pages 105–106, complementary information is provided.

Employees
The average number of employees including consultants was 104 (76), of which the average number of employees was 71 (55).

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

On 17 September 2020 Readly International AB (publ)'s ordinary shares were listed on Nasdaq Stockholm. The offering was fully subscribed for, generating issue proceeds of SEK 450 million before transaction costs. During the second quarter, a new share issue was also conducted with existing shareholders, and the group entered into 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 concern assumption to be considered to have been met.

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

PROPOSED APPROPRIATION OF PROFIT OR LOSS

At the disposal of the Annual General Meeting:

Loss brought forward	-192,786,000
Share premium reserve	1,145 918,353
Net profit for the year	14,816,777
SEK	**967,949,130**

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

To be carried forward, SEK	**967,949,130**

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

Risks and risk management

Risk is a natural part of all business activities, and a certain level of risk-taking is a necessary for financial growth. Suitable risk management is therefore fundamental for conducting and developing a sustainable and profitable business. Readly's risk management aims to ensure good control of the group's aggregate risk exposure and to ensure effective, systematic and value-creating management of opportunities and risks in the business activities. In doing so the group improves its decision-making and increases its opportunities to achieve the group's strategic, financial and operational objectives while complying with laws, rules and regulations.

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

The process consists of four main activities:

Identification
During the 2020 financial year, risk meetings were held with the group's Senior Management Team to identify the most significant risks for the respective areas. The results of these were then coordinated, complemented and analysed in order to thereafter decide which risks and measures will be prioritised.

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

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

Management
The choice of management is determined with support of the risk assessment and existing controls. This can involve, for example, methods for overseeing, implementing of additional controls to reduce the risk, or changing routines and processes. An important part of Readly's risk management is the appointment of risk owners for prioritised risks. Risk owners are responsible for ensuring that measures for managing the respective risks are conducted within a reasonable amount of time and with a high level of quality.

Reporting and oversight
The respective risks owners conduct oversight of existing risks and report on their work to the Chief Operating Officer, who compiles, coordinates and develops the group's risk management, and thereafter reports to the Senior Management Team and the Board of Directors.

The group's most significant risks and measures for managing these are reported at least twice a year to the Audit Committee.

Identification

Strategic risks are coupled to overarching objectives for fulfilling and supporting the group's mission or vision. These risks are commonly identified in discussions coupled to the company's strategic plan or strategic initiatives. Risks are managed through measures that limit their impact as well as the likelihood that they will arise.

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

Financial risks are associated with the reliability of internal and external reporting as well as with need to ensure the group's holdings and resources. The finance department is responsible for testing and evaluation of relevant controls as well as performing forecasts and cash flow analyses.

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

Strategic risks

HIGH PACE OF TECHNOLOGICAL CHANGE

Description of risk:

The market for digital magazines is characterised by a high pace of technological change. The group's ability to foresee technological development and the market's need, and to adapt its products accordingly, is therefore of central importance for the group's continued development.

There is a risk that Readly's product development initiatives will not live up to customers' high expectations, which by extension could curb growth.

Risk management:

To adapt Readly's strategy to the dynamic market it works in, the Senior Management Team closely monitors changes in the market, expectations from publishers and subscribers, and technological development.

Product development is a central part of Readly's strategy, and therefore the Board of Directors and management are careful to ensure that decisions on product development are based on data and the key indicators that the initiatives are intended to improve.

MARKET AND COMPETITION

Description of risk:

Readly is dependent on its ability to offer varied and compelling content to its subscribers and therefore competes with other digital magazine providers to gain access to the content. There is a risk 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.

The publishers themselves can develop technologies, products or services to provide content exclusively to their customers and not through Readly's platform. This could have an adverse impact on the number of subscribers and lead to loss of market share for Readly.

Competitors to Readly may adopt an aggressive pricing strategy to capture market shares. There is also a risk of Readly misjudging the competitors' pricing strategies, which could lead to Readly failing to optimise its own pricing and thereby lose out on revenues.

Risk management:

Readly is working intensively on developing new, compelling offerings to subscribers as well as publishers. The group regularly follows up its offerings to publishers and subscribers' views of the product's accessibility and offering to ensure high customer satisfaction. In cases where results do not reach the expected level, measures are taken to increase both customer satisfaction and loyalty.

Readly is active in multiple markets, which reduces the risk of encountering higher competition in an individual market with price pressure as a result. Readly also analyses the consequences of competitors' price strategies and adapts its offering accordingly if deemed necessary. The "all-you-can-read" concept whereby subscribers – for a fixed monthly fee – gain access to unlimited content has proved to be successful also in other industries such as film and music, where consumers prefer to have a single provider for all content. Readly's offering encompasses thousands of titles from hundreds of publishers, which is a clear advantage over offerings from individual actors.

PRODUCT DEVELOPMENT

Description of risk:

If Readly fails to establish a sustainable and effective product development strategy, it could lead to a misallocation of resources to such solutions that lack appeal in the market.

Risk management:

Product development is steered by subscribers' reading time, which is measured to both retain subscribers and create higher product value for the end customer.

Operational risks

DEPENDENCE ON KEY PERSONS

Description of risk:

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

Risk management:

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

DEPENDENCE ON BUSINESS PARTNERS

Description of risk:

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

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

Risk management:

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

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

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

MARKETING

Description of risk:

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

Risk management:

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

Readly is also working on broadening its channels in an effort to reduce its dependence in individual marketing channels. This entails not least a stronger focus on partnerships aimed at reaching new target groups and broadening the base of new customer acquisition. Continued investments in higher brand awareness are contributing to higher organic growth, which further reduces dependence on individual channels. In pace with Readly's continued growth, resources are also being added in the form of new employees with vital competencies for this purpose.

Financial risks

LIQUIDITY RISK

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

CURRENCY RISK

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

UNCERTAINTY ABOUT THE IMPACT OF COVID-19

Description of risk:	Risk management:
In a business like Readly's, the spread of Covid-19 could have an impact with negative financial and other consequences. This may affect future opportunities for continued funding, but also other areas. It is still uncertain what the long-term consequences of the pandemic will be on the world and how this could impact Readly and its continued growth.	As per 31 December 2020 the impact of Covid-19 has not given rise to a need to recognise impairment or to make provisions for future obligations. Nor has Readly identified any negative impact on demand or a decline in sales growth. Cash flow forecasts and other follow-up measures are being conducted to a greater extent, where the preconditions are updated as soon as new circumstances arise that could impact the group's financial statements and/or continued operation.

Legal and compliance risks

RISKS RELATED TO PERSONAL DATA AND ANONYMISED DATA

Description of risk:

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. This could affect Readly's reputation among subscribers, partners and publishers in the digital magazine market. Readly shares anonymised and aggregated data with publishers consisting of, for example, the age, gender and country of domicile of users, when and what magazines users read and what types of devices users use.

Anonymisation must prevent any party from identifying an individual person; otherwise the data is not considered to be anonymised and thus falls within the definition of personal data according to General Data Protection Regulation (GDPR) 2016/679. The sharing of anonymised data with publishers is included in the agreements with the publishers and is thus important for maintaining continued cooperation with publishers.

There is a risk that anonymised data can be used in combination with other data to identify a natural person and thus constitute personal data. If such risk were to materialise, there is a risk that Readly 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. This could affect Readly's reputation among subscribers, partners and publishers in the digital magazine market.

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

Risk management:

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

Various functions in the group work actively to continuously improve systems and processes, update security and ensure thorough incident response and thereby ensure that customers' personal data is processed and protected in a responsible manner. With the support of a framework for internal control for data protection work, among other things, continuous reporting is performed about this area.

Legal and compliance risks

TAX RISKS

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

The Readly share

17 September 2020 was an historic day for Readly, when the company's shares became listed on Nasdaq Stockholm. Through the listing the number of shares increased by 7,627,188. The goal of the stock market listing was to broaden the shareholder base, secure funding for continued expansion and increase brand awareness about Readly.

Through its position as a European category market leader in "all-you-can-read" subscriptions for digital magazines and newspapers, Readly is driving the transformation of the magazine industry.

Share capital
On 31 December 2020 the share capital of Readly International AB (publ) amounted to SEK 1,110,943.44, apportioned among 37,031,448 shares outstanding. Each share carries entitlement to one vote, and all shares have an equal right to a share of the company's assets and profits. At the Annual General Meeting, every shareholder with voting rights may vote for the full number of shares owned and represented without restrictions in voting rights.

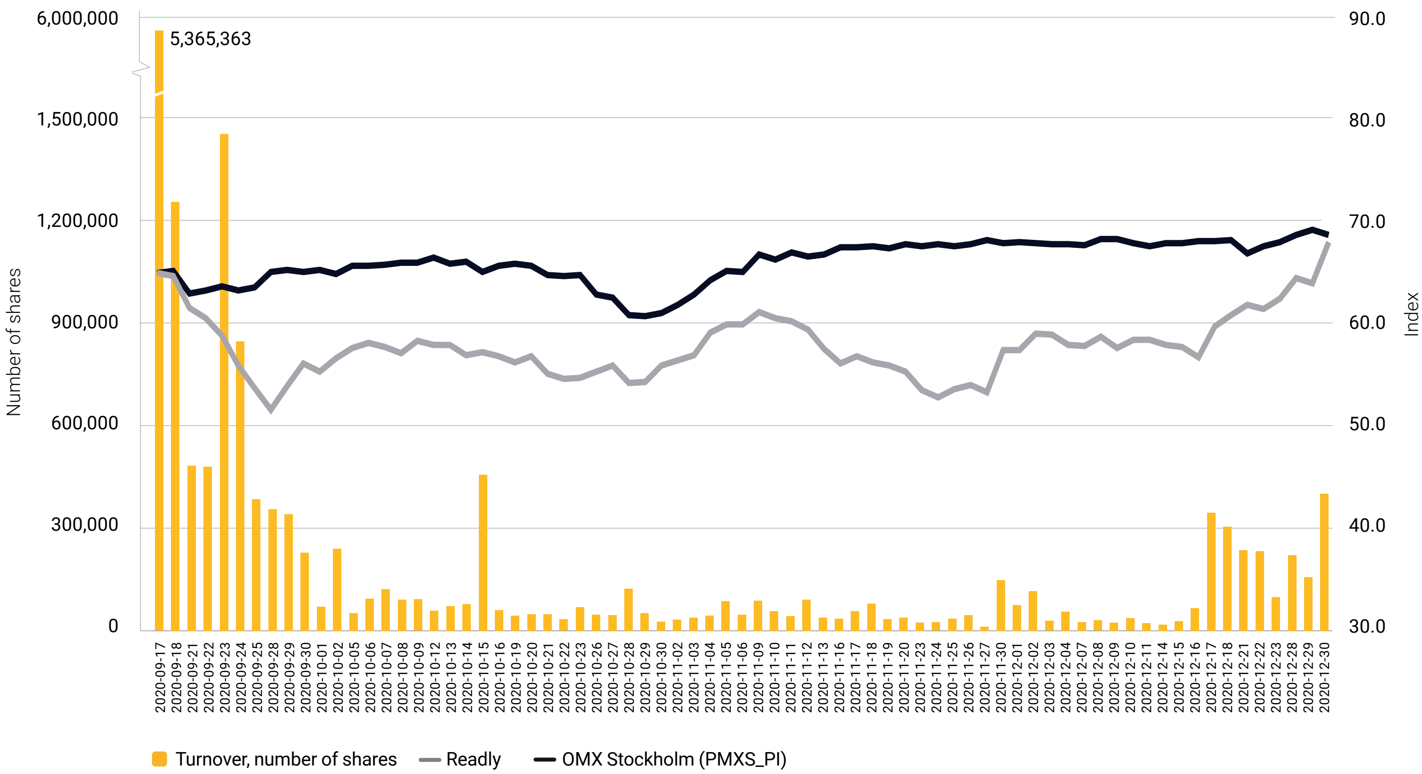
Market capitalisation, price development and trading volume
During 2020, after the listing of shares of Readly on 17th September, the price of Readly's shares grew 15.3 per cent, from SEK 59 to SEK 68. During the same period (17 September through 31 December 2020), Nasdaq Stockholm's OMXS index increased by 5.7 per cent. The lowest price that Readly's shares were traded at was SEK 51.70, on 28 September, and the highest price was SEK 68, on 30 December. The share price on 30 December gives a market capitalisation of SEK 2,518 million. An average of 230,833 shares were traded each day on Nasdaq Stockholm since 17 September.

Shareholders
Readly had 10,189 shareholders at year-end 2020. The ten members of Senior Management together owned 63,555 shares and 290,149 option, and members of Readly's Board of Directors together owned 8,967,423 shares (of which 7,459,873 shares are owned by Zouk Capital where Nathan Medlock is a partner) shares and 247,167 warrants.

During the period since the stock market listing, Readly has focused on communicating with owners, investors and analysts as well as with the business media to increase the understanding of the company and its business.

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

THE READLY SHARE



Largest shareholders

As per 31 Dec. 2020

Shareholders	Number of shares	% of total number of shares
Cleantech Europe Ii Luxembourg (Zouk)	7,459,873	20.14
Swedbank Robur Fonder[1]	3,494,116	9.44
Handelsbanken Fonder	3,168,638	8.56
Tredje AP-Fonden	2,264,535	6.12
Fidelity Investments	1,913,936	5.17
Joel Wikell	1,462,055	3.95
Consensus Asset Management	1,450,000	3.92
C Worldwide Asset Management	1,186,441	3.20
Teknik Innovation Norden Fonder AB	1,186,441	3.20
AFA Försäkring	1,102,750	2.98
Others	12,342,663	33.33
Total	**37,031,448**	**100.00**

1) Through the funds Swedbank Robur Ny Teknik BTI and Swedbank Robur Microcap.

Source: Monitor

Number of shares per country

Country	Number of shares	Share of votes and capital, %
Sweden	22,167,257	59.9
UK	8,607,080	23.2
USA	1,915,236	5.2
Denmark	1,188,672	3.2
Germany	629,159	1.7
UAE	304,905	0.8
Finland	84,174	0.2
Norway	80,087	0.2
Switzerland	63,230	0.2
Malta	5,152	0.0
Other	15,704	0.0
Anonymous owners	1,970,792	5.3
Total	**37,031,448**	**100**

Changes in share capital

Registration date	Event	Number of shares: Change	Number of shares: Total	Share capital, SEK: Change	Share capital, SEK: Total	Subscription price
12 June 2017	New share issue (payment through set-off)[1]	629,902	3,521,235	62,990	352,124	155.00
12 June 2017	New share issue (cash payment)[2]	43,686	3,564,921	4,369	356,492	0.10
14 June 2017	New share issue (cash payment)[3]	47,940	3,612,861	4,794	361,286	155.00
31 Oct. 2017	New share issue (cash payment)[4]	193,547	3,806,408	19,355	380,641	155.00
25 May 2018	New share issue (exercise of warrants)[5]	3,750	3,810,158	375	381,016	86.00
5 June 2018	New share issue (payment through set-off)[6]	5,849	3,816,007	585	381,601	155.00
21 Sept. 2018	New share issue (bonus issue)[7]		3,816,007	190,800	572,401	0.00
26 Sept. 2018	New share issue (cash payment)[8]	365,853	4,181,860	54,878	627,279	164.00
12 Oct. 2018	New share issue (cash payment)[9]	222,560	4,404,420	33,384	660,663	164.00
25 Oct. 2018	New share issue (cash payment)[10]	28,080	4,432,500	4,212	664,875	164.00
30 Nov. 2018	New share issue (cash payment)[11]	32,220	4,464,720	4,833	669,708	164.00
25 June 2019	New share issue (cash payment)[12]	934,518	5,399,238	140,178	809,886	0.15
8 Aug. 2019	New share issue (cash payment)[13]	8,908	5,408,146	1,336	811,222	168.00
25 Sept. 2019	New share issue (payment through set-off)[14]	41,086	5,449,232	6,163	817,385	155.00
3 April 2020	New share issue (exercise of warrants)[15]	22,100	5,471,332	3,315	820,700	155.00
3 April 2020	New share issue (exercise of warrants)[16]	1,000	5,472,332	150	820,850	86.00
3 April 2020	New share issue (exercise of warrants)[17]	350	5,472,682	53	820,902	130.00
26 June 2020	New issue units18 [18]	104,817	5,577,499	15,723	857,707	268.00
24 July 2020	New issue units18 [19]	245,367	5,822,866	36,805	873,430	268.00
7 Sept. 2020	Share split	23,291,464	29,114,330	–	873,430	–
21 Sept. 2020	New share issue in connection with IPO20 [20]	7,627,118	36,741,448	228,814	1,102,243	59.00
19 Oct. 2020	New share issue (exercise of warrants) [21]	50,000	36,791,448	1,500	1,103,743	39.80
14 Dec. 2020	New share issue (exercise of warrants) [22]	190,000	36,981,448	5,700	1,109,443	50.00
29 Dec. 2020	New share issue (exercise of warrants) [23]	50,000	37,031,448	1,500	1,110,943	50.00

1) An Extraordinary General Meeting on 4 May 2017 resolved to issue a maximum of 629,902 Class B preference shares.

2) An Extraordinary General Meeting on 4 May 2017 resolved to issue a maximum 43,686 ordinary shares.

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

4) An Extraordinary General Meeting on 4 May 2017 resolved to issue a maximum of 193,547 Class B preference shares.

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

6) On 11 May 2018 the Board of Directors decided, pursuant to the authorisation granted by the AGM on 13 June 2017, to issue 5,849 ordinary shares. The shares issued were paid for through set-off.

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

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

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

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

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

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

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

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

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

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

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

18) On 3 June 2020 the Board of Directors decided, with authorisation from the AGM held on 25 May 2020, to issue a maximum of 268,357 units, corresponding to a maximum of 104,817 ordinary shares

19) On 25 June 2020 the Board of Directors decided, with authorisation from the AGM held on 25 May 2020, to issue a maximum of 104,817 units, corresponding to a maximum of 104,817 ordinary shares.

20) After completion of the IPO.

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

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

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

Corporate governance report

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

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

Shareholders
Readly's shares have been listed on Nasdaq Stockholm since 17 September 2020. At year-end that share capital in Readly amounted to SEK 1,110,943 million, apportioned among 37,031,448 shares with share quota value of SEK 0.03. Readly shares exist in one share class. At year-end the company had 10,187 shareholders. The share of foreign ownership was 42.6 per cent. At year-end, 37.7 per cent of the shares were owned by Swedish institutional shareholders. Cleantech Europe II Luxembourg (Zouk) owned 20.1 per cent of the total number of shares at year end and is thus the only shareholder with a holding higher than 10 per cent. For further information on Readly's shares and ownership structure, see "The Readly share" section on pages 59-61.

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

Annual General Meeting 2020
The Annual General Meeting was held on 25 May 2020 in Stock-holm. At the AGM, 48.9 per cent of the votes were represented. Ian Gulam was elected to serve as AGM chairman. The AGM resolved to re-elect Joel Wikell, Nathan Medlock, Alexandra Whelan, Patrick Svensk, Viktor Fritzén and Malin Stråhle as directors. Patrick Svensk was elected as Chairman of the Board. The accounting firm Öhrlings PricewaterhouseCoopers AB was elected as auditor, with Aleksander Lyckow as auditor-in-charge.

The Board of Directors was authorised:
- on one or more occasions during the period until the next AGM to decide on new issues of shares corresponding to a maximum of 15 per cent of the company's share capital after the completed issues, based on the number of shares on the date of the AGM;
- on one or more occasions during the period until the next AGM to decide on issues of warrants without preferential rights for the shareholders, carrying entitlement to subscribe for shares in all share classes, and within the limits allowed by the Articles of Association, to be granted free of charge or to be paid for in cash or through set-off. The Board of Directors may only exercise its authorisation to issue warrants in connection with agreements or undertakings with creditors or investors.

Extraordinary General Meetings
Extraordinary General Meetings were held on 17 January, 30 April and 4 September 2020.

At the Extraordinary General Meeting on 17 January 2020 it was resolved:
- to amend the Articles of Association so that the number of directors may amount to a minimum of three and maximum of ten, and that the Board of Directors, until the next Annual General Meeting, shall consist of six ordinary members
- to elect Patrick Svensk, Viktor Fritzén and Malin Stråhle as new directors
- to elect Patrick Svensk as Chairman of the Board
- to adopt the Nomination Committee's recommendation for directors' fees

At the Extraordinary General Meeting on 30 April 2020 the Board of Directors was authorised:

- on one or more occasions during the period until the next AGM to decide on new issues of warrants. The Board of Directors may only exercise the authorisation to issue warrants in connection with agreements or undertakings with creditors or investors (venture debt).

At the Extraordinary General Meeting on 4 September 2020 it was resolved:

- to adopt the Guidelines for Remuneration of Senior Executives in accordance with the presented proposal
- to amend the company's Articles of Association with respect to, among other things, limits on the number of shares and the share capital
- to carry out a 1:5 share split whereby one share in the company is split into five new shares
- to authorise the Board of Directors to issue a maximum of 11,000,000 shares during the period until the next Annual General Meeting

Annual General Meeting 2021

The 2021 Annual General Meeting will be held at 3 p.m. on Tuesday, 11 May 2021 in Stockholm. Shareholders will be offered the opportunity to participate via link.

Nomination Committee

The 2020 Annual General Meeting resolved that the following principles for appointing a nomination committee and that the Nomination Committee's assignment shall apply until another resolution is made by a general meeting of shareholders.

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

If one of the three largest shareholders refrains from exercising its right to appoint a member of the Nomination Committee, the next shareholder in succession shall be offered the right to appoint a member of the Nomination Committee. In the event several shareholders refrain from their right to appoint a member of the committee, the Chairman of the Board shall not be required to contact more than eight shareholders, insomuch it is not necessary to ensure appointment of a nomination committee consisting of at least three members. Unless otherwise agreed-upon by the members, the member appointed by the largest shareholder shall be appointed as chair of the Nomination Committee. A board member shall never serve as chair of the Nomination Committee.

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

If a member of the Nomination Committee resigns before the Nomination Committee has completed its assignment, due to other reasons than those described in the preceding paragraph, the shareholder that appointed the member shall have the right to independently and at its own discretion appoint a substitute member. If the Chairman of the Board resigns from the Board of Directors, the replacement for this person shall also replace the Chairman of the Board serving on the Nomination Committee. The Nomination Committee's composition shall be made public not later than six months before the Annual General Meeting. In this context, all shareholders shall also be informed about how the Nomination Committee can be contacted. Changes in the Nomination Committee's composition shall be made public immediately. The Nomination Committee shall conduct preparatory work and submit recommendations to the forthcoming Annual General Meeting on the following: election of a person to serve as Annual General Meeting chairman, election of the Chairman of the Board and other directors, the amount of directors' fees broken down by the Chairman and other directors plus any fees for committee work, and election of the auditor and the auditor's fees. No fees shall be paid to members of the Nomination Committee. The Nomination Committee shall have the right, after receiving approval from the Chairman of the Board, to charge the company with costs for e.g., recruitment consultants or other costs needed for the Nomination Committee to be able to fulfil its assignment.

The members of the Nomination Committee ahead of the 2021 AGM are:

- Patrick Svensk, Chairman of the Board of Readly International AB (publ)
- Caroline Sjösten, appointed by Swedbank Robur Fonder AB
- Jesper Nilsson, appointed by Cleantech Europe II Luxembourg (Zouk)
- Magnus Tell, appointed by the Third Swedish National Pension Fund

All shareholders have been given the opportunity to submit proposals to the Nomination Committee for e.g., directors, for further evaluation within the framework of the Nomination Committee's work.

The Nomination Committee held three meetings during 2020, in addition to maintaining informal contacts. As documentation for its evaluation of the Board of Directors' composition, the Nomination Committee has had access to an evaluation conducted by the Board of Directors and also had the opportunity to meet with the board members individually. Based on this evaluation and the opportunity to consider recommendations for new directors, the Nomination Committee drafts a recommendation for a new board that is presented in connection with the notice of the next Annual General Meeting. The Nomination Committee reports on its work at the Annual General Meeting.

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

In the opinion of the Nomination Committee, the company's board has satisfactory diversity with respect to the members' experience, age and gender. Of the directors elected in 2020, the share of women is 33 per cent.

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

The Board of Directors' composition
The Articles of Association set out stipulations on the appointment and dismissal of board members as well as on amendments of the Articles of Association. According to the Articles of Association, the Board of Directors shall have a minimum of three and a maximum of ten members. Owing to the Board of Directors' composition with members who have different backgrounds and a breadth of combined experience, the Board of Directors' members together have the knowledge required for the board work including issues pertaining to strategy, company management and expansion both organically and through structural deals. The members' ages, main educational backgrounds, professional experience, significant assignments, year elected and shareholdings in Readly are included in the biographical presentation of the board members on page 45. The company's CEO is not a board member but participates in board meetings, except for when the Board of Directors addresses matters pertaining to the Board of Directors' work or evaluation of the CEO. The group's General Counsel serves as company secretary. The Board has established an audit committee and a remuneration committee. The committees mainly have a preparatory role and do not release the directors from their obligations and responsibilities.

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

Directors' fees
Directors' fees approved by the 2020 AGM amount to SEK 1,910,000 in total. Of this amount, SEK 500,000 pertains to the fee for the Chairman of the Board and SEK 250,000 pertains to fee for each of the other directors. The total amount of SEK 1,910,000 also includes a fee of SEK 65,000 for each of the two members of the Audit Committee, SEK 30,000 for the chair of the Remuneration Committee, and SEK 15,000 for the other member of the Remuneration Committee.

The Board's work during the year
During 2020 the Board of Directors held 20 regular meetings (2019: 14). An additional 22 meetings were held per capsulam. The minutes recorded of these meetings are records of decisions made and are recorded by the company secretary. Preparatory work ahead of the Board of Directors' regular meetings is conducted by the Chairman of the Board together with the company's CEO. Ahead of every board meeting the directors receive written material as documentation for the discussions and decisions that will be taken up for consideration. In connection with certain board meetings, representatives from company management may attend to report on matters in their respective areas. The company's auditor attends the board meeting that addresses the book-closing. The Board of Directors and auditor had opportunities to discuss operations, reports and the audit work, also without members of management being present. Remuneration matters were addressed in connection with the Remuneration Committee's meetings (see also under "Remuneration Committee").

The Board of Directors receives the group's CEO report monthly, which addresses financial development, development of the number of subscribers and brief information on performance of the business. These reports are compiled by the CEO and CFO.

Audit Committee
In 2020 the Audit Committee consisted of Viktor Fritzén, Patrick Svensk and Alexandra Whelan. Viktor Fritzén is chair of the Audit Committee. The Audit Committee held seven meetings in 2020 (2019: 0). The Audit Committee also met with the company's

auditors. Matters addressed in 2020 included governance documents, quarterly reports, internal financial reporting, evaluation of the audit, a review of the outcome of the AGM-elected auditor's review of operations and matters related to internal control. During the year, large focus was also on the listing of Readly shares on Nasdaq Stockholm, which was conducted in September 2020.

Remuneration Committee
In 2020 the Remuneration Committee consisted of Nathan Medlock and Joel Wikell. Nathan Medlock is chair of the Remuneration Committee. The Remuneration Committee held five meetings in 2020 (2019: 0). The Remuneration Committee's duties include, among other things, conducting preparatory work for the Board of Directors' decisions on matters related to remuneration principles, remuneration and other terms of employment for members of company management, monitoring and evaluating programmes for variable remuneration of members of company management, and monitoring and evaluating general remuneration structures and remuneration levels within the company. Further, the committee assists the Board of Directors on formulating the proposed guidelines for remuneration of senior executives, which the Board of Directors presents to the AGM, and on monitoring and evaluating the application of these guidelines. The CEO normally attends the committee's meetings except for matters regarding remuneration to the CEO. Matters addressed during the year include terms of employment and incentives for senior executives.

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

Directors' attendance at committee meetings
Viktor Fritzén, Patrick Svensk and Alexandra Whelan all attended seven of the seven meetings of the Audit Committee during the year. Nathan Medlock and Joel Wikell both attended five of the five meetings of the Remuneration Committee during the year.

CEO and Senior Management Team
The CEO is responsible for the continuing administration of the company in accordance with the Companies Act and Readly's CEO instructions, which are adopted by the Board of Directors. The CEO is responsible for keeping the Board of Directors informed about the company's operations and for ensuring that the Board of Directors has necessary and the most thorough decision-making documentation possible. In addition, the CEO keeps the Chairman of the Board continuously informed about the group's performance.

Readly's Senior Management Team consisted of the following persons in 2020:
Johan Adalberth, Chief Financial Officer
Joe Armstrong, Chief Operating Officer
Ranj Begley, Chief Content Officer
Nima Boustanian, Chief Product Officer
Patrik Brännfors, Chief Business Development Officer
Maria Hedengren, Chief Executive Officer
Joakim Johansson, Chief Technology Officer
Cecilia von Krustenstierna, Chief Growth Officer
Victor Marklund, Chief Analytics Officer
Frida Svensson, Chief People Officer

Further information about the members of the Senior Management Team is provided on page 46. The Senior Management Team holds regular management meetings, on a weekly basis or more often when needed.

Directors' attendance at regular board meetings:

	10/2	26/2	19/3	19/4	21/4	4/5	19/5	16/6	12/8	27/8	11/9	12/9	13/9	15/9	28/9	20/10	23/10	11/11	24/11	17/12
Viktor Fritzén	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Nathan Medlock	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Malin Stråhle	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Patrick Svensk	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Alexandra Whelan	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Joel Wikell	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Auditors
The company's auditor, Öhrlings PricewaterhouseCoopers AB, was elected at the Annual General Meeting in May 2020. Aleksander Lyckow is auditor-in-charge. During the year, in addition to auditing the company's accounts, the auditor also reviewed the interim report for the period January–June 2020. As described under the heading "The Board of Directors' work during the year", the company's auditor also attended the board meeting that addressed the year's book-closing. The company's auditor also attended five meetings of the Audit Committee during the year. Information on auditors' fees for the 2020 financial year is provided in Note 6.

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

Control environment
The Board of Directors has established Rules of Procedure that are adopted yearly at the statutory board meeting. They form the basis of the Board of Directors' work and for effective management of the risks that the business is exposed to. Each year the Board of Directors updates and adopts its Rules of Procedure, the CEO's instructions and the attestation rules. According to Readly's policy for internal control, a number of governance documents shall be accessible for all employees. These governance documents include, among others, the IR & Communication Policy, the Insider Policy, a crisis plan and the Code of Conduct. The policies and other governance documents that Readly has are considered to form the foundation for good internal control. Internal governance documents for ensuring good quality of the financial reporting consist of the group's financial manual, the IR & Communication Policy, ICFR, the Treasury Policy and the established attestation instructions. In addition, Readly has a policy for handling personal data in accordance with the GDPR rules that took effect in 2018.

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

Information and communication
Information about Readly's governance documents such as policies, guidelines and routines is conveyed to pertinent persons. Essential policies and guidelines are updated as needed, but at least yearly, and are communicated to pertinent employees.

In addition, matters concerning the financial reporting are discussed in connection with meetings at which the group's finance employees meet. For external communication, Readly adheres to the established IR & Communication Policy, which in turn takes into account the rules for, among other things, communication and the handling of insider information that is obligatory for companies listed on Nasdaq.

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

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

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

Financial information

Consolidated income statement

SEK k	Note	2020	2019
Net sales	4	349,828	263,360
Other operating income	5	2,776	1,379
Total revenue		**352,604**	**264,739**
Publisher cost		-235,545	-181,966
Other external costs	6	-220,224	-156,305
Personnel costs	7	-76,022	-58,833
Depreciation and amortisation	8, 13, 14	-9,905	-7,921
Other operating expenses	9	-682	-2,253
Total operating expenses		**-542,378**	**-407,278**
Operating result		**-189,775**	**-142,539**
Profit/loss from financial items			
Financial income	10	13,466	104
Financial expenses	8, 10	-20,813	-3,830
Net financial items		**-7,347**	**-3,727**
Net result before tax		**-197,122**	**-146,265**
Income tax	11, 22	-303	-300
Net result for the year		**-197,424**	**-146,565**
Net result for the year attributable to the parent company shareholders		**-197,424**	**-146,565**
Basic and diluted earnings per share, SEK[1]		-6.5	-5.9
Basic and diluted weighted average number of shares[1]		30,466,591	24,739,268

1) The average number of shares and earnings per share have been adjusted in comparison period for the 1:5 share split.

Consolidated statement of comprehensive income

SEK k	Jan-Dec 2020	Jan-Dec 2019
Net result for the year	-197,424	-146,565
Items that may be reclassified to profit or loss		
Exchange rate differences on translating foreign operations	73	36
Other comprehensive income for the year	**73**	**36**
Total comprehensive income for the year	**-197,352**	**-146,529**
Total comprehensive income attributable to the parent company shareholders	**-197,352**	**-146,529**

Consolidated balance sheet

SEK k	Note	31 Dec., 2020	31 Dec., 2019
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure	13	21,925	17,656
Total intangible assets		**21,925**	**17,656**
Property & plant and equipment			
Property, plant & equipment	14	1,364	1,770
Total property, plant & equipment		**1,364**	**1,770**
Right of use assets			
Right of use assets	8	4,542	5,017
Total right of use assets		**4,542**	**5,017**
Financial assets			
Other non-current assets	15	7,677	6,264
Total financial assets		**7,677**	**6,264**
Total non-current assets		**35,508**	**30,707**
Current assets			
Trade receivables	17	3,242	2,588
Other current assets	17	584	4,050
Prepaid expenses and accrued income	17, 18	15,220	9,479
Cash and cash equivalents	19	521,574	130,132
Total current assets		**540,619**	**146,249**
TOTAL ASSETS		**576,127**	**176,956**

Consolidated balance sheet *cont.*

SEK k	Note	31 Dec., 2020	31 Dec., 2019
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,111	818
Other contributed capital		1,147,373	623,184
Reserves		141	68
Retained earnings (including net result for the year)		-766,701	-569,276
Total equity	20	**381,904**	**54,773**
LIABILITIES			
Non-current liabilities			
Lease liabilities	16, 21	424	1,546
Long-term borrowings	16, 21	19,001	–
Derivatives	21, 23	5,477	–
Total non-current liabilities		**24,903**	**1,546**
Current liabilities			
Lease liabilities	16, 21	3,359	2,872
Short-term borrowings	16, 21	16,248	–
Trade payables	16	24,780	28,958
Current tax liabilities	11	1,209	371
Other current liabilities	16, 23	14,367	8,037
Accrued expenses and deferred income	24	109,356	80,400
Total current liabilities		**169,320**	**120,637**
Total liabilities		**194,223**	**122,183**
TOTAL EQUITY AND LIABILITIES		**576,127**	**176,956**

Consolidated statement of changes in equity

SEK k	Share capital	Other contributed capital	Translation difference	Retained earnings (including net loss for the year)	Total equity
Opening balance 1 January 2020	**818**	**623,184**	**68**	**-569,276**	**54,773**
Net profit/loss for the year	–	–	–	-197,424	-197,424
Other comprehensive income	–	–	73	–	73
Total comprehensive income	**–**	**–**	**73**	**-197,424**	**-197,351**
Transactions with shareholders in their role as owners					
New share issue	285	536,806	–	–	537,091
Transaction costs	–	-28,131	–	–	-28,131
Warrants	–	18	–	–	18
Redemption of warrants	9	13,981	–	–	13,990
Share-based remuneration – value of employees' service	–	1,515	–	–	1,515
Sum of transactions with shareholders in their role	**294**	**524,189**	–	–	**524,483**
Closing balance 31 December 2020	**1,111**	**1,147,373**	**141**	**-766,701**	**381,904**

SEK k	Share capital	Other contributed capital	Translation difference	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/loss for the year	–	–	–	-146,565	-146,565
Other comprehensive income	–	–	36	–	36
Total comprehensive income	**–**	**–**	**36**	**-146,565**	**-146,529**
Transactions with shareholders in their role as owners					
New share issue	148	158,530	–	–	158,678
Transaction costs	–	-3,816	–	–	-3,816
Warrants	–	1,270	–	–	1,270
Share-based remuneration – value of employees' service	–	1,491	–	–	1,491
Redemption of share-based remuneration	–	2,000	–	–	2,000
Sum of transactions with shareholders in their role as owners	**148**	**159,475**	–	–	**159,623**
Closing balance 31 December 2019	**818**	**623,184**	**68**	**-569,276**	**54,773**

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

Consolidated cash flow statement

SEK k	Note	Jan-Dec 2020	Jan-Dec 2019
Operating profit (EBIT)		-189,775	-142,539
Depreciation		9,548	7,921
Other non-cash items	27	1,872	3,656
Interest paid		-4,406	-394
Paid tax		536	-116
Cash flow before changes in working capital		**-182,225**	**-131,472**
Changes in trade receivables		-654	917
Changes in operating receivables		-2,275	-7,939
Changes in trade payables		-4,177	5,978
Changes in operating liabilities		35,287	17,882
Cash flow from operating activities		**-154,044**	**-114,634**
Investments in intangible and in property, plant & equipment	13, 14	-9,461	-9,355
Investments in financial assets	12	-1,416	-1,811
Cash flow from investing activities		**-10,877**	**-11,166**
Share issues (net of transaction costs)		508,960	154,862
Warrants in connection with new share issues		6,762	1,270
Redemption of warrants		13,990	–
Loans raised (net of transaction costs)	21	43,963	–
Warrants in connection with loans raised	21	3,489	–
Repayment of lease liabilities		-3,547	-2,622
Repayment of loans		-9,605	–
Cash flow from financing activities	21	**564,012**	**153,510**
Cash flow for the year		**399,091**	**27,710**
Cash and cash equivalents at the beginning of the year		130,132	105,886
Exchange rate differences related to cash and cash equivalents		-7,648	-3,464
Cash and cash equivalents at the end of the year		**521,574**	**130,132**

Parent company income statement

SEK k	Note	2020	2019
Net sales		47,969	19,086
Other operating income		85	69
Total revenue		**48,053**	**19,156**
Other external costs	6	-23,896	-8,392
Personnel costs	7	-13,376	-4,029
Depreciation and amortisation	13, 14	-246	–
Other operating expenses		-530	-266
Total operating expenses		**-38,048**	**-12,686**
Operating profit		**10,005**	**6,470**
Profit/loss from financial items			
Financial income		7,275	99
Financial expenses		-2,464	-10
Net financial items	10	**4,811**	**88**
Net profit before tax		**14,817**	**6,558**
Income tax	11	–	–
Net profit for the year		**14,817**	**6,558**

The parent company has no items that are recognised as other comprehensive income, and comprehensive income is therefore equal to profit for the year.

Parent company balance sheet

SEK k	Note	31 Dec., 2020	31 Dec., 2019
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure	13	1,392	863
Total intangible assets		**1,392**	**863**
Financial assets			
Participations in group companies	12	600,357	376,440
Receivables from group companies	15	1,161	1,672
Total financial assets		**601,518**	**378,112**
Total non-current assets		**602,910**	**378,975**
Current assets			
Receivables from group companies	15, 25	16,395	9,548
Tax receivables		248	298
Other receivables		–	3,583
Prepaid expenses and accrued income	18	238	81
Cash and cash equivalents	19	390,500	60,742
Total current assets		**407,381**	**74,251**
TOTAL ASSETS		**1,010,291**	**453,225**

Parent company balance sheet *cont.*

SEK k	Note	31 Dec., 2020	31 Dec., 2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1,111	817
Total restricted equity		**1,111**	**817**
Non-restricted equity			
Share premium reserve		1,145,918	621,730
Retained earnings		-192,786	-199,344
Net profit for the year		14,817	6,558
Total non-restricted equity		**967,949**	**428,944**
Total equity	20	**969,062**	**429,763**
Non-current liabilities			
Liabilities to group companies		95	95
Derivatives	21	5,477	–
Total non-current liabilities		**5,572**	**95**
Current liabilities			
Account payables		1,072	3,488
Liabilities to group companies	25	25,373	12,926
Other current liabilities	22	4,781	2,188
Accrued expenses and deferred income	24	4,430	4,764
Total current liabilities		**35,655**	**23,367**
Total liabilities		**41,227**	**23,462**
TOTAL EQUITY AND LIABILITIES		**1,010,291**	**453,225**

Parent company statement of changes in equity

SEK k	Share capital	Share premium reserve	Retained earnings (including net profit for the year)	Total equity
Opening balance 1 January 2020	**817**	**621,730**	**-192,786**	**429,763**
Net profit and comprehensive income for the year	–	–	14,817	14,817
Transactions with shareholders in their role as owners				
New share issues	285	536,806	–	537,091
Transaction costs	–	-28,131	–	-28,131
Warrants	–	18	–	18
Redemption employee options	9	13,981	–	13,990
Share-based remuneration – value of employees' service	–	1,515	–	1,515
Sum of transactions with owners	**294**	**524,189**	–	**524,483**
Closing balance 31 December 2020	**1,111**	**1,145,918**	**-177,969**	**969,062**

SEK k	Share capital	Development expenditures fund	Share premium reserve	Retained earnings (including net profit for the year)	Total equity
Opening balance 1 January 2019	**670**	**11,063**	**455,909**	**-210,407**	**257,235**
Net profit and comprehensive income for the year	–	–	–	6,558	6,558
Development expenditures fond	–	-11,063	–	11,063	–
Transactions with shareholders in their role as owners					
New share issues	148	–	158,530	–	158,678
Transaction costs	–	–	-3,816	–	-3,816
Warrants	–	–	1,270	–	1,270
Share-based remuneration – value of employees' service	–	–	1,491	–	1,491
Redemption of share-based remuneration	–	–	2,000	–	2,000
Share-based remuneration – Supplier agreements	–	–	6,346	–	6,346
Sum of transactions with owners	**148**	–	**165,821**	**–**	**165,969**
Closing balance 31 December 2019	**817**	–	**621,730**	**-192,786**	**429,763**

Parent company cash flow statement

SEK k	Note	Jan-Dec 2020	Jan-Dec 2019
Operating profit (EBIT)		10,005	6,470
Depreciation		246	–
Other non-cash items	27	5,004	10,002
Interest received		499	–
Interest paid		-84	-10
Paid tax		50	213
Cash flow before changes in working capital		**15,720**	**16,674**
Changes in operating receivables		-3,125	-13,090
Changes in accounts payable		-2,417	-9,374
Changes in operating liabilities		14,560	-37,329
Cash flow from operating activities		**24,739**	**-43,118**
Investments in intangible assets and in property, plant & equipment	13, 14	-775	-863
Divestments of intangible assets and of property, plant & equipment	13, 14	–	15,070
Contribution to subsidiaries	12	-223,917	-152,116
Investments in financial assets		–	-512
Cash flow from investing activities		**-224,692**	**-138,421**
Share issues (net of transaction costs)		508,960	154,862
Warrants in connection with share issues	21	6,762	1,270
Redemption of employee options		13,990	–
Cash flow from financing activities		**529,712**	**156,132**
Cash flow for the year		**329,759**	**-25,407**
Cash and cash equivalents at the beginning of the year		60,742	86,150
Cash and cash equivalents at the end of the year		**390,500**	**60,742**

Notes

Note 1 **Accounting policies**

This note contains a presentation of the significant accounting policies applied in the preparation of the consolidated financial statements to the extent they are not stated in previous notes. These policies have been applied consistently for all the years presented, unless stated otherwise. The consolidated financial statements pertain to the legal parent company, Readly International AB (publ) and its subsidiaries.

a) Conformity with norms and laws
The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as endorsed 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 income statement and statement of other comprehensive income, the statement of financial position and the parent company's income statement and balance sheet are subject to adoption by the Annual General Meeting on 11 May 2021.

The parent company applies the same accounting policies as the group, except for in the cases indicated below the section "parent company accounting policies".

b) Basis of measurement applied in preparation of the financial statements
Assets and liabilities are stated at historical cost, except for derivatives that are stated at fair value.

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

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

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

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

e) Significant accounting policies applied
With the exceptions for changed accounting policies described below, the accounting policies have been applied consistently in all years presented in the consolidated financial statements.

f) Changed accounting policies
Changed accounting policies in 2020 have not had any material effect on the company's financial statements.

g) New IFRSs that have not yet begun to be applied
New and amended IFRSs that take effect in future financial years are not expected to have any significant effect on the company's financial statements.

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

In the statement of cash flows, for 2018 the group made a reclassification of capitalised proprietary product development costs from other non-cash items to cash flow from investing activities.

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

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

Note 4 provides is a breakdown of the group's revenue by geographic area. The group's non-current assets exist in all material respects in Sweden.

Note 1. Cont.

j) Principles of consolidation and business combinations
(i) Subsidiaries
Subsidiaries are all companies over which the group has control. The group has control over a company when it is exposed or entitled to a variable return from its holding in the company and is able to influence the return through its influence over the company. Subsidiaries are included in the consolidated financial statements as of the date on which control is transferred to the group. They are excluded from the consolidated financial statements as of the date on which control ceases.

Intra-group transactions, balance sheet items and unrealised gains and losses on transactions between group companies are eliminated. Where applicable, the accounting policies of subsidiaries have been amended to guarantee consistent application of the group's policies.

k) Foreign currency
(i) Transactions in foreign currency
Transactions in foreign currency are translated to the functional currency using the exchange rates in effect on the transaction date or the date on which the items were remeasured. Exchange gains or losses arising from payment of such transactions and in the restatement of monetary assets and liabilities in foreign currencies at the rate on the balance sheet date are recognised in the income statement.

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

(ii) Foreign operations' financial statements
The result and financial position of all group companies that have a functional currency that is different than the presentation currency are translated to the group's presentation currency as follows:
• assets and liabilities for each of the balance sheets are translated at the exchange rate in effect on the balance sheet date,
• income and expenses for each of the income statements are translated at 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 the income statement.

Accumulated gains and losses in shareholders' equity are recognised in the income statement when foreign operations are divested in part or in whole.

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

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

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

(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 obligation to the customer and can set prices for the services. Readly is responsible for and decides what periodicals are offered in the service and is the recipient of the payments from customers. Through this, the assessment has been made that the group acts as the principal in these transactions since it has control over the services before they are provided to the customer. The revenue is therefore recognised gross in the income statement.

m) 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.
• Income/expenses attributable to changes in fair value of derivative instruments

Interest income and interest expenses are recognised using the effective interest method. The effective interest rate is the interest that exactly discounts the estimated future cash payments or receipts during the expected life of the financial instrument to: the recognised gross value of the financial asset, or the amortised cost of the financial liability.

n) Taxes
Tax expense for the period comprises current tax. Tax is recognised in the income statement, apart from when the tax concerns items that are recognised in other comprehensive income or directly in shareholders" equity. In such cases, the tax is also recognised in other comprehensive income or shareholders' equity.

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

Deferred tax is recognised for all temporary differences arising between the tax value of assets and liabilities and their reported values in the consolidated financial statements. However, deferred tax liabilities are

Note 1. Cont.

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 tax authority and relate to either the same taxable entity or different taxable entities where there is an intention to settle balances by net payments.

o) Financial instruments
The group's financial assets and liabilities are recognised in accordance with IFRS 9 and consist of the items other non-current receivables, trade receivables, other current receivables, prepaid expenses and accrued income, cash and cash equivalents, other non-current liabilities, derivatives, trade payables, 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.

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

Financial assets measured at amortised cost
Assets held for the purpose of collecting contractual cash flows 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 is included in financial income in the income statement.

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

Financial liabilities measured at amortised cost
The group's financial liabilities are initially recognised at fair value, net after transaction costs. After initial recognition, the group's financial liabilities are measured at amortised cost. The difference between the amount received, allocated to the loan, and the repayment amount is recognised in the income statement allocated over the term of the loan using the effective interest method. For further information, see Note 21.

The group's financial liabilities measured at amortised cost consist of the items other non-current liabilities, derivatives, trade payables, other current liabilities and accrued expenses and deferred income.

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

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

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

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

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

(iv) Impairment of financial assets
Provisions for expected credit losses – general method
The group applies a ratings-based method for assessing expected credit losses based on probability of default, expected loss and exposure at default. Assessment is done per counterparty. The group has defined default as payment for a receivable that is past-due by 90 days or more, or if other factors indicate a suspension of payments. Such assessment is based on whether payments are 60 days past-due or more, or if a significant decline of ratings occurs, resulting in a rating below investment grade. Financial assets covered by provisions for expected credit losses

Note 1. Cont.

according to the general method consist of other non-current receivables, other receivables, and cash and cash equivalents. The group applies a ratings-based method per counterparty combined with other known information and forward-looking factors to assess expected credit losses. Initially credit risk is assessed per counterparty. The group writes off a receivable when there is no longer an expectation to receive payment and after active measures to collect payment have ended.

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

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

p) 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 reported as intangible assets when the following criteria are met in accordance with IAS 38:
- it is technically feasible to complete the intangible asset so that it 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; see also Note 3, Critical estimates and assessments for accounting purposes. Development expenditures that were expensed in previous periods are not reported as an asset in a subsequent period. Costs for maintaining intangible assets are expensed when they arise.

(ii) Additional expenditures
Additional expenditures for capitalised intangible assets are recognised as an asset in the statement of financial position only when they result in an increase in future economic benefits associated with the specific asset to which 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 is 3–5 years. Amortisation is recognised in profit/loss for the year on a straight-line basis over the intangible assets' estimated useful lives. The useful lives are reviewed at least annually and also as soon as indications arise that the asset in question has decreased in value.

q) Property, plant and equipment
(i) Owned assets
Property, plant and equipment include equipment, tools, fixtures and fittings. All property, plant and equipment are reported 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 are reported 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 income statement in the period in which they are incurred.

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

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

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

r) Leasing
The group applies the standard IFRS 16 and 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.

Note 1. Cont.

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.

Leased assets are depreciated over their estimated useful life or – if it is shorter – the contracted lease period, usually two to three years.

Lease liabilities are measured at present value of future minimum lease charges, discounted by the marginal loan interest rate. 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.

During the year, newly acquired right-of-use assets were added, which increased rights of use by SEK 2.2 million (after depreciation) and the total lease liability by SEK 2.2 million (after interest and amortisation).

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.

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

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

t) Shareholders' equity
i) Share capital
Transaction costs directly attributable to the issue of new shares are reported, net after tax, in shareholders" equity as a deduction from the issue proceeds.

ii) Issuance of shares and grants of warrants
The subscription price is allocated to shares and warrants based on fair value. The portion of the issue that is attributable to warrants is reported as a derivative instrument (liability measured at fair value) on the balance sheet. The warrants are reported as a derivative instrument according to IAS 32. All changes in fair value of the derivative instrument are recognised directly in the income statement on the line Financial income or Financial expenses. The portion of the subscription price that is attributable to the issue of ordinary shares is reported in shareholders' equity. For further information, see Note 20.

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

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

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

(ii) Pension obligations
The group has an ambition to offer employees pension and other insurance benefits that provide basic financial security. The group has defined-contribution pension plans. A defined-contribution pension plan is one where the group pays fixed fees to a separate legal entity. The group does not have any legal or constructive obligation to pay additional fees if this legal entity does not have sufficient assets to pay all benefits to employees that are associated with the employees' service during current or previous periods.

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

(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 that give the holder the right to receive a set number of the company's shares for a set cash amount. The issued amount attributable to employee options is recognised in equity. See Note 7, employee benefits, etc.

Note 1. Cont.

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

- excluding possible impact of service terms
- including the impact of terms that do not constitute vesting terms (such as requirements for employees to save in or retain shares for a set period of time)

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

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

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

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

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

PARENT COMPANY ACCOUNTING POLICIES

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

The parent company applies the accounting policies presented for the group, except for the exemptions presented below. The annual report has been prepared using the cost method.

Through its activities the parent company is exposed to a number of different financial risks, including market risk (currency risk), credit risk and liquidity risk. For more information on financial risks, see Note 2.

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

c) Basis of measurement applied in preparation of the financial statements
Assets and liabilities are stated at historical cost.

d) Changes in accounting policies
Unless otherwise stated below, the parent company's accounting policies in 2020 have been changed in accordance with that stated above for the group.

e) Classification and presentation format
The income statement and balance sheet are presented in accordance with the presentation format prescribed in the Swedish Annual Accounts Act. The statement of changes in equity also uses the same presentation format as the group, but must include the columns indicated in the Swedish Annual Accounts Act. The differences from the consolidated financial statements that are applied in the parent company's income statement and balance sheet consist mainly of recognition of financial income and expenses and equity.

f) Participations in subsidiaries
Participations in subsidiaries are recognised at cost less any impairment losses. Cost includes acquisition-related costs. In cases where there is an indication that participations in subsidiaries have become impaired, their recoverable amount is calculated. An impairment loss is recognised if the recoverable amount is less than the carrying amount. Impairment losses are recognised in the item "Profit/loss from participations in group companies".

g) Leasing
The parent company does not apply IFRS 16 and all lease agreements are classified as operating leasings. Lease charges are recognised as expenses as they arise.

Note 1. Cont.

h) Financial instruments

i) Measurement

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

ii) Derivatives

In the parent company, derivatives are reported in accordance with RFR 2, where derivative instruments with negative fair value are reported at this value. For further information, see Note 21 (Loans raised).

i) Issues of shares and grants of warrants

In the parent company, derivatives are reported in accordance with RFR 2, where derivative instruments with negative fair value are reported at this value. For further information, see Note 20 (Shareholders' equity).

j) Share-based payments

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

k) Employee option programme – settled with equity instruments

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

l) Share-based remuneration for subsidiaries' service providers

If Readly International AB has an obligation to settle a subsidiary's debt by issuing shares directly to the subsidiary's service provider, on condition that the settlement with cash is not an alternative, a receivable from the subsidiary is recognised equivalent to the fair value of the services the subsidiary received with a corresponding increase in Other capital contributions.

The receivable is recognised as the subsidiary receives the services from the provider, and offsetting against equity takes place at corresponding points in time. Upon issues of shares, a reversal takes place from other capital contributions to share capital. If the fair value of issued shares exceeds the value of the services that the subsidiary received, the difference is recognised as an increase in the receivable from the subsidiary at the time of the issue. The fair value of services that the providers provide the subsidiary has been determined based on market prices on these services.

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

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

m) Significant estimations and assessments

Preparing financial statements in conformity with RFR 2 requires the use of certain significant estimations for accounting purposes. Furthermore, management is required to make certain assessments upon application of the parent company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are of significance for the annual report, are disclosed in Note 3.

Note 2 **Financial risk management**

Financial risk factors

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

Market risk (Currency risk/transaction risk)

The group's currency sensitivity concerning operating items in the income statement is limited, as income from external customers usually gives rise to an expense in the same currency, which provides a natural hedge. 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. As per the balance sheet date, there are liabilities in EUR and GBP for royalties amounting to SEK 30.1 million (21.9) and SEK 16.7 million (13.1), respectively. This means that a change in the SEK/EUR rate and the SEK/GBP rate of e.g., +/-10 per cent would have an impact on consolidated profit and equity of +/- SEK 3.0 million (2.2) and SEK 1.7 million (1.3), respectively.

As shown in Note 21, through the new credit facility that was granted in 2020, the group is exposed to changes in the EUR/SEK exchange rate. The exchange rate sensitivity is attributable to the borrowing in EUR and to interest expenses. As per the balance sheet date a change in the SEK/EUR rate of e.g., +/-10 per cent would have an impact on loans raised, revalued via Profit and Loss, of +/- SEK 4.1 million (0) and profit before tax of +/- SEK 0.6 million (0).

Credit risk

Credit risk arises through cash and cash equivalents, bank balances, and certain credit exposures to customers. Most of Readly's customers pay in advance, which is why there is not any material exposure to outstanding trade receivables. Nor does the group have any other financial receivables of significant amounts. Credit risk is therefore limited. The group's trade receivables are with customers consisting of large, well-known companies. There is no concentration of credit risk, neither through exposure to a single customer nor group of customers whose economic situations are such that they can be expected to be affected in a similar way by macroeconomic changes. For new customers, a risk assessment is made of the customer's creditworthiness in which its financial position is considered as well as previous experience and other factors.

Note 2. Cont.

Liquidity risk
Readly reports substantial losses and negative cash flows as a consequence of the company's continued substantial investments in marketing activities and other activities aimed at generating growth. Careful planning and control of Readly's capital requirement are needed. Following the listing of shares of Readly on 17 September 2020, which raised issue proceeds of SEK 450 million before transaction costs, the group has sufficient financial resources support its growth strategy in the coming years. If the company does not succeed with its growth strategy or achieve its financial targets, a capital need may arise. If this were to occur, a shareholder base is required with available financial resources to be able to support further growth through additional capital injections. Should new share capital or external borrowing not be available for Readly in connection with a possible future need, this could affect growth and the company's ability to meet its obligations. Cash flow forecasts are prepared by the company's finance function, which closely monitors rolling forecasts of Readly's cash position to ensure that the company has sufficient liquidity to meet its operational needs. Readly has large shareholders that are financially strong and which conduct long-term planning for their investments.

The table below provides an analysis of the group's financial liabilities according to the period that 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 2020	**< 3 months**	**3 months – 1 year**	**1–5 years**	**Carrying amount**
Non-current financial liabilities				
Lease liabilities	–	–	577	424
Long-term borrowings	–	–	11,749	19,001
Derivatives	–	–	5,477	5,477
Total non-current financial liabilities	–	–	**17,804**	**24,903**
Current financial liabilities				
Lease liabilities	771	3,484	–	3,359
Short-term borrowings	4,788	13,411	–	16,248
Trade payables	24,780	–	–	24,780
Accrued expenses and deferred income	67,878	–	–	67,878
Total current financial liabilities	**98,217**	**16,896**	–	**112,266**
Total financial liabilities	**98,217**	**16,896**	**17,804**	**137,168**

At 31 December 2019	**< 3 months**	**3 months – 1 year**	**1–5 years**	**Carrying amount**
Non-current financial liabilities				
Lease liabilities	–	–	2,423	1,546
Total non-current financial liabilities	**–**	**–**	**2,423**	**1,546**
Current financial liabilities				
Lease liabilities	28,958	–	–	28,958
Trade payables	745	2,234	–	2,872
Accrued expenses and deferred income	–	51,540	–	51,540
Total current financial liabilities	**29,703**	**53,774**	**–**	**83,370**
Total financial liabilities	**29,703**	**53,774**	**2,423**	**84,915**

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

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

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

Readly will maintain its growth focus in existing markets and also plans to expand further both in and outside of Europe. Readly's business and number of employees have growth substantially since the company was established, especially in recent years. This means that historical growth is not necessary an indication of future performance. Previous growth has presented and will continue to present the group, its management, administration, IT systems, and operational and financial infrastructure with challenges and will require access to working capital. Readly has never been profitable and will continue to prioritise growth over profitability in the years immediately ahead. The Board of Directors has adopted financial targets for profitability which call for the group to reach positive EBITDA within four to five years. Cash flow forecasts are made by the company's finance function, which closely monitors rolling forecasts of Readly's liquidity – both in the short and long term – aimed at ensuring that the company has sufficient liquidity to meet its operational needs. Readly has large shareholders that are financially strong and that conduct long-term planning with respect to their investments. After the listing of shares in Readly on 17 September 2020, which raised issue proceeds of SEK 450 million before transaction costs, the company has sufficient financial resources to support its growth strategy in the coming years.

Capital management	31/12/2020	31/12/2019
Total borrowing (note 21)	35,249	–
Less: cash and cash equivalents (note 19)	-521,574	-130,132
Net debt	**-486,325**	**-130,132**
Total shareholders´ equity	381,904	54,773
Total capital	**-104,421**	**-75,359**
Debt-equity ratio (%)	9	–

Note 3 **Critical estimations and assessments for accounting purposes**

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

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

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

The group has determined that development expenditures amounting to SEK 8.3 million (6.7) meet the criteria for capitalisation for the 2020 financial year, and thus capitalisation of an equivalent amount has been done in the statement of financial position. For further information, see Note 13.

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

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

On 17 September 2020 Readly International AB (publ)'s ordinary shares were listed on Nasdaq Stockholm. The offering was fully subscribed for, generating issue proceeds of SEK 450 million before transaction costs. During the second quarter, a new share issue was also conducted with existing shareholders, and the group entered into 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 carry forwards
Unutilised loss carry forwards for which no deferred tax asset has been recognised amount to SEK 809.5 million (582.2) as per 31 December 2020. Since Readly in the coming years will prioritise growth over profitability, the Board of Directors has determined that the group will likely continue to report tax loss carry forwards also in the coming year, and thus in accordance with IAS 12, no deferred tax asset is reported for these deficits.

Note 4 **Breakdown of net sales**

	Group	
Net sales by type of service	**2020**	**2019**
Readly's digital magazine service	349,828	263,360
Total	**349,828**	**263,360**

Net sales by geographic market	**2020**	**2019**
Sweden	140,251	109,606
Germany	84,110	69,028
UK	72,231	56,017
Rest of world	53,236	28,709
Total	**349,828**	**263,360**

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

Note 5 **Other operating income**

	Group	
	2020	**2019**
Exchange rate gains in operations	2,776	1,379
Total	**2,776**	**1,379**

Note 6 **Auditor's fees**

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
PwC				
– Audit assignment	601	665	401	515
– Auditing activities in addition to audit assignment	387	69	387	69
– Tax consulting	694	961	662	961
– Other services	2,264	1,576	2,107	1,576
Total	**3,946**	**3,271**	**3,557**	**3,121**

By audit assignment is meant the review of the annual report and book-keeping, and of the Board of Directors' and CEO's administration, other work duties that are incumbent upon the group's auditor to perform, or other services arising out of observations from such review or performance of such work duties.

By auditing services in addition to the audit assignment is meant mainly the auditor's review of interim reports and of the prospectus in connection with the listing of shares in Readly.

PwC was the designated auditor for the 2019 and 2020 financial years.

NOTES

Note 7 **Employee remuneration, etc.**

Average number of employees

	Group				Parent company			
	2020		2019		2020		2019	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Sweden	49	24	36	18	4	1	1	–
Germany	11	5	10	4	–	–	–	–
UK	11	7	9	5	–	–	–	–
Total	**71**	**36**	**55**	**27**	**4**	**1**	**1**	**–**

Gender breakdown, senior executives

	2020		2019	
Group	Number at year-end	Of whom, men	Number at year-end	Of whom, men
Board members	6	4	3	2
CEO and other senior executives	10	6	10	6
Total	**16**	**10**	**13**	**8**

	2020		2019	
Parent company	Number at year-end	Of whom, men	Number at year-end	Of whom, men
Board members	6	4	3	2
CEO and other senior executives	2	1	2	1
Total	**8**	**5**	**5**	**3**

Expensed salaries, other remuneration and social security costs

	Group		Parent company	
	2020	2019	2020	2019
Salaries, including severance pay	54,195	40,058	9,409	2,721
Social security contributions	13,973	11,318	2,900	855
Pension costs – defined contribution plans	4,350	2,960	972	450
Share-based remuneration for employees	1,515	1,491	1,515	1,491
Total employee remuneration	**74,032**	**55,827**	**14,796**	**5,517**

Note 7. Cont.

Expensed remuneration and other benefits for senior executives, SEK thousands

	Salaries		Variable remuneration		Pension costs	
	2020	2019	2020	2019	2020	2019
CEO Maria Hedengren	2,160	1,476	851	414	549	369
CEO Jörgen Gullbrandsson	–	1,701	–	124	–	574
Other senior executives	12,747[1]	13,107	2,516	2,292	1,586	2,113
Group total	**14,907**	**16,284**	**3,367**[2]	**2,830**	**2,135**	**3,056**

1) Total invoicing pertaining to non-employed other senior executives amounted to SEK 2.4 million (3.9). These costs have been included in the total amount for base salaries but also include social security costs and pension costs. Readly has determined that invoiced fees are in line with the group's policy as they are cost-neutral compared with payroll costs for employees.
2) Variable remuneration consists of bonuses of SEK 3.0 million (1.9) pertaining to the financial year, of which SEK 0.9 million (0.5) pertains to the CEO. The column also includes employee stock options for other senior executives totalling SEK 0.4 million (0.9).

Board of Directors

Remuneration and fees for 2020 approved by the Annual General Meeting are described in the table below. The Annual General Meeting resolved that fees for committee work would be payable, in contrast to previous years. Fees for committee work are described in the table below. Directors' fees are decided on yearly at the Annual General Meeting and pertain for the period until the next Annual General Meeting.

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

	2020				2019			
	Directors' fee	Committee fee	Variable remuneration	Other remuneration	Directors' fee	Committee fee	Variable remuneration	Other remuneration
Patrick Svensk	500	25	–	–	–	–	–	–
Nathan Medlock	250	30	–	–	29	–	–	–
Alexandra Whelan	250	25	239[1]	–	–	–	507[1]	1,642[2]
Viktor Fritzén	250	65	–	–	–	–	–	–
Malin Stråhle	250	–	–	–	–	–	–	–
Joel Wikell	250	15	–	–	–	–	–	–
Total	**1,750**	**160**	**239**	–	**29**	–	**507**	**1,642**

1) Variable remuneration paid to board member Alexandra Whelan pertains to the value of stock options granted to her for her industry expertise in her capacity as consultant.
2) Other remuneration paid to board member Alexandra Whelan pertains to invoiced fees for her industry expertise in her capacity as consultant.

Defined-contribution pension

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

Severance pay

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

Note 7. Cont.

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

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

	2020		2019	
	Average exercise price per warrant, SEK[1]	Warrants	Average exercise price per warrant, SEK[1]	Warrants
As per 1 January	**53**	**382,917**	**44**	**137,500**
Granted	55	4,333	55	295,250
Forfeited	–	–	55	-22,333
Exercised	48	-58,000	26	-1,000
Expired	50	-52,000	26	-26,500
As per 31 December	**55**	**277,250**	**53**	**382,917**

During 2020 Readly offered key persons in the group to subscribe for a total of 4,333 warrants at a subscription price of SEK 55 per share, with the right to subscribe after three years. A total of 58,000 (1,000) warrants have been exercised to subscribe for shares with an average exercise price of SEK 48.2 (26) per share. A total of 52,000 (26,500) warrants have expired with an exercise price of SEK 50 per warrant (26). None of the outstanding warrants were redeemable as per 31 December 2020.

1) The exercise price has been adjusted to illustrate the 1:1 relationship between warrants and shares. The actual relationship is that every warrant carries entitlement to subscribe for 5 shares, i.e., 277,250 outstanding warrants (382,917) carry entitlement to subscribe for 1,386,250 shares (1,914,585).

Outstanding warrants at year-end:

Issue year	Programme	Subscription	Exercise price[1]	Fair value[2]	Average time to maturity (years)	No. warrants 31/12/2020	No. warrants 31/12/2019
2016	2016/2020	1/7/2020–30/12/2020	40	2,50	3	–	10,000
2017	2017/2020	1/7/2020–30/12/2020	50	6,35	3	–	100,000
2019	2019/2021	1/7/2021–30/12/2021	55	5,53	3	57,917	57,917
2019	2019/2022	1/7/2022–30/12/2022	55	5,53	3	150,000	150,000
2019	2019/2022	1/7/2022–30/12/2022	55	6,04	3	65,000	65,000
2020	2019/2022	1/7/2022–30/12/2022	55	6,04	3	4,333	–
Total						**277,250**	**382,917**

Fair value of granted warrants (4,333) 2020
Fair value on the grant date includes the exercise price (SEK 55), the term of the warrant (2.9 years), the share price on the grant date (SEK 33) and the expected volatility of the share price (26%), the expected dividend yield (0%), risk-free interest (0.3%) over the term of the warrant and the correlation and volatility for a group of peer companies. The expected volatility of the share price is based on historic volatility (based on remaining term of the warrant), adjusted for the expected changes in future volatility based on available public information.

1) The exercise price has been adjusted to illustrate the 1:1 relationship between warrants and shares. The actual relationship is that every warrant carries entitlement to subscribe for 5 shares, i.e., 277,250 outstanding warrants (382,917) carry entitlement to subscribe for 1,386,250 shares (1,914,585).
2) Fair value is calculated as per the date of issue of options.

Note 7. Cont.

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

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

	2020		2019	
	Average exercise price per option, SEK[1]	Options	Average exercise price per option, SEK[1]	Options
As per 1 January	**32**	**130,917**	**25**	**61,000**
Granted	33	10,000	33	102,917
Forfeited	31	-12,167	31	-7,650
Exercised	–	–	17	-22,450
Expired	–	–	17	-2,900
As per 31 December	**33**	**128,750**	**32**	**130,917**

During 2020 Readly granted a total of 10,000 employee options (102,917) to key persons in the group with a subscription price of SEK 33 per share. No employee options expired during 2020. A total of 12,167 employee options were cancelled with a weighted average price of SEK 31 per share. A total of 20,000 employee options are redeemable through 30/6/2021 at an average price of SEK 31 per share.

1) The exercise price has been adjusted to illustrate the 1:1 relationship between employee options and shares. The actual relationship is that every option carries entitlement to subscribe for 5 shares, i.e., 128,750 outstanding options (130,917) carry entitlement to subscribe for 643,750 shares (654,585).

Outstanding employee options at year-end:

Issue year	Programme	Vesting period	Termination date	Subscription period	Exercise price[1]	Fair value[2]	No. warrants 31/12/2020	No. warrants 31/12/2019
2017	2017/2021	19/10/2017–31/12/2020	31/12/2020	1/1/2021–30/6/2021	31	45	20,000	30,000
2018	2018/2022	25/3/2019–30/6/2022	31/12/2020	30/6/2022–30/12/2022	33	22	8,750	10,917
2019	2019/2023	2/5/2019–1/1/2021	1/1/2021	30/4/2022–30/4/2023	33	16	45,000	45,000
2019	2019/2022	18/6/2019–30/6/2023	30/6/2023	1/7/2023–30/12/2023	33	24	45,000	45,000
2020	2020/2023	9/8/2020–30/6/2023	30/6/2023	1/7/2023–30/12/2023	33	26	10,000	–
Total							**128,750**	**130,917**

1) The exercise price has been adjusted to illustrate the 1:1 relationship between employee options and shares. The actual relationship is that every employee option carries entitlement to subscribe for 5 shares, i.e., 128,750 outstanding options (130,917) carry entitlement to subscribe for 643,750 shares (654,585).
2) Fair value is calculated as per the date of issue of options.

Fair value of granted employee options 2020
Fair value on the grant includes the exercise price (SEK 33), the term of the option (3.9 years), the share price on the grant date (SEK 34) and the expected volatility of the share price (28%), the expected dividend yield (0%), risk-free interest (-0.37%) over the term of the option and the 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 term of the option), adjusted for the expected changes in future volatility based on available public information.

Costs for the employee option programme
The cost for the employee option programmes during the period and reported as a part of personnel costs amounted to SEK 1.5 million (1.5) excluding social security costs.

NOTES

Note 8 **Leases**

Leased assets in Readly consist solely of office premises.

Group	2020
Opening balance, 1 January 2020	5,017
New leases, office premises	3,833
Depreciation	-4,308
Closing balance, 31 December 2020	**4,542**

Group	2019
Opening balance, 1 January 2019	–
Transition effect, office premises	7,784
Depreciation	-2,767
Closing balance, 31 December 2019	**5,017**

Lease liabilities

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

Amounts reported in the Income statement

Group	2020	2019
Depreciation of right-of-use assets	-4,308	-2,767
Interest on lease liabilities	-330	-356
Costs for short-term leasing	-1,251	-837

Amount reported in the Statement of cash flows

Group	2020	2019
Total cash flow attributable to leases	-5,128	-3,816

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

Note 9 **Other operating expenses**

Group	2020	2019
Exchange rate losses in the operations	-682	2 253
Total	**-682**	**2 253**

Note 10 **Financial income and expenses**

	Group		Parent company	
	2020	2019	2020	2019
Interest income from group companies	–	–	69	65
Interest income	–	–	14	–
Change in value of derivatives	6,762	–	6,762	–
Exchange rate differences	6,704	104	430	34
Total financial income	**13,466**	**104**	**7,275**	**99**
Interest expenses	-6,649	-394	–	-10
Change in value of derivatives	-2,366	–	-2,366	–
Exchange rate differences	-11,798	-3,436	-97	–
Total financial expenses	**-20,813**	**-3,830**	**-2,464**	**-10**
Net financial items	**-7,347**	**-3,726**	**4,811**	**88**

Note 11 **Income taxes**

	Group		Parent company	
	2020	**2019**	**2020**	**2019**
Current tax	303	300	–	–
Tax on profit for the year	**303**	**300**	**–**	**–**

	2020	2019	2020	2019
Reported profit/loss before tax	-197,122	-146,265	14,817	6,558
Income tax calculated according to applicable tax rate, 21.4%	42,184	31,301	-3,171	-1,403
Tax effects of:				
Taxable deficits for which no deferred tax assets is reported	-70,417	-31,749	-24,929	1,023
Tax effect of tax-exempt income	4	–	4	–
Tax-effects of non-deductible expenses	-98	-53	-35	-16
Expenses to be deducted but not included in recognised earnings	28,131	396	28,131	396
Tax effects of foreign tax rates	499	405	–	–
Tax expense	**303**	**300**	**–**	**–**

NOTES

Note 12 **Holdings and investments in subsidiaries**

The group had the following subsidiaries on 31 December 2020:

Name	Country of registration and operation	Percentage of ordinary shares directly owned by the group 31/12/2020	Percentage of ordinary shares directly owned by the group 31/12/2019
Readly AB	Sweden	100	100
Readly Books AB	Sweden	100	100
Readly Financial Instruments AB	Sweden	100	100
Readly GmbH	Germany	100	100
Readly UK Ltd	UK	100	100
Readly LLC	USA	100	100

Parent company	2020	2019
Opening balance	376,440	224,325
Acquisitions/capital contributions for the year	223,917	152,116
Closing balance	**600,357**	**376,440**

The parent company has participations in the following subsidiaries:

Company name	Registered office	Share of capital, %	No. shares	Carrying amount 31/12/2020	Carrying amount 31/12/2019
Readly AB	Stockholm, Sweden	100	50,000	598,907	375,391
Readly Books AB	Stockholm, Sweden	100	50,000	250	50
Readly Financial Instruments AB	Stockholm, Sweden	100	50,000	965	765
Readly GmbH	Berlin, Germany	100	25,000	235	235
Readly UK Ltd	London, UK	100	100	–	–
Readly LLC	Nevada, USA	100		–	–

Note 13 **Intangible assets**

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

Group	
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**

Parent company	Capitalised development expenditure
Opening carrying amount 1 January 2020	**863**
Purchases/internally developed	775
Depreciation	-246
Closing carrying amount on 31 December 2020	**1,392**
Carrying amount	
Cost	1,637
Accumulated amortisation	-246
At 31 December 2020	**1,392**

Parent company	
Opening carrying amount 1 January 2019	**14,267**
Divestments	-14,267
Purchases/internally developed	863
Amortisation	–
Closing carrying amount on 31 December 2019	**863**
Carrying amount	
Cost	863
Accumulated amortisation	–
At 31 December 2019	**863**

NOTES

Note 14 **Property, plant and equipment**

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

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

Note 15 **Other non-current receivables**

	Group		Parent company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Intra-group receivables	–	–	1,161	1,672
Deposits with payment providers	7,332	6,137	–	–
Rental deposits	345	127	–	–
Carrying amount	**7,677**	**6,264**	**1,161**	**1,672**

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

Note 16 **Financial instruments per category**

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

Note 16. Cont.

Group	Amortised cost 31/12/2019	Total
Financial assets		
Other non-current receivables	6,264	6,264
Trade receivables	2,588	2,588
Other current receivables	4,050	4,050
Prepaid expenses and accrued income	5,449	5,449
Cash and cash equivalents	130,132	130,132
Total financial assets	**148,483**	**148,483**
Financial liabilities		
Non-current lease liabilities	1,546	1,546
Long-term borrowings	–	–
Current lease liabilities	2,872	2,872
Short-term borrowings	–	–
Trade payables	28,958	28,958
Other current liabilities	–	–
Accrued expenses and deferred income	51,540	51,540
Total	**84,915**	**84,915**

Information about measurement and accounting of long-term and short-term borrowings, please refer to note 21. As per 31 December 2020, non-current liabilities attributable to derivatives are measured according to Level 2 in the fair value hierarchy, please refer to note 21. The fair value of other current receivables and liabilities reported at amortised cost corresponds to their carrying amounts, since the discounting effect is not considered to be significant. Fair value of other non-current receivables and liabilities reported at amortised cost is considered in all essential respects to correspond to their carrying amount.

Note 17 **Trade receivables and other current assets**

Group	31/12/2020	31/12/2019
Trade receivables	3,505	2,707
Other current receivables	584	4,050
Accrued income	5,092	5,449
Cash and cash equivalents	521,574	130,132
Less: provision for expected credit losses	-263	-118
Current assets – net	**530,492**	**142,219**

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

The group's risk exposure in foreign currency is considered to be low. Impairment losses attributable to current assets amount to SEK 0.3 million (0.1) as per 31 December 2020, which in relation to total current assets corresponds to 0.05 per cent (0.08). Readly has historically had a low level of bad debts. As per the balance sheet date, no significant increase in credit risk has been determined to exist for any receivable. Such assessment is based on payments that are 90 days past-due or longer, or if a significant decline in rating takes place, resulting in a rating lower than investment grade.

Note 18 **Prepaid expenses and accrued income**

	Group		Parent company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Prepaid marketing costs	810	1,485	–	–
Other prepaid expenses	9,318	2,545	238	81
Accrued subscription income	5,092	5,449	–	–
Total	**15,220**	**9,479**	**238**	**81**

NOTES

Note 19 **Cash and cash equivalents**

	Group		Parent company	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
Bank balances	521,574	130,132	390,500	60,742
Total	**521,574**	**130,132**	**390,500**	**60,742**

Note 20 **Shareholders' equity**

On 17 September 2020 Readly International AB (publ)'s ordinary shares were listed on Nasdaq Stockholm. The Initial Public Offering was fully subscribed, which included 7,627,118 newly issued shares. In connection with the listing, a total of 4,576,271 existing shares in the parent company were also sold. This entailed an increase in the number of shares outstanding from 29,1154,330 to 36,741,448, corresponding to dilution of 20.8 per cent of the total number of shares outstanding after the listing of shares of Readly. In connection with the IPO, cornerstone investors undertook to acquire shares for a total of SEK 390 million, corresponding to 6,610,172 shares, or 47.1 per cent of the total number of shares encompassed by the offering. The subscription price for the offering was SEK 59 per share, and in total the offering generated issue proceeds of SEK 450 million before transaction costs of SEK 27.2 million. Total costs in the income statement attributable to the listing of shares of Readly amounted to SEK 22.3 million, distributed between the 2019 and 2020 financial years. In connection with the start of trading in Readly's shares on Nasdaq Stockholm, all preference shares were immediately converted to ordinary shares (1:1). Following the share conversion, the ordinary shares are thus the parent company's only share class.

On 3 June and 26 June 2020 the Board of Directors decided, with authorisation from the Annual General Meeting held on 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 registered with the Swedish Companies Registration Office on 26 June and 24 July 2020, respectively, with the right to subscribe for up to one year. The warrants were issued in connection with a new issue of units, where each unit conveyed the right to one ordinary share and one warrant with the right to subscribe for one ordinary share in the parent company. The subscription price for each unit was SEK 268 (before share split 1:5), and the warrants were issued free of charge.

The portion of the subscription price that is attributable to the issuance of ordinary shares is reported in shareholders' equity, amounting to SEK 86.8 million as per the grant date. Issued warrants were 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, and the warrants were initially measured at according to Level 3 in the fair value hierarchy. In connection with listing of shares of Readly on Nasdaq Stockholm as of 17 September 2020 the valuation was performed according to Level 2 in the fair value hierarchy. As per 31 December 2020 the total fair value of all warrants has been calculated to be SEK 0 million, whereby the change in fair value is reported as financial income in a corresponding amount of SEK 6.8 million.

The new share issue in June 2020 together with granted warrants had a positive cash flow effect of SEK 93.8 million before transaction costs of SEK 0.3 million. The fair value of granted warrants has been calculated to be SEK 6.8 million, and payments equivalent to this amount are reported as warrants in connection with the new share issue in the statement of cash flows. The remaining amount is reported as a new share issue, net after transaction costs, of SEK 86.8 million.

Derivatives

	Group		Parent company	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
Nominal amount	6,762	–	6,762	–
Due date	30/6/2021	–	30/6/2021	–
Change in fair value	-6.762	–	-6.762	–
Reported fair value as per 31 December 2020	–	–	–	–

A 1:5 share split was registered on 11 September after authorisation was granted by an Extraordinary General Meeting on 4 September 2020. Following the split, the number of shares outstanding was 29,114,330, compared with 5,822,866 before the registration.

As per 31 December 2020 the parent company's share capital amounted to SEK 1,110,943, apportioned among 37,031,448 shares. Outstanding employee stock options as per 31 December 2020 amount in number to 128,750 (130,917) with rights to subscribe 1:5 shares. Outstanding warrants as per 31 December 2020 amount in number to 670,273 (382,917) with rights to subscribe 1:5 shares.

Note 20. Cont.

Changes in share capital

The following table illustrates the changes in share capital of Readly International AB (publ) for the 2019 and 2020 financial years. For the sake of comparison, all key ratios for earlier periods in the report have been recalculated for the 1:5 share split.

Datum	Transaction	Change in no. shares	Total no. shares	Change in share capital, SEK	Total share capital, SEK
2/7/2019	New issue	934,518	6,383,750	809,886	809,886
8/8/2019	New issue	8,908	6,392,658	1,336	811,222
25/9/2019	Set-off issue	41,086	6,433,744	6,163	817,385
3/4/2020	New issue[1]	22,100	6,455,844	3,315	820,700
3/4/2020	New issue	1,000	6,456,844	150	820,850
3/4/2020	New issue	350	6,457,194	53	820,902
26/6/2020	New issue	350,184	6,807,378	52,528	873,430
11/9/2020	Share split	23,291,464	30,098,842	–	873,430
21/9/2020	New issue	7,627,118	36,741,448	228,814	1,102,243
19/10/2020	New issue[1]	50,000	36,791,448	1,500	1,103,743
14/12/2020	New issue[1]	190,000	36,981,448	5,700	1,109,443
29/12/2020	New issue[1]	50,000	37,031,448	1,500	1,110,943

1) Exercise of warrants.

Other capital contributions

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

Translation difference

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

NOTES

Note 21 **Loans raised**

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

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

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

	31/12/2020		31/12/2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Credit facility	35,249	31,138	–	–

Derivative instruments
One condition for the loan was that the lender was also granted warrants in Readly International AB (publ), which can be exercised through 7 May 2030. In connection with the signing of the loan agreement, 42,839 warrants were granted at a subscription price of SEK 168 per share, which was recalculated to SEK 33.6 per share after completion of the 1:5 share split. The warrants were initially reported as a non-current liability and were measured according to Level 3 in the fair value hierarchy. In connection with the listing of shares of Readly on Nasdaq Stockholm on 17 September 2020, measurement has been done according to Level 2 of the fair value hierarchy. As per 31 December 2020 the fair value of granted warrants was SEK 5.5 million. The total increase in fair value as per 31 December 2020 was SEK 2.4 million, which is reported as a financial liability in a corresponding amount.

All warrants are measured at fair value on the grant date. Fair value is calculated using a version of the Black & Scholes option pricing model. As per 31 December 2020 this includes the exercise price (SEK 33.6), the term of the warrant (5.4 years), the share price on the grant date (SEK 68.8) and the expected volatility of the share price (27%), the expected dividend yield (0%), dilution (0.1%), and risk-free interest (-0.31%) over the term of the warrant. The expected volatility of the share price is based on historic volatility (based on remaining term of the warrant), adjusted for the expected changes in future volatility based on available public information through a group of peer companies. For further information about reporting of warrants, see Note 20, Shareholders' equity.

	Group		Parent company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Nominal amount	3,489	–	3,489	–
Due date	7/5/2030	–	7/5/ 2030	–
Change in fair value	2,366	–	2,366	–
Exchange rate effect	-378	–	-378	–
Reported fair value as per 31 December 2020	5,477	–	5,477	–

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

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

Reconciliation of liabilities attributable to the financing activities

SEK k	1/1/2020	New leases	Newly raised loans	Cash flow	Capitalised interest	Change in fair value	Currency effects	31/12/2020
Lease liabilities	4,418	3,851	–	-3,547	–	–	–	4,722
Loans	–	–	43,963	-9,605	3,174	–	-2,282	35,250
Derivatives	–	–	3,489	–	–	2,366	-378	5,475
Reconciliation of liabilities attributable to the financing activities	**4,418**	**3,851**	**47,452**	**-13,152**	**3,174**	**2,366**	**-2,660**	**45,449**

SEK k	1/1/2019	New leases	Cash flow	31/12/2019
Lease liabilities	–	7,040	-2,622	4,418
Reconciliation of liabilities attributable to the financing activities	**–**	**7,040**	**-2,622**	**4,418**

Note 22 **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 809.5 (582.2) million at 31 December 2020. The tax-loss carry forwards do not expire at any time. The unutilised tax-loss carry forwards pertain to Readly International AB, Readly AB and Readly Books AB. Given existing expansion plans, Readly has determined that the group will likely report tax losses also in the coming years, and therefore, in accordance with IAS 12, no deferred tax asset is reported for these deficits.

Note 23 **Other current liabilities**

	Group		Parent company	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
Liabilities to group companies	–	–	25,373	12,926
VAT liability	5,139	5,139	1,018	1,018
Employee withholding taxes and payroll taxes	1,856	1,856	341	341
Other current liabilities	7,372	1,042	3,422	830
Total	**14,367**	**8,037**	**30,154**	**15,114**

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

Note 24 **Accrued expenses and deferred income**

	Group		Parent company	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
Accrued compensation to publishers	67,878	51,540	–	–
Prepaid subscription income	21,929	14,223	–	–
Accrued salaries	4,101	1,728	3,444	742
Accrued holiday pay	2,348	2,348	656	195
Other accrued expenses	13,100	10,561	330	3,826
Total	**109,356**	**80,400**	**4,430**	**4,764**

Note 25 **Contingent assets, pledged assets and contingent liabilities**

	Group		Parent company	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
Pledged assets				
Chattel mortgages as collateral for bank guarantees	1,160	1,160	1,160	1,160
Shares in subsidiaries as collateral for credit facility	13,810	–	599,142	–

In addition, 100 per cent of the Readly registered trademark has been taken up as pledged collateral.

Note 26 **Related parties**

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

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

The following transactions were conducted with related parties:

Sales of products and services

Parent company	31/12/2020	31/12/2019
Readly AB	44,363	18,216
Readly Books AB	80	20
Readly Financial Instruments AB	80	20
Readly GmbH	1,785	663
Readly UK Ltd	1,579	576
Readly LLC	81	20
Total	**47,969**	**19,515**

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

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

Parent company	31/12/2020	31/12/2019
Receivables from subsidiaries:		
Readly AB	10,841	7,425
Readly Books AB	125	25
Readly Financial Instruments AB	125	25
Readly GmbH	602	663
Readly UK Ltd	732	576
Readly LLC	90	20
Total receivables from subsidiaries	**12,515**	**8,734**

Loans to related parties

Parent company	31/12/2020	31/12/2019
Loans to Readly GmbH		
Loans raised	839	739
Interest expenses	49	50
Exchange rate differences	-107	51
At year-end	**781**	**839**
Loan to Readly UK Ltd		
At beginning of the year	**928**	**424**
Amortised amounts	–	502
Interest expenses	14	16
Reclassified as short-term liabilities	-512	–
Exchange rate differences	-50	-13
At year-end	**380**	**928**

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

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

Note 27 **Other non-cash items**

	Group		Parent company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Share-based remuneration, employee stock option programme	1,515	3,491	1,515	3,491
Share-based remuneration, supplier agreements	–	–	–	6,346
Impairment losses	357	–	–	–
Other non-cash items	–	165	–	165
Total	**1,872**	**3,656**	**1,515**	**10,002**

Note 28 **Events after the end of the reporting period**

On 26 January 2021, 120,169 new ordinary shares were registered in connection with the exercise of warrants granted in connection with a loan agreement with Kreos. The total number of granted warrants was 42,839, which were fully exercised. After the registration the total number of shares outstanding is 37,226,617.

Note 29 **Information about the parent company**

Readly International AB (publ) is a parent company domiciled in Sweden, with its registered office in Stockholm. The address of the head offices is Kungsgatan 17, 111 43 Stockholm.

The consolidated financial statements for 2020 cover the parent company and its subsidiaries, jointly referred to as the group.

Note 30 **Proposed disposition of the parent company's profit**

At the disposal of the Annual General Meeting:	
Loss brought forward	-192,786,000
Share premium reserve	1,145,918,353
Net profit of the year	14,816,777
SEK	**967,949,130**

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

To be carried forward, SEK	**967,949,130**

The group's and parent company's earnings and position in general are shown in the following income statement, balance sheet and statement of cash flows with notes.

Key Performance Indicators

The group presents certain financial measures in the annual report that are not defined by IFRS. The group believes that these Alternative Performance Measures (APMs) provide valuable, complementary information to investors and the group's management, as they allow evaluation of the group'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 105–106 of this report.

SEK k	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
FPS (full-paying subscribers), number	369,764	278,555	213,910	155,973
Total revenues	352,604	264,739	195,950	126,972
Total revenue growth, %	33.2	35.1	54.3	92.2
ARPU, SEK	93	87	86	84
Gross profit [1]	117,059	82,773	58,319	33,288
Gross profit margin [1], %	33.2	31.3	29.8	26.2
Gross contribution [1]	-38,155	-16,303	-15,439	-14,763
Gross contribution margin [1], %	-10.8	-6.2	-7.9	-11.6
EBITDA [1]	-179,869	-134,618	-100,752	-63,503
EBITDA margin [1], %	-51.0	-50.8	-51.4	-50.0
Operating profit (EBIT)	-189,775	-142,539	-106,976	-69,252
Operating margin, %	-53.8	-53.8	-54.6	-54.5
Adjusted operating profit (excl IAC) [1]	-170,311	-138,123	-106,976	-69,252
Adjusted operating margin (excl IAC) [1], %	-48.3	-52.2	-54.6	-54.5
Operating expenses	-542,378	-407,278	-302,926	-196,224
Net result for the year	-197,424	-146,565	-107,980	-69,829
Items affecting comparability	-19,464	-4,416	–	–
Net margin, %	-56.0	-55.4	-55.1	-55.0
Cash flow from operating activities	-154,044	-114,634	-64,514	-35,633
Average number of employees	71	55	44	31
Key data per share				
Earnings per share, basic, SEK	-6.5	-5.9	-5.5	-4.2
Equity per share, basic [2], SEK	12.5	2.2	2.1	2.6
Weighted number of outstanding shares, basic and diluted [2]	30,466,591	24,739,268	19,585,810	16,626,175
Number of outstanding shares at end of the year [2]	37,031,448	27,246,160	22,323,600	19,032,040

1) For reconciliation of APMs, see pages 107–108.
2) The number of shares has been adjusted for the comparison year to the number of shares after the listing. See Definitions of Key Performance Indicators and Calculations on pages 105–106.

Definitions of Key Performance Indicators and Calculations

KPI	Definition	Purpose
Average revenue per user (ARPU)	Total revenue divided by the number of FPSs.	This measure is used to identify the share of total revenue that is attributable to each full-paying subscriber.
Earnings per share	Profit/loss for the year after tax in relation to the average number of shares outstanding during the year.	A measure used by investors, analysts and company management to evaluate the value of the company's shares outstanding.
EBITDA	Operating profit excluding financial items, tax, depreciation/amortisation and impairment losses of tangible and intangible assets.	Used as an alternative measure of operating profit that is not affected by historical investments and their accounting treatment, nor by items affecting comparability.
EBITDA margin	EBITDA divided by total revenue.	Used as an alternative measure of the business's profitability.
Equity per share	Shareholders' equity in relation to the number of shares outstanding at the end of the year.	A measure used by investors, analysts and company management to evaluate the company's financial position.
Full-paying subscriber (FPS)	A subscriber who pays 51 per cent or more of the ordinary price for a subscription.	This measure is used to identify the subscribers who pay the full price for the service.
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	Revenue less publisher costs.	Used as a measure of the core business's operating profit, regardless of the effect of other operations, items affecting comparability between years, and financing and company tax.

DEFINITIONS

KPI	Definition	Purpose
Growth in total revenue	Increase in total revenue compared with the preceding year.	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 years.
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 year, and financing and company tax.
Net margin	Profit/loss for the year divided by total revenue for the year.	Used as an alternative measure of the business's profitability.
Number of shares	Number of shares after 1:5 share split.	To improve comparisons, all key ratios pertaining to the number of shares for earlier years are calculated based on the number of shares after the 1:5 share split.
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.
Operating profit (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.
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 years, and financing and company tax.

Reconciliation of KPIs

Gross profit & gross profit margin

SEK k	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenue	352,604	264,739	195,950	126,972
Publisher cost	-235,545	-181,966	-137,632	-93,684
Gross profit	**117,059**	**82,773**	**58,319**	**33,288**
Gross profit margin	**33.2**	**31.3**	**29.8**	**26.2**

EBITDA and EBITDA margin

SEK k	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
EBITDA	-179,869	-150,459	-100,752	-63,503
Total revenue	352,604	264,739	195,950	126,972
EBITDA margin, %	**-51.0**	**-50.8**	**-51.4**	**-50.0**

Equity per share

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

Net margin

SEK k	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Net result for the year	-197,424	-146,565	-107,980	-69,829
Total revenue	352,604	264,739	195,950	126,972
Net margin, %	**-56.0**	**-55.4**	**-55.1**	**-55.0**

Operating profit and operating margin

SEK k	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenue	352,604	264,739	195,950	126,972
Operating expenses	-542,378	-407,278	-302,926	-196,224
Operating profit	**-189,775**	**-142,539**	**-106,976**	**-69,252**
Operating margin, %	**-53.8**	**-53.8**	**-54.6**	**-54.5**

1) The number of shares has been adjusted for the comparison year to the number of shares after the listing.
See Definitions of Key Performance Indicators and Calculations on pages 105–106.

DEFINITIONS

Adjusted operating profit (excl IAC)

SEK k	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Operating result (EBIT)	-189,775	-142,539	-106,976	-69,252
Costs related to IPO	19,464	4,416	–	–
Adjusted operating profit (excl IAC)	**-170,311**	**-138,123**	**-106,976**	**-69,252**
Total revenue	352,604	264,739	195,950	126,972
Adjusted operating margin (excl IAC), %	**-48.3**	**-52.2**	**-54.6**	**-54.5**

Total revenue growth

SEK k	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenue	352,604	264,739	195,950	126,972
Total revenue growth, %	**33.2**	**35.1**	**54.3**	**92.2**

Operating expenses

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

Gross contribution & gross contribution margin

SEK k	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Total revenue	352,604	264,739	195,950	126,972
Publisher cost	-235,545	-181,966	-137,632	-93,684
Marketing cost	-155,213	-99,076	-73,757	-48,050
Gross contribution	**-38,155**	**-16,303**	**-15,439**	**-14,763**
Gross contribution margin, %	**-10.8**	**-6.2**	**-7.9**	**-11.6**

Assurance

The consolidated financial statements and annual report have been prepared in accordance with the International Financial Reporting Standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of International Financial Reporting Standards and generally accepted accounting principles, and gives a fair overview of the group's and parent company's financial position and results of operations. The annual report and consolidated financial statements were, as stated below, approved for publication by the Board of Directors on 25 March 2021. The Group's statement of comprehensive income and statement of financial position, and the parent company's income statement and balance sheet, will be subject to approval by the Annual General Meeting on 11 May 2021.

Stockholm, 25 March 2021

Patrick Svensk
Chairman of the Board

Viktor Fritzén Board Member	Nathan Medlock Board Member	Malin Stråhle Board Member
Alexandra Whelan Board Member	Joel Wikell Board Member	Maria Hedengren CEO

Our audit report was submitted on 25 March 2021

Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

Auditor’s report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions
We have audited the annual accounts and consolidated accounts of Readly International AB (publ) for the year 2020 except for the corporate governance statement on pages 62-66. The annual accounts and consolidated accounts of the company are included on pages 48-109 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 62-66. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

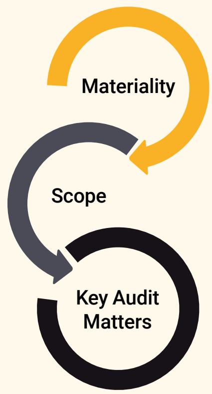
Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company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

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

Our audit approach

Overview

Overall materiality
4 million SEK, Corresponding to about 1% of revenue
Completeness in revenue



Audit scope
Readly supplies a subscription based service where their customers get unlimited access to content (in magazine format) from a number of publishers. The company is in a development phase and has a strategy focused on growth. The business is transaction intense and the IT-platform Readly Core is developed in house.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Group materiality	SEK 4 million
Base for amount	Corresponding to about 1% of revenue
Motive for materiality level	We choose revenue as the starting point as we deem that this is the metrics which users look at to assess the group since Readly is in a development phase with an explicit growth strategy. Revenue is also a commonly accepted benchmark and the level of 1% is an acceptable quantitative threshold according to International Auditing Standards.

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

Key audit matters

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

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–26 and 42–47. This other information includes information about

KEY AUDIT MATTER	HOW THIS MATTER WAS CONSIDERED IN OUR AUDIT
Completeness in revenue Readly includes information related to revenue recognition in their accounting principles on page 79 in this document. Readlys revenues amounted to SEK 350 million for 2020 and the company has a strategy focusing on growth. The revenue consists of a large number of small transactions. With regards to revenue recognition, amongst other things, Readly is dependent on the internally developed IT-platform Readly Core. Internally developed systems managing high numbers of transactions lead to an inherent increased risk for errors. The risk that the completeness in revenue would be incorrect has been treated as a key audit matter in our audit since the revenue development is of high importance for the users of the financial information.	The more material audit activities performed includes: • Assessment of selected controls in the revenue process, for example with regards to IT-general controls over Readly Core, integration between payment systems and Readly Core. • Sample basis testing that sales information ties between Readly Core, accounting general ledger and the financial reporting.

Readly, it's employees, market and financial goals etc. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Readly International AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs

AUDITOR'S REPORT

otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

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

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

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

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

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

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for ensuring that the corporate governance statement on pages 62–66 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of Readly International AB (publ) by the general meeting of the shareholders on the 24 April 2020 and has been the company's auditor since 2013.

Stockholm, 25 March 2021

Öhrlings PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

Our history

The idea behind Readly was born on a sun lounger in Cyprus in the spring of 2012 when Readly's founder, Joel Wikell, was on holiday with his family.

The newspapers and magazines he had carried with him were quickly read several times. But the streamed music in his headphones never ran out.

That raised the idea of an app with unlimited access to digital magazines. The first line of code was written by three developers late one evening in Växjö the same year, and in 2013 Readly was launched in Sweden.

Shareholder information

The Annual General Meeting of Readly International AB (publ) will be held on 11 May 2021 at 3 p.m.

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

The notice and information that is published prior to the meeting will be available on the company web site.

Financial calendar

Interim report
January–March 2021
6 May 2021

Annual General Meeting
11 May 2021

Interim report
January–June 2021
12 August 2021

Interim report
January–September 2021
11 November 2021

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

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