



INTERIM REPORT
JANUARY-JUNE 2022

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Significantly improved results and good revenue growth

1 APRIL – 30 JUNE 2022

- Revenue for the period totalled SEK 144.1 million (110.8), an increase of 30.0 per cent compared with the second quarter of 2021.
- The number of full-paying subscribers (FPS) increased by 6.4 per cent to 447,196 (420,135) at the end of the quarter.
- Gross profit increased by 30.8 per cent to SEK 48.8 million (37.3), corresponding to a gross profit margin of 33.8 per cent (33.7).
- The gross contribution margin for the period was 20.1 per cent (-10.4).
- Operating result was SEK -28.2 million (-54.3), corresponding to an operating margin of -19.6 per cent (-49.0).
- Earnings per share were SEK -0.7 (-1.6) before and after dilution.

1 JANUARY – 30 JUNE 2022

- Revenue for the period totalled SEK 287.9 million (212.7), an increase of 35.4 per cent compared with the first six months of 2021.
- The number of full-paying subscribers (FPS) increased by 6.4 per cent to 447,196 (420,135) at the end of the quarter.
- Gross profit increased 37.2 per cent to SEK 97.6 million (71.2), corresponding to a gross profit margin of 33.9 per cent (33.5).
- The gross contribution margin for the period was 16.7 per cent (-13.1).
- Operating result was SEK -72.6 million (-111.2), corresponding to an operating margin of -25.2 per cent (-52.3).
- Adjusted operating result (excl. IAC) was SEK -63.0 million (-111.2), corresponding to an operating margin of -21.9 per cent (-52.3).
- Earnings per share were SEK -1.9 (-3.2) before and after dilution.

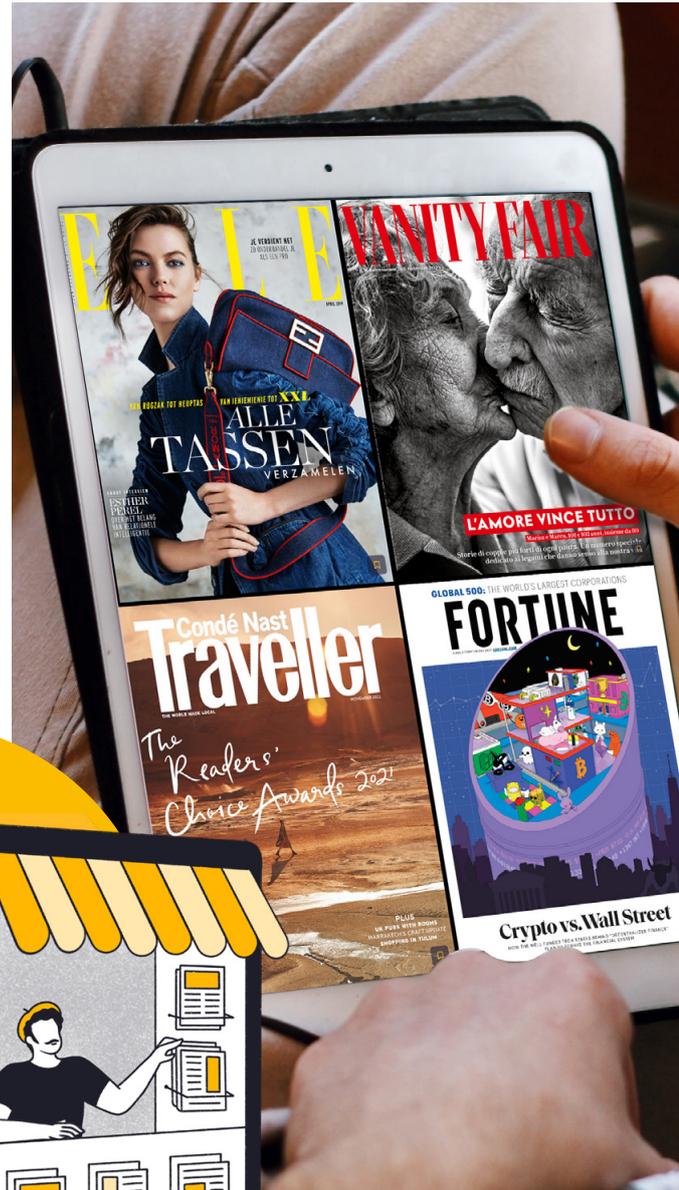
KEY DATA

SEKt, unless stated otherwise	Apr–Jun 2022	Apr–Jun 2021	YoY change, %	Jan–Jun 2022	Jan–Jun 2021	YoY change, %	Jan–Dec 2021
FPS (Full-paying subscribers), number	447,196	420,135	6.4	447,196	420,135	6.4	478,362
Total revenue	144,099	110,813	30.0	287,915	212,696	35.4	466,308
ARPU (Average revenue per user), SEK	97	91	7.1	97	91	7.1	92
Gross profit	48,771	37,292	30.8	97,601	71,160	37.2	156,127
Gross profit margin, %	33.8	33.7	–	33.9	33.5	–	33.5
Gross contribution	28,971	-11,539	–	48,145	-27,906	–	-33,780
Gross contribution margin, %	20.1	-10.4	–	16.7	-13.1	–	-7.2
Operating result	-28,182	-54,285	48.1	-72,604	-111,194	34.7	-209,528
Operating margin, %	-19.6	-49.0	–	-25.2	-52.3	–	-44.9
Adjusted operating result	-25,650	-54,285	52.7	-63,024	-111,194	43.3	-204,943
Adjusted operating margin, %	-17.8	-49.0	–	-21.9	-52.3	–	-44.0
Net result for the period	-26,840	-58,193	53.9	-72,034	-117,658	38.8	-219,601
Basic and diluted earnings per share, SEK	-0.7	-1.6	54.7	-1.9	-3.2	39.9	-5.9

European leader in digital subscriptions

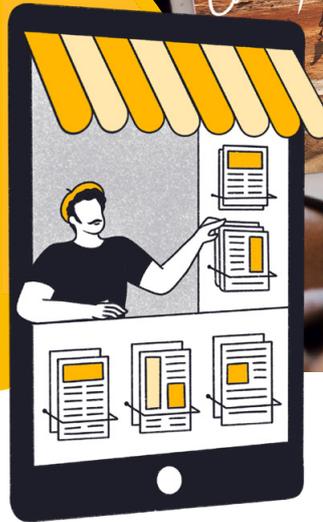
Readly is a digital subscription service that offers users unlimited access to more than 7,500 national and international magazines and daily newspapers.

We are currently the European leader in “all-you-can-read” subscriptions for digital magazines and daily newspapers with subscribers in more than 50 countries. In collaboration with 1,200 publishers worldwide, Readly is digitalising the industry. In 2021, Readly distributed approximately 210,000 issues of magazines and daily newspapers that have been read a total of 120 million times. Since September 2020, Readly’s shares are listed on Nasdaq Stockholm Mid Cap.



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

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



17

Number of languages
Readly is available in more than 50 countries.

447,196

Number of full-paying subscribers
During the quarter, the number of subscribers rose 6 per cent.

Number of titles
In 2021, Readly added more than 2,500 new magazines and 300 daily newspapers.

7,500

1,200

Number of publishers
Readly signed 400 new publishers during 2021 and now collaborates with a total of 1,200 publishers.

4.7

App rating
High rating from users.

Significantly improved results and good revenue growth



We report a quarter with significantly improved results and good revenue growth. Year-on-year, revenue increased by 30.0 per cent to SEK 144.1 million (110.8) and the EBITDA margin improved to -15.4 per cent (-46.5). The gross profit margin increased to 33.8 per cent (33.7) and the gross contribution margin improved to 20.1 per cent (-10.4). The number of full-paying subscribers increased by 6.4 per cent to 447,196 (420,135) compared with the year-earlier period. As previously announced, we expected a lower subscriber growth rate than in the preceding year in favour of improved results. At the same time, we increased our focus on product development to improve the customer experience and to drive long-term organic growth.

Good development in the DACH region

Our performance in the DACH region remains favourable and Germany increased its revenue by 18.3 per cent (25.5) in the quarter. Switzerland and Austria continues to perform and we will prioritise growth in the DACH region, where we see significant potential.

Revenue in the UK increased by 8.3 per cent (59.7) and revenue in Sweden by 0.2 per cent (22.0). The lower growth compared to last year was mainly due to us prioritising growth in other markets and thus spending significantly less on marketing in the UK and Sweden. However, we see continued good potential in the UK and Sweden – especially in the UK, where we have added several sought-after titles throughout the year. Toutabo’s development in France was stable and we are following the plan to launch Readly’s full offering on the market during the second half of the year.

“We report significantly improved results and good revenue growth of 30 percent.”

Podcasts – first step into audio

Our increased focus on product development is an important part of driving organic growth and through the launch of podcasts in the quarter we are strengthening our offering. In total, we have launched 37 podcasts in the UK and Sweden, in such categories as politics, culture, true crime, motoring and food. Our subscribers can now listen to UK podcasts such as Today in Focus from Guardian News & Media, the TopGear Magazine Podcast from Immediate Media, and the MoneyWeek Podcast from Future Publishing Limited. In Sweden, we have added podcasts such as Modern Psykologi-podden, Filterpodden and Offsides podcast. Through new formats such as podcasts, we want to strengthen the user experience, engagement and customer loyalty as well as reach new target groups. The publishers with whom we collaborate and others have shown considerable interest and we will launch more podcasts in other markets in the near future.

Key partnerships with two of the largest US publishers

During the quarter, we established collaborations with Dotdash Meredith and Hearst Magazines Media, two of the largest publishers in the US. We can now offer our readers prominent and well-established titles such as People, All Recipes and Better Homes & Gardens and ELLE, Esquire and Cosmopolitan. In total, we have added 23 titles from Dotdash and 17 titles from Hearst. The partnerships both demonstrates our attractiveness as a partner for publishers and strengthens our offering in all markets.

In total, we welcomed 168 magazines and eight daily newspapers to Readly in the quarter. We are also continuing to strengthen our offering in daily newspapers, and have welcomed publications such as The Week, one of the largest newspapers in the UK. Our offering in daily newspapers increased by over 160 new regional UK daily newspapers and 35 new national daily newspapers from seven markets.

Positive performance in partnerships

We launched 15 campaigns with new and existing strategic partners, for example with Virgin Group loyalty programme, Virgin Red, in which members can earn loyalty points through Readly, as well as the TUI travel agency in the UK and the Condor charter flight company. We are also continuing to establish partnerships with telecom operators, and initiated a partnership with VeryMe, the Vodafone loyalty programme, and Congstar – a subsidiary of Telekom Deutschland with over five million customers. In Sweden, partnerships were established with the furniture company MIO and the retail chain Coop, among others, and in Germany, a partnership was established with Lidl Plus, where we launched a brand campaign that was displayed in around 3,000 shops across Germany.

Significantly improved results in accordance with the new strategic direction

The transition to becoming a profitable company is proceeding according to plan, and we have consistently improved our earnings for the last five quarters. In addition, we have delivered on the updated strategic agenda that was presented earlier this year, which is expected to yield effects in the second half of 2022. We have seen early indications of good price acceptance as we implemented price increases for new subscribers during the year, including in the UK, and after the end of the quarter we have started to adjust prices in all of our markets. While following our plan to achieve profitability, we are also focusing on increasing our organic growth

by adding even more high-quality content and offering an improved customer experience through product development. We are still at an early stage in the digitalisation of the magazine industry, and Readly is well positioned to lead the transformation together with the publishers.

Mats Brandt
 President and CEO
 Readly

The transition to becoming a profitable company is proceeding according to plan, and we have consistently improved our earnings for the last five quarters. In addition, we have delivered on the updated strategic agenda that was presented earlier this year, which is expected to yield effects in the second half of 2022.”

Revenue and result

TOTAL REVENUE FOR the second quarter amounted to SEK 144.1 million (110.8), an increase of 30.0 per cent over the year-earlier quarter. Total revenue growth adjusted for currency effects was 24.3 per cent. The increase in revenue was driven primarily by higher average revenue per user (ARPU) and by revenue from Toutabo. The number of full-paying subscribers increased 6.4 per cent to 447,196 (420,135), mainly driven by the sustained favourable trend in Germany and new subscribers from Toutabo. Organic growth in the second quarter (excluding Toutabo) amounted to 14.3 per cent. Adjusted for currency effects, organic growth was 8.5 per cent. Organic growth for full-paying subscribers was -1.0 per cent.

Of the core markets in Germany, the UK, Sweden and France, it was primarily Germany and the UK that accounted for the majority of the growth in revenue. Revenue in Germany increased 18.3 per cent to SEK 49.8 million (42.1). Adjusted for currency effects, growth in Germany was 14.5 per cent. In the UK, revenue increased by 8.3 per cent to SEK 27.7 million (25.5), and revenue in Sweden increased by 0.2 per cent to SEK 24.0 million (24.0). Adjusted for currency effects, growth in the UK was 3.2 per cent and in Sweden the equivalent figure was 0.2 per cent. Revenue from Toutabo amounted to SEK 17.5 million and represented 12.4 per cent of net sales. Revenue in other markets increased 20.8 per cent to SEK 21.6 million (17.9).

Gross profit improved by 30.8 per cent to SEK 48.8 million (37.3), corresponding to a gross profit margin of 33.8 per cent (33.7). The positive movement in the margin is partly attributable to an improved share of revenue distribution with publishers and higher revenue from currency effects. The gross contribution for the period was SEK 29.0 million (-11.5), corresponding to a gross contribution margin of 20.1 per cent (-10.4). The improved gross contribution margin in the period is due primarily to a decrease in marketing costs compared with the year-earlier period, when investments in marketing were relatively high. The second quarter was the fifth consecutive quarter with an improved gross contribution.

Total operating expenses increased 4.4 per cent to SEK -172.3 million (-165.1). The increase mainly related to higher publisher

costs associated with the growth in revenue as well as higher personnel costs that were driven partially by non-recurring costs for restructuring amounted to SEK 1.9 million. Operating expenses were impacted positively by lower marketing costs. Total operating expenses excluding marketing costs increased 31.1 per cent to SEK -152.5 million (-116.3). Total operating expenses excluding publisher and marketing costs increased by 33.7 per cent to SEK -57.2 million (-42.7). Other external costs decreased 37,7 per cent to SEK -40.4 million (-64.9). The second quarter contained extraordinary operating expenses totalling SEK -2.5 million, of which SEK -1.9 million pertained to restructuring costs. Other costs pertained to costs related to the integration of Toutabo.

The operating result improved by 48.1 percent to SEK -28.2 million (-54.3), corresponding to an operating margin of -19.6 per cent (-49.0).

Financial items

Net financial items for the quarter totalled SEK 0.9 million (-3.9), which comprised interest expenses attributable to the credit facility raised and discounting of the earn-out consideration. In addition, net financial items included exchange rates, which had a positive effect on cash and cash equivalents as well as net financial items.

Income tax

Tax revenue for the period amounted to SEK 0.5 million (-0.0) and comprised deferred tax relating to acquisitions. The Group has unutilised loss carryforwards of SEK 1,028 million (809.5) that are not carried in the balance sheet.

Net result for the period and earnings per share

The Group reported a net result for the period of SEK -26.8 million (-58.2), corresponding to earnings per share of SEK -0.7 (-1.6) before and after dilution.

Number of employees

The average number of staff including consultants was 164 (131) during the second quarter, of which the average number of employees was 123 (88).

Percentage share of net sales broken down by geographic market for the period April–June 2022



Revenue and result

TOTAL REVENUE INCREASED 35.4 per cent to SEK 287.9 million (212.7). Total revenue growth adjusted for currency effects was 28.5 per cent. The increase was driven primarily by increased average revenue per user (ARPU) and by revenue from Toutabo. The number of full-paying subscribers increased 6.4 per cent to 447,196 (420,135), driven by the sustained favourable trend in Germany and our other markets as well as new subscribers from Toutabo. Organic revenue growth for the year (excluding Toutabo) was 19.8 per cent. Adjusted for currency effects, organic growth was 12.9 per cent. Organic growth in the second quarter (excluding Toutabo) amounted to 14.3 per cent. Adjusted for currency effects, organic growth was 8.5 per cent. Organic growth for full-paying subscribers was -1.0 per cent.

The core markets in Germany, the UK, France and Sweden accounted for the majority of the growth in revenue. Revenue in Germany increased 23.2 per cent to SEK 99.2 million (80.5). Adjusted for currency effects, growth in revenue for Germany was 13.2 per cent. In the UK, revenue increased by 13.7 per cent to SEK 55.0 million (48.4), and revenue in Sweden increased by 4.5 per cent to SEK 49.6 million (47.5). Adjusted for currency effects, growth in the UK was 14.1 per cent and in Sweden the equivalent figure was 4.5 per cent. Revenue from Toutabo amounted to SEK 33.2 million and represented 11.8 per cent of total net sales. Other markets increased by 31.1 per cent, totalling SEK 44.3 million (33.8) and accounting for 15.7 per cent of net sales.

Gross profit increased by 37.2 per cent to SEK 97.6 million (71.2), corresponding to a gross profit margin of 33.9 per cent (33.5). The positive movement in the margin is partly attributable to an improved share of revenue distribution with publishers and higher revenue from currency effects. The gross contribution for the period was SEK 48.1 million (-27.9), corresponding to a gross contribution margin of 16.7 per cent (-13.1). The improved gross contribution margin in the period is due primarily to a decrease in marketing costs compared with the year-earlier period, when investments in marketing were relatively high.

Total operating expenses increased 11.3 per cent to SEK -360.5 million (-323.9). The increase was primarily related to higher publisher costs

associated with the growth in revenue and also higher personnel costs, driven in part by restructuring costs and costs related to the integration of Toutabo. Total operating expenses excluding marketing costs increased 38.4 per cent to SEK -311.1 million (-224.8). Total operating expenses excluding publisher and marketing costs increased by 45.0 per cent to SEK -120.7 million (-83.3). Operating costs for the year contained extraordinary operating expenses totalling SEK -9.6 million, of which SEK 3.5 million related to severance pay associated with the CEO. Other costs pertained to restructuring costs as well as costs related to the integration of Toutabo.

The operating result improved by 34.7 per cent to SEK -72.6 million (-111.2), corresponding to an operating margin of -25.2 per cent (-52.3).

Financial items

Net financial items totalled SEK -0.4 million (-6.4), which comprised interest expenses attributable to the credit facility raised and discounting of the earn-out consideration. In addition, net financial items included exchange rates, which had a positive effect on cash and cash equivalents as well as net financial items.

Income tax

Tax revenue for the period amounted to SEK 1.0 million (-0.1) and comprised deferred tax relating to acquisitions. The Group has unutilised loss carryforwards of SEK 1,028 million (809.5) that are not carried in the balance sheet.

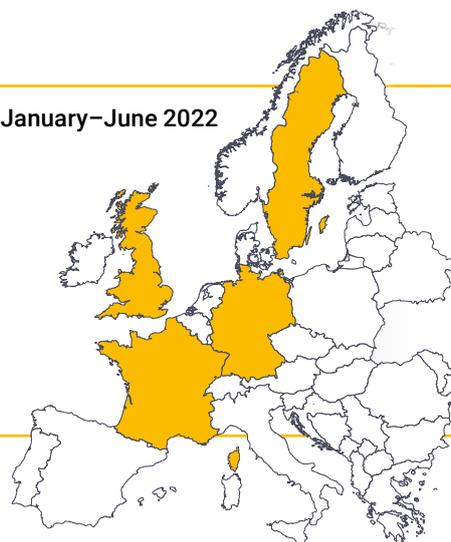
Net result for the period and earnings per share

The Group reported a net result for the period of SEK -72.0 million (-117.7), corresponding to earnings per share of SEK -1.9 (-3.2) before and after dilution.

Number of employees

The average number of staff including consultants was 157 (125) during the six-month period, of which the average number of employees was 116 (85).

Percentage share of net sales broken down by geographic market for the period January–June 2022



Cash flow

CASH FLOW FROM operating activities before changes in working capital was SEK -64.5 million (-109.3). Cash flow from operating activities was SEK -30.3 million (-115.5), primarily due to improved results. The change in working capital was mainly attributable to higher publisher payables and improved sales during the six-month period.

Cash flow from investing activities was SEK -15.2 million (-12.8), of which SEK -15.5 million (-10.8) pertained to capitalised product development costs.

Cash flow from financing activities was SEK -14.7 million (-7.3). During the six-month period, amortisation of loans totalled SEK -12.1 million (-9.5) and lease liabilities SEK -1.9 million (-1.7). The acquisition of additional participations in Toutabo SA amounted to SEK -0.9 million.

30 JUNE 2022 (31 DECEMBER 2021)

Financial position

CASH AND CASH EQUIVALENTS at 30 June 2022 amounted to SEK 251.7 million (306.2).

Capitalised development expenditure amounted to SEK 50.6 million (40.6), and other non-current assets, identified surplus value linked to acquisitions, totalled SEK 37.9 million (40.1). As of 30 June 2022, the Group recognised goodwill of SEK 73.9 million (70.7). Recognised goodwill relates to the acquisition of Toutabo in 2021.

The Group's shareholders' equity as per 30 June 2022 amounted to SEK 133.9 million (201.7), which represented equity per share of SEK 3.5 (5.4). The change in equity was mainly due the net result for the period of SEK -72.0 million (-117.7) and exchange rate effects when translating foreign subsidiaries of SEK 4.7 million (0.3).

Total liabilities amounted to SEK 327.4 million (305.8) as per 30 June 2022. The Group recognised an earn-out consideration of SEK 44.6 million (41.2) and a deferred tax liability of SEK 10.0 million (10.6), which arose in connection with the acquisition. Other liabilities mainly comprised publisher payables and lease liabilities.

Total credit facilities amounted to SEK 30.6 million (41.2), of which the outstanding principal taken out with Kreos Capital during the second quarter of 2020 amounted to SEK 10.0 million as per 30 June 2022 after transaction costs of SEK 1.9 million. Amortisation during the year totalled SEK 12.1 million and interest expenses SEK 1.9 million.

Readly's primary strategic priority has historically been revenue growth. As a result of this, Readly reports negative earnings and cash flows for earlier periods. The company's updated strategy, that was announced in the beginning of 2022, is focused on profitability and organic growth. The company's strategy is to achieve 25 per cent total revenue growth between 2022 and 2024 (CAGR), a long-term gross margin of at least 35 per cent and to be profitable at EBITDA level no later than 2025.

For further information, see the section Risks and uncertainties on page 11.

Market comments

Higher advertising prices require optimised marketing

According to Business Insider, the costs of digital advertising continue to rise, with Meta’s and Google’s CPM (costs per thousand impressions on a web page) levels increasing by 61 and 75 per cent respectively over the last 12 months.¹ At the same time, a study from Deloitte reports a trend where companies are planning to increase their marketing investments in traditional media channels such as television and print. Consumer-oriented companies at the forefront, with B2C service companies are predicting the largest increase in traditional advertising expenditure (+10.2 per cent).² During the second quarter of 2022, Readly successfully optimised its advertising in digital channels through measures including amended campaign targets and country mixes. As a result, Readly’s CPM on Facebook, for example, decreased by 58 per cent compared with the year-earlier period.

Interest in podcasts continues to grow

According to the Digital News Report 2022 from Reuters Institute, the figures from 93,000 respondents show that consumption of podcasts is on an upswing: 34 per cent stated that they had listened to one or more podcasts over the last month. 12 per cent of these were news podcasts. The report also shows that it is predominantly the younger target group (18–24) that listens to media, and that they do so using their smart phones. This may explain why several publishers are investing specifically in podcasts to attract younger target groups. Podcasts have become an increasingly important format for driving engagement with publishers’ offerings of general news, specialist information and entertainment.³ Readly launched podcast functionality on 16 June. In partnership with three of the largest publishers in the UK, 25 podcasts linked to various magazine titles on Readly’s platform were made available. The launch is intended to meet the increased demand for podcast content, grow the use of Readly, expand the target group and create greater value for the publishers. Over the long term, the offering on Readly will be expanded to include podcasts from more countries and areas of interest.

Paper shortages and increased energy prices are accelerating digitalisation

At the moment, the newspaper industry is wrestling with increased costs for their production of printed media. The underlying factors are a shortage of raw materials for the production of paper caused by events such as the war in Ukraine, the closure of paper mills around Europe, and rising fuel prices. The millworkers’ strike at the UPM mill in Finland – the world’s largest producer of graphic papers – has also negatively affected the industry’s distribution of print editions. The strike broke out in January and ended on 22 April⁴.

This development impacted publishers around the world. In Australia, paper prices have risen between 10 and 20 per cent, which has increased local print costs by 15 per cent⁵. In North America, newsprint production capacity declined by 28 per cent from 2019 to 2020, and a further 18 per cent in 2021.⁶ The US magazine publisher Dotdash Meredith temporarily stopped sending print editions of People and Better Homes & Gardens to some subscribers, citing a tight paper market⁷. Losing access to physical magazines could drive an increase in reader demand for digital editions⁸. In Germany, a study has been released indicating that 30 per cent of all magazine titles in the country are facing the risk of being shut down in 2024 owing to increased costs⁹. At the same time, increasing numbers of publishers are choosing to distribute their content on Readly, which expanded its offering by approximately 150 titles during the second quarter.



1. <https://www.businessinsider.com/digital-ad-prices-are-skyrocketing-in-2022-2>

2. <https://cmosurvey.org/results/>

3. https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2022-06/Digital_News_Report_2022.pdf

4. <https://www.dagensmedia.se/medier/tidskrifter/oro-trots-avslutad-pappersstrejk-kan-inte-andas-ut-helt/>

5. <https://www.internationalpublishers.org/copyright-news-blog/1205-paper-shortages-a-global-printing-and-publishing-crisis>

6. <https://www.seattletimes.com/opinion/soaring-newsprint-prices-worsen-local-journalism-crisis/>

7. <https://www.midlandpaper.com/dotdash-merediths-better-homes-gardens-people-temporarily-halting-some-print-subscriptions-desmoinesregister-com/>

8. <https://www.ft.com/content/6430685f-2754-4e76-a940-eaad4e32bcdb>

9. <https://kress.de/mail/news/detail/beitrag/149295-dramatische-situation-mehr-als-2000-zeitschriftentitel-sind-stark-gefaehrdet.html>

Other

Significant events during the period

At the Extraordinary General Meeting on 21 June, it was resolved, in accordance with the proposal of the Board of Directors, to establish an employee stock option programme for senior executives and other employees in the company and in the Group outside Sweden.

On 20 May, Mats Brandt took on the role as the permanent President and CEO of Readly. Mats Brandt had been serving as acting CEO since 31 January 2022, when he succeeded Maria Hedengren, whose employment as President and CEO ended on that same date.

The Annual General Meeting on 10 May resolved, in accordance with the proposal of the Nomination Committee, to re-elect Board members Patrick Svensk, Nathan Medlock and Malin Stråhle. Patrick Svensk was re-elected as Chairman of the Board, and Nicolas Adlercreutz was elected as a new Board member. Viktor Fritzén and Alexandra Whelan declined re-election.

Marie-Sophie von Bibra was appointed Chief Marketing Officer and Managing Director for Germany, and was made a new member of Group management.

Cecilia von Krusenstierna, Chief Growth Officer and member of Group management, terminated her employment and will leave Readly during the third quarter.

Significant events after the end of the period

No significant events occurred after the end of the reporting period.

Related-party transactions

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

Readly has not had any material related-party transactions other than what is stated in Note 7 on pages 101–104, and Note 27 on page 115, of the 2021 Annual Report.

Forecast

Readly does not issue any forecasts regarding future performance.

The situation in Ukraine

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

Risks and uncertainties

Ready has a global service offering and is exposed to a number of risks and uncertainties. Ready categorises its risks and uncertainties into the risks: Financial risks, business risks, legal and compliance risks, and strategic risks.

Financial risks are related to factors including internal and external reporting, access to capital, currencies, interest rates and liquidity. Business risks refer to risks associated with the effectiveness of Ready's activities, such as outcomes and profitability. Legal and compliance risks comprise risks related to compliance with laws and regulations. Strategic risks are associated with the overarching goals, which are coordinated with and provide support to Ready's mission and vision. The main risks and uncertainties are the business and financial risks, which are described in more detail below. A more detailed analysis of Ready's risks and uncertainties, and how Ready manages these, is provided in Ready's most recent annual report. See also the paragraph on continued operations under the section Significant estimations and assessments on page 21.

Business risks

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

Financial risks

Ready reports sizeable losses and negative cash flows as a consequence of the company's continued substantial investments in marketing activities and other activities aimed at achieving growth.

Meticulous planning and control of Ready's capital requirement is required. Following the listing of shares of Ready 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.

If the company does not succeed with its growth strategy or achieve its financial targets, a capital requirement may arise. If this were to occur, a shareholder base is required with available financial resources to be able to support further growth through additional capital contributions. Should new share capital or external borrowing not be available for Ready 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 Ready's cash position to ensure that the company has sufficient liquidity to meet its operational needs. Ready has large shareholders that are financially strong and which conduct long-term planning for their investments.

Legal risks

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

Parent Company

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

Financial performance during Jan–Jun 2022 (Jan–Jun 2021)

Revenue for the year totalled SEK 19.0 million (16.7) and pertains to services provided to subsidiaries and brands. The Parent Company reported a loss for the period of SEK -5.6 million (0.7), of which net financial items totalled SEK -3.5 million (-4.0). Net financial items for the period mainly comprised currency effects and discounting of the earn-out consideration. The comparison period included a financial expense of SEK 4.0 million relating to the change in the fair value of the warrants allocated to the creditor upon signing a loan agreement with Kreos Capital.

Financial position as of 30 June 2022 (31 December 2021)

Cash and cash equivalents at 30 June 2022 amounted to SEK 2.8 million (63.0),

Shares in subsidiaries amounted to SEK 695.4 million (694.2) as per 30 June 2022.

Equity in the Parent Company amounted to SEK 562.1 million (567.3). The change is due to the net result for the period.

Ready International AB (publ) shares for the period January–June 2022 (31 December 2021)

As per 30 June 2022, the Parent Company's share capital amounted to SEK 1,137,142, apportioned among 37,904,738 shares. Employee stock options outstanding as per 30 June 2022 totalled 229,333 (306,750), of which options subscribed before the share split with subscription rights to 1:5 shares. Warrants outstanding as per 30 June 2022 totalled 947,133 (994,734), of which options subscribed before the share split with subscription rights to 1:5 shares.

Related-party transactions

Ready International AB (publ) conducts transactions with related parties (subsidiaries) on a continuous basis, consisting of internal group services. All transactions are conducted on market terms. Ready has not had any material related-party transactions other than what is stated in Note 7 on pages 101–104, and Note 27 on page 115, of the 2021 Annual Report.

Consolidated Income Statement

SEKt	Note	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net sales	2	140,598	109,543	281,296	210,144	460,727
Other revenue		3,500	1,270	6,619	2,552	5,581
Total revenue		144,099	110,813	287,915	212,696	466,308
OPERATING EXPENSES						
Publisher costs		-95,328	-73,522	-190,314	-141,537	-310,181
Other external costs		-40,400 ¹	-64,867	-92,632 ¹	-128,892	-252,769 ²
Personnel costs		-29,061 ¹	-23,331	-60,757 ¹	-45,210	-94,977
Depreciation and amortisation		-5,937	-2,782	-11,716	-5,533	-12,155
Other operating expenses		-1,555	-597	-5,100	-2,717	-5,754
Operating result		-28,182	-54,285	-72,604	-111,194	-209,528
Net financial items		868	-3,863	-401	-6,376	-9,871
Result before tax		-27,315	-58,148	-73,005	-117,570	-219,399
Income tax		474	-45	971	-89	-202
Net result for the period		-26,840	-58,193	-72,034	-117,658	-219,601
Net result for the period attributable to the Parent Company shareholders		-26,853	-58,193	-71,985	-117,658	-219,594
Attributable to non-controlling interests		3	–	-49	–	-7
Basic and diluted earnings per share		-0.7	-1.6	-1.9	-3.2	-5.9
Basic and diluted weighted average number of shares		37,904,738	37,226,617	37,904,738	37,205,875	37,327,803

1) Items affecting comparability associated with the restructuring and integration of Toutabo SA amount to SEK 9.6 million whereof SEK 2.6 million in the second quarter.
 2) Items affecting comparability associated with the acquisition and integration of Toutabo SA amount to SEK 4.6 million.

Consolidated Statement of Comprehensive Income

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net result for the period	-26,840	-58,193	-72,034	-117,658	-219,601
Items that may be reclassified to profit or loss					
Exchange rate differences on translating foreign operations	3,553	-221	4,771	281	2,983
Other comprehensive income for the period	3,553	-221	4,771	281	2,983
Total comprehensive income for the period	-23,288	-58,414	-67,263	-117,377	-216,618
Total comprehensive income attributable to the Parent Company shareholders	-23,314	-58,414	-67,264	-117,377	-216,655
Total comprehensive income attributable to non-controlling interests	26	–	1	–	37

Consolidated Statement of Changes in Financial Position

SEKt	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
Non-current assets				
Goodwill		73,880	–	70,744
Other intangible assets		88,421	29,914	80,678
Property, plant and equipment		827	1,179	997
Right-of-use assets		9,546	2,887	11,244
Other non-current assets	3	9,263	9,880	9,297
Total non-current assets		181,937	43,860	172,961
Current assets				
Trade receivables		9,006	8,155	6,615
Other current assets		18,721	17,333	21,722
Cash and cash equivalents		251,672	388,005	306,209
Total current assets		279,398	413,492	335,546
TOTAL ASSETS		461,335	457,352	507,507
EQUITY AND LIABILITIES				
Equity				
	4			
Equity attributable to the Parent Company shareholders		133,901	278,095	200,010
Equity attributable to non-controlling interests		33	–	1,704
Total equity		133,934	278,095	201,714
Non-current liabilities				
Lease liabilities		5,987	355	7,107
Other financial liabilities	3	9,121	–	8,090
Deferred tax liabilities		10,034	–	10,632
Long-term borrowings	5	13,964	9,453	16,721
Provisions		2,726	–	3,488
Total non-current liabilities		41,833	9,808	46,038
Current liabilities				
Other financial liabilities	3	35,520	–	33,134
Trade payables		52,792	22,542	41,697
Lease liabilities		2,892	1,915	3,266
Short-term borrowings	5	16,657	18,388	24,476
Other current liabilities		177,707	126,606	157,181
Total current liabilities		285,568	169,450	259,754
TOTAL EQUITY AND LIABILITIES		461,335	457,352	507,507

Consolidated Statement of Changes in Equity

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

SEKt	Share capital	Other contributed capital	Translation difference	Retained earnings (including net result for the year)	Total	Non-controlling interests	Total equity
Opening balance 1 January 2021	1,111	1,147,373	141	-766,701	381,904	–	381,904
Net result for the period	–	–	–	-117,658	-117,658	–	-117,658
Other comprehensive income	–	-17	298	–	281	–	281
Total comprehensive income	–	-17	298	-117,658	-117,377	–	-117,377
Transactions with owners							
Warrants	–	1,629	–	–	1,629	–	1,629
Exercised warrants	6	11,765	–	–	11,771	–	11,771
Share-based remuneration	–	167	–	–	167	–	167
Total transactions with owners	6	13,562	–	–	13,568	–	13,568
Closing balance 30 June 2021	1,117	1,160,919	439	-884,359	278,095	–	278,095

Consolidated Statement of Cash Flows

SEKt	Note	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Operating result (EBIT)		-28,182	-54,286	-72,604	-111,194	-209,528
Depreciation and amortisation		5,937	2,782	11,716	5,533	12,155
Other items not affecting liquidity		-416	-765	-436	-690	-2,120
Interest paid		-1,445	-1,199	-2,717	-2,271	-4,124
Paid tax		-275	-64	-447	-645	-484
Cash flow from operating activities before changes in working capital		-24,382	-53,532	-64,488	-109,267	-204,101
Change in working capital		23,643	-13,009	34,211	-6,212	38,631
Cash flow from operating activities		-739	-66,541	-30,277	-115,479	-165,470
Acquisition of subsidiaries, after deduction for acquired cash and cash equivalents		–	–	–	–	-7,314
Investments in intangible and tangible assets		-8,335	-6,537	-15,626	-10,824	-22,123
Investments in financial assets		-6	-916	417	-1,963	-1,175
Cash flow from investing activities		-8,341	-7,452	-15,209	-12,787	-30,612
New share issue, net of transaction costs	4	–	–	–	-17	–
Transactions with non-controlling interests		-945	–	-945	–	–
Transaction costs for issues		–	–	-14	–	-156
Warrants in connection with new share issue		260	1,629	260	1,629	1,629
Exercised warrants		–	–	–	2,329	2,329
Repayment of lease liabilities		-893	-1,716	-1,920	-1,716	-4,378
Repayment of loans		-6,349	-4,811	-12,084	-9,501	-19,576
Cash flow from financing activities		-7,927	-6,528	-14,703	-7,276	-20,152
Total cash flow		-17,006	-80,521	-60,189	-135,542	-216,234
Cash and cash equivalents at the beginning of the period		264,863	467,522	306,209	521,574	521,574
Exchange rate differences related to cash and cash equivalents		3,814	1,004	5,651	1,973	869
Cash and cash equivalents at the end of the period		251,671	388,005	251,671	388,005	306,209

Condensed Parent Company Income Statement and Statement of Comprehensive Income

SEkt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
OPERATING REVENUE					
Net sales	8,960	8,100	19,014	16,714	33,129
OPERATING EXPENSES					
Other external costs	-7,188	-2,405	-11,539	-4,513	-7,806
Personnel costs	-4,920	-4,079	-9,431	-7,238	-14,392
Depreciation and amortisation	-82	-82	-164	-164	-327
Other operating expenses	-21	–	-26	–	-75
Operating result	-3,251	1,534	-2,146	4,800	10,529
Net financial items	-1,539	-75	-3,472	-4,007	-247,033
Result after financial items	-4,790	1,460	-5,618	793	-236,504
Appropriations	–	–	–	–	-200,000 ¹
Result before tax	-4,790	1,460	-5,618	793	-436,504
Income tax	–	–	–	–	–
Net result for the period	-4,790	1,460	-5,618	793	-436,504

Net result for the period corresponds to the Parent Company's comprehensive income for the period.

1) Appropriations pertain in their entirety to Group contributions.

Condensed Parent Company Balance Sheet

SEKt	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets		900	1,228	1,064
Participations in Group companies		695,363	660,757	694,160
Receivables from Group companies		1,325	1,185	1,276
Total non-current assets		697,588	663,170	696,500
Current assets				
Receivables from Group companies		12,137	123,387	–
Tax receivables		354	400	194
Other receivables		487	429	198
Cash and cash equivalents		2,761	202,593	62,975
Total current assets		15,740	326,809	63,367
TOTAL ASSETS		713,328	989,979	759,868
EQUITY AND LIABILITIES				
Restricted equity		1,137	1,117	1,137
Unrestricted equity		560,962	982,144	566,144
Equity		562,100	983,261	567,281
Non-current liabilities				
Non-current liabilities to Group companies		96	95	96
Other non-current liabilities	3	9,121	–	8,090
Total non-current liabilities		9,218	95	8,186
Current liabilities				
Trade payables		689	593	1,753
Liabilities to Group companies		87,357	–	143,849
Other current liabilities	3	53,965	6,029	38,798
Total current liabilities		142,011	6,622	184,400
TOTAL EQUITY AND LIABILITIES		713,328	989,979	759,868

Notes

NOTE 1 Accounting policies

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

This report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable stipulations of the Swedish Annual Accounts Act and should be read in the same context as the 2021 Annual Report. The most significant accounting policies used in preparing this report are described in Note 1 on pages 91–96 of the 2021 Annual Report.

Changes in IFRS and amendments and interpretations of existing standards that took effect on 1 January 2022 have not given rise to any changes in the reporting of the Group's financial performance or position. In addition, the same accounting policies and bases of calculation used in the 2021 Annual Report have been applied in preparing the financial statements in this report, except as stated below.

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

NOTE 2 Revenue from contracts with customers

Distribution of net sales by service

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Readyly's digital magazine service	132 734	109,542	267,836	210,143	455,107
Other sales revenue	7 864	–	13,460	–	5,620
Total	140,598	109,542	281,296	210,143	460,727

Net sales by geographic region

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Germany	49,831	42,139	99,188	80,493	173,650
Sweden	24,004	23,967	49,586	47,466	99,617
UK	27,676	25,549	55,030	48,392	99,883
France	17,477	–	33,206	–	11,947
Rest of world	21,610	17,887	44,286	33,792	75,631
Total	140,598	109,542	281,296	210,143	460,727

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Juni 2022	Jan–Juni 2021
Total revenue	144,099	110,813	287,915	212,696
Change, %	30.0	32.8	35.4	32.4
of which:				
– organic growth, %	8.5	35.2	12.9	33.9
– currency effects & VAT, %	5.7	2.4	6.9	-1.5
– acquisitions, %	15.8		15.6	

NOTE 3 Fair value of financial instruments

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

The calculation of fair value is based on level 3 of the fair value hierarchy, which entails that fair value has been determined on the basis of a measurement model in which the material input data is based on unobservable inputs. Measurement was performed based on the discounted value of estimated future cash flows. The measurement of the earn-out consideration at fair value entails an adjustment in value of SEK 0.5 million that is recognised in the consolidated income statement.

SEKm	
Opening balance 1 January 2022	41.2
Value adjustment	0.5
Restatement effect	3.0
Settled during the year	–
Closing balance 30 June 2022	44.6

The fair value of current receivables and liabilities recognised at amortised cost corresponds to their carrying amounts, since the discounting effect is not considered to be significant. The fair value of non-current receivables and liabilities reported at amortised cost is deemed in all essential respects to correspond to their carrying amount. For further information on financial assets and liabilities, and their classification, refer to Note 17 of the 2021 Annual Report.

NOTE 4 Equity

As per 30 June 2022 the Group's share capital amounted to SEK 1,137,142, apportioned among 37,904,738 shares.

Employee stock options as per 30 June 2022 totalled 229,333 (306,750), of which option programmes before September 2020 with subscription rights to 1:5 shares. Warrants outstanding as per 30 June 2022 totalled 947,133 (994,734), of which option programmes before September 2020 with subscription rights to 1:5 shares.

Changes in share capital

The following table illustrates the changes in share capital of Readyly International AB (publ) for the 2020–2022 financial years. For the sake of comparison, all key performance indicators for periods prior to September 2020 in the report have been recalculated for the 1:5 share split.

Date	Transaction	Change in no. of shares	Total no. of shares	Change in share capital, SEK	Total share capital, SEK
3 Apr 2020	New issue (exercised warrants)	22,100	5,471,332	3,315	820,700
3 Apr 2020	New issue (exercised warrants)	1,000	5,472,332	150	820,850
3 Apr 2020	New issue (exercised warrants)	350	5,472,682	53	820,902
26 Jun 2020	New issue	350,184	5,822,866	52,528	873,430
11 Sep 2020	Share split	23,291,464	29,114,330	–	873,430
21 Sep 2020	New issue	7,627,118	36,741,448	228,814	1,102,243
19 Oct 2020	New issue (exercised warrants)	50,000	36,791,448	1,500	1,103,743
14 Dec 2020	New issue (exercised warrants)	190,000	36,981,448	5,700	1,109,443
29 Dec 2020	New issue (exercised warrants)	50,000	37,031,448	1,500	1,110,943
11 Jan 2021	New issue (exercised employee stock options)	75,000	37,106,448	2,250	1,113,193
26 Jan 2021	New issue (exercised warrants Kreos)	120,169	37,226,617	3,605	1,116,799
22 Nov 2021	New issue (non-cash issue upon acquisition)	678,121	37,904,738	20,344	1,137,142

NOTE 5 Credit facility and warrants

The credit facility in Readly AB expires on 1 January 2023 and carries annual interest 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.

One condition for the loan was that the lender was also granted warrants in Readly International AB (publ). In connection with the signing of the loan agreement, 42,839 warrants were granted at a subscription price of SEK 168 per share, which was recalculated to SEK 33.6 per share after completion of the 1:5 share split. In the first quarter of 2021, Kreos Capital chose to exercise all warrants issued. The estimated fair value at the exercise date totalled SEK 9.4 million, which was entered as equity in conjunction with the elimination of the liability. The change in fair value was thus estimated as an increase of SEK 4.0 million compared with 31 December 2020, which was recognised as a financial expense in a corresponding amount in the first half of 2021.

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.

NOTE 6 Significant estimations and assessments

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

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

Going concern

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

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 2020, capital was raised in a number of rounds, meaning that the Group has adequate funding for the years ahead. The Board of Directors and CEO believe that, after implemented measures, the company's existing working capital with available funding opportunities is sufficient in order for the going rate assumption to be considered to have been met.

Tax loss carryforwards

Unutilised tax loss carryforwards for which no deferred tax asset has been recognised amounted to SEK 1,028 million (807.9) as per 30 June 2022. Since in the coming years Readly will prioritise growth over profitability, the Board has determined that the Group will likely continue to report tax loss carryforwards also in the coming year, and thus in accordance with IAS 12, no deferred tax asset is reported for these deficits.

For further information on estimations and assessments, please refer to Readly's 2021 Annual Report, Note 3 on page 99.

Key Performance Indicators

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

measures in the same way, these are not always comparable with measures used by other companies. These financial measures shall therefore not be regarded as a replacement for the measures defined in accordance with IFRS. The tables below present certain measures that are not defined in IFRS, and they are therefore defined on page 24 of this report.

SEKt, unless stated otherwise	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
FPS (Full-paying subscribers), number	447,196	420,135	447,196	420,135	478,362
Total revenue	144,099	110,813	287,915	212,696	466,308
Total revenue growth, %	30.0	32.8	35.4	32.4	32.2
ARPU ¹ (Average revenue per user), SEK	97	91	97	91	92
Gross profit ¹	48,771	37,292	97,601	71,160	156,127
Gross profit margin ¹ , %	33.8	33.7	33.9	33.5	33.5
Gross contribution ¹	28,971	-11,539	48,145	-27,906	-33,780
Gross contribution margin ¹ , %	20.1	-10.4	16.7	-13.1	-7.2
EBITDA ¹	-22,245	-51,503	-60,888	-105,661	-197,373
EBITDA margin ¹ , %	-15.4	-46.5	-21.1	-49.7	-42.3
Operating result	-28,182	-54,285	-72,604	-111,194	-209,528
Operating margin, %	-19.6	-49.0	-25.2	-52.3	-44.9
Adjusted operating result (excl IAC) ¹	-25,650	-54,285	-63,024	-111,194	-204,943
Adjusted operating margin (excl IAC) ¹ , %	-17.8	-49.0	-21.9	-52.3	-44.0
Total operating expenses	-172,281	-165,098	-360,518	-323,890	-675,836
Net result for the period	-26,840	-58,193	-72,034	-117,658	-219,601
Items affecting comparability	-2,533	–	-9,579	–	-4,585
Net margin, %	-18.6	-52.5	-25.0	-55.3	-47.1
Cash flow from operating activities	-739	-66,541	-30,277	-115,479	-165,470
Average number of employees	123	88	116	85	89
KPI data per share					
Basic and diluted earnings per share, SEK	-0.7	-1.6	-1.9	-3.2	-5.9
Basic and diluted equity per share, SEK	3.5	7.5	3.5	7.5	5.4
Weighted number of shares outstanding, basic and diluted	37,904,738	37,226,617	37,904,738	37,205,875	37,327,803
Number of shares outstanding at end of the period	37,904,738	37,226,617	37,904,738	37,226,617	37,904,738

1) For reconciliation of APMs, see pages 25-26.

Key Performance Indicator development

SEKt, unless stated otherwise	2022		2021				2020			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
FPS (Full-paying subscribers), number	447,196	465,456	478,362	435,372	420,135	397,071	369,764	339,557	323,811	290,156
Total revenue	144,099	143,816	134,751	118,861	110,813	101,883	98,629	93,350	83,446	77,179
Total revenue growth, %	30.0	41.2	36.6	27.3	32.8	32.0	34.2	34.8	33.0	30.3
ARPU, SEK	97	97	95	93	91	91	94	94	93	92
Gross profit	48,771	48,830	45,138	39,829	37,292	33,868	33,595	31,308	26,952	25,203
Gross profit margin, %	33.8	34.0	33.5	33.5	33.7	33.2	34.1	33.5	32.3	32.7
Gross contribution	28,971	19,174	5,576	-11,449	-11,539	-16,367	-4,024	-14,722	-23,235	3,826
Gross contribution margin, %	20.1	13.3	4.1	-9.6	-10.4	-16.1	-4.1	-15.8	-27.8	5.0
Operating result	-28,182	-44,421	-50,341	-47,993	-54,285	-56,908	-41,373	-51,152	-59,434	-37,816
Operating margin, %	-19.6	-30.9	-37.4	-40.4	-49.0	-55.9	-41.9	-54.8	-71.2	-49.0
Adjusted operating result	-25,650	-37,375	-45,755	-47,993	-54,285	-56,908	-40,302	-41,969	-56,068	-31,973
Adjusted operating margin, %	-17.8	-26.0	-34.0	-40.4	-49.0	-55.9	-40.9	-45.0	-67.2	-41.4
Net result for the period	-26,840	-45,193	-49,443	-52,500	-58,193	-59,465	-48,048	-47,189	-66,143	-36,044

Definitions of Key Performance Indicators and calculations

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

Reconciliation of KPIs

Gross profit & Gross profit margin

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Total revenue	144,099	110,813	287,915	212,696	466,308
Publisher costs	-95,328	-73,522	-190,314	-141,537	-310,181
Gross profit	48,771	37,292	97,601	71,160	156,127
Gross profit margin, %	33.8	33.7	33.9	33.5	33.5

EBITDA and EBITDA margin

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
EBITDA	-22,245	-51,503	-60,888	-105,661	-197,373
Total revenue	144,099	110,813	287,915	212,696	466,308
EBITDA margin, %	-15.4	-46.5	-21.1	-49.7	-42.3

Equity per share

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Weighted number of shares outstanding	37,904,738	37,226,617	37,904,738	37,205,875	37,327,803
Total equity	133,934	278,095	133,934	278,095	201,714
Equity per share (SEK)	3.5	7.5	3.5	7.5	5.4

Net margin

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net result for the period	-26,840	-58,193	-72,034	-117,658	-219,601
Total revenue	144,099	110,813	287,915	212,696	466,308
Net margin, %	-18.6	-52.5	-25.0	-55.3	-47.1

Operating result and operating margin

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Total revenue	144,099	110,813	287,915	212,696	466,308
Total operating expenses	-172,281	-165,098	-360,518	-323,890	-675,836
Operating result	-28,182	-54,285	-72,604	-111,194	-209,528
Operating margin, %	-19.6	-49.0	-25.2	-52.3	-44.9

Adjusted operating result (excl IAC)

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Operating result (EBIT)	-28,182	-54,285	-72,604	-111,194	-209,528
Items affecting comparability					
Restructuring, and transaction and integration costs upon acquisition of Toutabo SA	2,533	–	9,579	–	4,585
Adjusted operating result (excl IAC)	-25,650	-54,285	-63,024	-111,194	-204,943
Total revenue	144,099	110,813	287,915	212,696	466,308
Adjusted operating margin (excl IAC), %	-17,8	-49,0	-21,9	-52,3	-44,0

Growth in total revenue

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Total revenue	144,099	110,813	287,915	212,696	466,308
Total revenue growth, %	30,0	32,8	35,4	32,4	32,2

Total operating expenses

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Publisher costs	-95,328	-73,522	-190,314	-141,537	-310,181
Marketing costs	-19,800	-48,831	-49,456	-99,066	-189,906
Other external costs	-20,600	-16,036	-43,176	-29,827	-62,862
Personnel costs	-29,061	-23,331	-60,757	-45,210	-94,977
Depreciation and amortisation	-5,937	-2,782	-11,716	-5,533	-12,155
Other operating expenses	-1,555	-597	-5,100	-2,717	-5,754
Total operating expenses	-172,281	-165,098	-360,518	-323,890	-675,836

Gross contribution & Gross contribution margin

SEKt	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Total revenue	144,099	110,813	287,915	212,696	466,308
Publisher costs	-95,328	-73,522	-190,314	-141,537	-310,181
Marketing costs	-19,800	-48,831	-49,456	-99,066	-189,906
Gross contribution	28,971	-11,539	48,145	-27,906	-33,780
Gross contribution margin, %	20,1	-10,4	16,7	-13,1	-7,2

Supplementary information

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Financial calendar

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

This information is information that Readly International AB (publ) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by agency of the contact persons above at 7:30 a.m. CEST on 11 August 2022.

Interim report Jan–Sep 2022

11 November 2022

Year-end report and fourth quarter interim report 2022

16 February 2023

This interim report has been prepared in both Swedish and English. In case of discrepancy between the English and the Swedish version, the Swedish version shall prevail.

Auditor's review

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

Publication

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

Legal disclaimer

Due to the nature of its business, Readly is exposed to certain risks that may affect its earnings or financial position to a lesser or greater extent. These risks can be categorised as financial risks, business risks, legal and compliance risks, and strategic risks. Management's general view of the risks that the business may be affected by has not changed compared with the description provided in the most recently published annual report. For a detailed description of the company's risks, please refer to Readly's 2021 Annual Report, pages 61–67.

Signatures

The Board of Directors and the CEO give their assurance that the six-month report provides a fair view of the Parent Company's and the Group's operations, financial position and results of operations and describe the significant risks and uncertainties facing the Parent Company and the companies that are part of the Group.

Stockholm, 11 August 2022

Patrick Svensk
Chairman of the Board

Nathan Medlock
Director

Malin Strähle
Director

Stefan Betzold
Director

Nicolas Adlercreutz
Director

Mats Brandt
CEO

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



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