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Strong improvement in results and good revenue growth

1 JULY–30 SEPTEMBER 2022

- Revenue for the quarter totalled SEK 147.1 million (118.9), an increase of 23.8 per cent compared with the third quarter of 2021.
- The number of full-paying subscribers (FPS) increased 2.6 per cent to 446,861 (435,372) at the end of the quarter.
- Gross profit increased 20.7 per cent to SEK 48.1 million (39.8), corresponding to a gross profit margin of 32.7 per cent (33.5).
- The gross contribution margin for the period was 17.2 per cent (-9.6).
- Operating result was SEK -20.6 million (-48.0), corresponding to an operating margin of -14.0 per cent (-40.4).
- Adjusted operating result (excl. IAC) was SEK -20.5 million (-48.0), corresponding to an operating margin of -13.9 per cent (-40.4).
- Earnings per share were SEK -0.5 (-1.4) before and after dilution.

1 JANUARY–30 SEPTEMBER 2022

- Revenue for the period totalled SEK 435.0 million (331.6), an increase of 31.2 per cent compared with the year-earlier period.
- The number of full-paying subscribers (FPS) increased 2.6 per cent to 446,861 (435,372) at the end of the quarter.
- Gross profit increased 31.2 per cent to SEK 145.7 million (111.0), corresponding to a gross profit margin of 33.5 per cent (33.5).
- The gross contribution margin for the period was 16.9 per cent (-11.9).
- Operating result was SEK -93.2 million (-159.2), corresponding to an operating margin of -21.4 per cent (-48.0).
- Adjusted operating result (excl. IAC) was SEK -83.5 million (-159.2), corresponding to an operating margin of -19.2 per cent (-48.0).
- Earnings per share were SEK -2.4 (-4.6) before and after dilution.

KEY DATA

SEKt, unless stated otherwise	Jul–Sep 2022	Jul–Sep 2021	YoY change, %	Jan–Sep 2022	Jan–Sep 2021	YoY change, %	Jan–Dec 2021
FPS (Full-paying subscribers), number	446,861	435,372	2.6	446,861	435,372	2.6	478,362
Total revenue	147,132	118,861	23.8	435,047	331,557	31.2	466,308
ARPU (Average revenue per user), SEK	103	93	10.5	99	91	8.3	92
Gross profit	48,060	39,829	20.7	145,661	110,989	31.2	156,127
Gross profit margin, %	32.7	33.5	–	33.5	33.5	–	33.5
Gross contribution	25,330	-11,449	–	73,475	-39,355	–	-33,780
Gross contribution margin, %	17.2	-9.6	–	16.9	-11.9	–	-7.2
Operating result	-20,604	-47,993	57.1	-93,207	-159,187	41.4	-209,528
Operating margin, %	-14.0	-40.4	–	-21.4	-48.0	–	-44.9
Adjusted operating result	-20,490	-47,993	57.3	-83,514	-159,187	47.5	-204,943
Adjusted operating margin, %	-13.9	-40.4	–	-19.2	-48.0	–	-44.0
Net result for the period	-19,021	-52,500	63.8	-91,055	-170,158	46.5	-219,601
Basic and diluted earnings per share, SEK	-0.5	-1.4	64.4	-2.4	-4.6	47.5	-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.

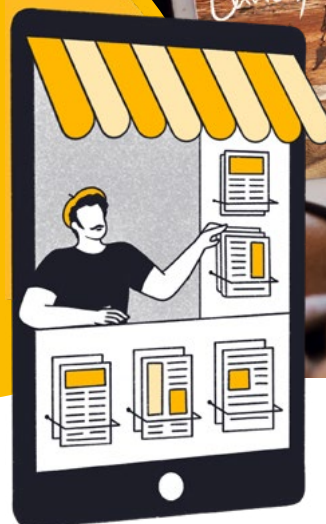


Our vision

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

Our purpose

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



17

Number of languages

Readly is available in more than 50 countries.

446,861

Number of full-paying subscribers

During the quarter, the number of subscribers rose 3 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.

Strong improvement in results and good revenue growth



We reported a quarter with improved results and good revenue growth. Revenue increased 23.8 per cent to SEK 147.1 million (118.9) and ARPU increased 10.5 per cent to SEK 103 (93) as a result of the price increases we implemented. The gross contribution improved to 17.2 per cent (-9.6) and the EBITDA margin increased to -9.8 per cent (-38.5). The number of full-paying subscribers increased 2.6 per cent to 446,861 (435,372) compared with the year-earlier period.

Price increases successfully implemented

We have now implemented price increases of 20-25 percent in almost all markets. It has generally been well accepted by our users despite the challenging macro environment and the cost pressure on households. It is the first time in 10 years that we adjust pricing. And furthermore, we have not yet seen the full impact on revenues. We will evaluate how we can further optimise pricing going forward in all markets.

During the quarter, we have added 15 new publishers and 184 titles that will further increase reading time."

Key initiatives to increase user engagement

This summer's test launch of podcasts, in partnerships with UK and Swedish publishers, continued in the third quarter, with a growing offering, enhanced user experience and improved visibility in the app. As a result, listenership nearly tripled in September and today amounts to tens of thousands of sessions in total since the initial stage of the launch. The sound format makes Readly more relevant on mobile phones, which is where two-thirds of our podcast listening happens.

“In early October, we started working together with Disney to bring over 80 English-language Disney magazines to Readly subscribers.”

The foundations for automated recommendations of mobile-friendly articles have been built. The objective is to inspire even more mobile usage and increase overall reading time. By providing mobile friendly content discoveries, we also encourage subscribers to use Readly more frequently and develop new user habits.

More daily newspapers and partnership with Disney

During the quarter, we have added 15 new publishers and 184 titles that will further increase reading time. We continued to strengthen our offering of daily newspapers – we have for example welcomed all 20 local editions of the popular German newspaper Bild and the newspaper Die Furche in Austria. After the end of the third quarter Svenska Dagbladet, one of Sweden's leading morning newspapers, was also added. The monthly average number of newspaper readers who use Readly on a daily basis has increased by 23 percent compared to 2021, and about 40 percent of our subscribers read both magazines and newspapers.

In early October, we started working together with Disney to bring over 80 English-language Disney magazines to Readly subscribers. The addition of the Disney portfolio strengthens our children's category and our position as the leading digital reading app for the entire family. We are delighted to welcome these much-loved titles to our platform and boost the joy of reading with Disney.*

Optimising marketing mix and leveraging partnerships

We continue to operate at a reduced marketing spend level with improved unit economics in focus. We are today more effective and efficient in selecting what channels and markets to prioritise for greater return on investments. Further we continue to invest substantially in product development to ensure that the shift to product led growth will accelerate.

Partnerships continue to perform as a strong intake channel at low acquisition costs. We will continue to scale marketing partnerships, where we now have an even better process in place to ensure that we allocate resources in an optimal manner for sustainable growth. We have launched new partnerships and new kinds of activations with McDonald's Monopoly in the UK, Tchibo in Germany and Mio in Sweden.

Readly launch in France

We are very pleased to further strengthen our leading European position by the Readly launch in France - the largest magazine market in Europe. By this entry we will also be able to offer international readers French content globally. We have recently made a technical release of the Readly app and are soon approaching 500 French Newspapers and Magazines in addition to our international portfolio. Some well known titles are Libération, GQ, Cosmopolitan, Maxi Cuisine, Public and L'Express. We continue to add content at a high pace in preparation for the full commercial launch. In parallel we are also releasing various product upgrades. We will expand our partnership network with French and international partners.

Transition to product-led growth

Given the current macro conditions, we are sensitive to the fact that we need to be flexible while still following the transition to product-led growth. We are continuing with focused efforts that will lead to an even more attractive customer experience and, thus, to sustainable profitable growth. We can see that the initiatives we have taken to date have started to have effect. The transition is still in an early phase though and has much more to offer.

Mats Brandt
President and CEO
Readly

*) <https://corporate.readly.com/media/press-releases/2022/readly-collaborates-with-disney-to-offer-subscribers-a-world-of-fantasy-with-disney-magazines/>

Revenue and result

TOTAL REVENUE FOR the third quarter amounted to SEK 147.1 million (118.9), an increase of 23.8 per cent over the same quarter last year. Total revenue increased 19.5 per cent, adjusted for currency effects. The increase was primarily due to increased average revenue per user (ARPU) and to revenue from Toutabo. The number of full-paying subscribers increased 2.6 per cent to 446,861 (435,372), mainly driven by the sustained favourable trend in Germany and the DACH region overall as well as new subscribers from Toutabo. Organic growth in the third quarter was 10.9 per cent. Adjusted for currency effects, organic growth was 6.6 per cent. Organic growth for full-paying subscribers was negative and decreased -4.6 per cent.

Of the core markets Germany, the UK, Sweden and France, it was Germany and the UK that accounted for the majority of the growth in revenue. Revenue in Germany increased 13.9 per cent to SEK 51.7 million (45.4). Adjusted for currency effects, growth in Germany was 9.3 per cent. In the UK, revenue increased 13.2 per cent to SEK 29.7 million (26.2), and revenue in Sweden decreased -7.1 per cent to SEK 24.2 million (26.0). Adjusted for currency effects, growth in the UK was 8.8 per cent. Revenue from Toutabo amounted to SEK 15.4 million and represented 10.7 per cent of net sales. Revenue in other markets increased 19.3 per cent to SEK 23.1 million (19.4) for the quarter. Within the Other markets, it was mainly Switzerland and Austria who contributed. Revenue in Switzerland increased 59.0 per cent and Austria increased revenue by 16.9 per cent.

Gross profit improved 20.7 per cent to SEK 48.1 million (39.8), corresponding to a gross profit margin of 32.7 per cent (33.5). The gross contribution for the period was SEK 25.3 million (-11.5), corresponding to a gross contribution margin of 17.2 per cent (-9.6). The improved gross contribution margin was due primarily to a decrease in marketing costs compared with the same quarter last year, when investments in marketing were relatively high.

Publisher costs for the third quarter increased 25.4 per cent to SEK -99.1 million (-79.0). The increase in publisher costs associated with the growth in revenue. Employee costs increased 14.2 per cent to

SEK -24.8 million (-21.7). Total other external costs decreased 44.5 per cent to SEK -35.2 million (-63.4). The main reason for the increase in employee costs and the decrease in other external costs was that external consultants according to plan have been replaced with ordinary staff. Total operating expenses increased 0.5 per cent to SEK -167.7 million (-166.9). The third quarter included extraordinary operating expenses of SEK -0.1 million, which pertained to costs related to the integration of Toutabo.

The operating result improved 57.1 per cent to SEK -20.6 million (-48.0), corresponding to an operating margin of -14.0 per cent (-40.4). The third quarter was the sixth consecutive quarter with an improved operating result

Financial items

Net financial items for the quarter totalled SEK 1.1 million (-4.5), 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), which mainly pertain to Sweden, that are not carried in the balance sheet.

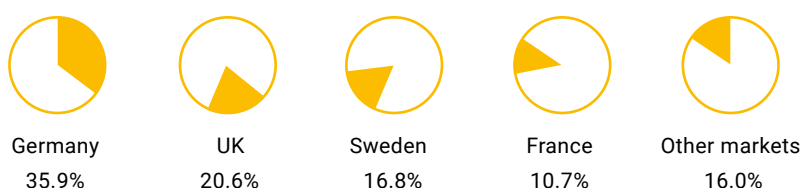
Net result for the period and earnings per share

The Group reported a net result for the period of SEK -19.0 million (-52.5), corresponding to earnings per share of SEK -0.5 (-1.4) before and after dilution.

Number of employees

The average number of staff including consultants was 141 (139) during the third quarter, of which the average number of employees was 112 (95).

Percentage share of net sales broken down by geographic market for the period July–September 2022



Revenue and result

TOTAL REVENUE INCREASED 31.2 per cent to SEK 435.0 million (331.6). Total revenue growth adjusted for currency effects was 25.3 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 2.6 per cent to 446,861 (435,372), mainly driven by the sustained favourable trend in Germany and other DACH regions as well as new subscribers from Toutabo. Organic revenue growth for the year was 16.6 per cent. Adjusted for currency effects, organic growth was 10.7 per cent. Organic growth for full-paying subscribers was negative and decreased -4.6 per cent.

Of the core markets 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 19.9 per cent to SEK 150.9 million (125.9). Adjusted for currency effects, growth in revenue for Germany was 15.6 per cent. In the UK, revenue increased 13.5 per cent to SEK 84.7 million (74.6), and revenue in Sweden increased 0.4 per cent to SEK 73.8 million (73.5). Adjusted for currency effects, growth in the UK was 7.4 per cent and in Sweden the equivalent figure was 0.4 per cent. Revenue from Toutabo amounted to SEK 48.6 million and represented 11.4 per cent of total net sales. Other markets increased 26.8 per cent, totalling SEK 67.4 million (53.2) and accounted for 15.8 per cent of net sales in the period.

Gross profit increased 31.2 per cent to SEK 145.7 million (111.0), corresponding to a gross profit margin of 33.5 per cent (33.5). The gross contribution for the period was SEK 73.5 million (-39.4), corresponding to a gross contribution margin of 16.9 per cent (-11.9). The improved gross contribution margin was due primarily to a decrease in marketing costs compared with the year-earlier period, when investments in marketing were relatively high.

Publisher costs for the period increased 31.2 per cent to SEK -289.4 million (-220.6). The increase in publisher costs associated with the growth in revenue. Employee costs increased 27.8 per cent to SEK -85.5 million (-66.9). Total other external costs decreased 33.5 per cent to

SEK -127.9 million (-192.3). The main reasons for the increase in employee costs and the decrease in other external costs was restructuring costs and that external consultants according to plan have been replaced with ordinary staff. Total operating expenses increased 7.6 per cent to SEK -528.3 million (-490.7). Operating costs for the year contained extraordinary operating expenses totalling SEK -9.7 million, of which SEK 3.5 million related to severance pay associated with the former CEO. Other costs pertained to restructuring costs as well as costs related to the integration of Toutabo.

The operating result improved 41.4 per cent to SEK -93.2 million (-159.2), corresponding to an operating margin of -21.4 per cent (-48.0).

Financial items

Net financial items totalled SEK 0.7 million (-10.9), 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 1.5 (-0.1) million and comprised deferred tax relating to acquisitions. The Group has unutilised loss carryforwards of SEK 1,028 million (809.5), which mainly pertain to Sweden, that are not carried in the balance sheet.

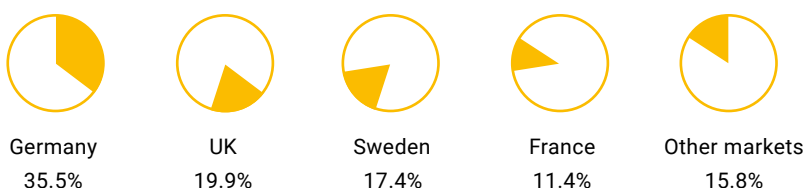
Net result for the period and earnings per share

The Group reported a net result for the period of SEK -91.1 million (-170.2), corresponding to earnings per share of SEK -2.4 (-4.6) before and after dilution.

Number of employees

The average number of staff including consultants was 150 (130) during the nine-month period, of which the average number of employees was 113 (88).

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



Cash flow

CASH FLOW FROM operating activities before changes in working capital was SEK -79.6 million (-155.2) for the nine-month period. Cash flow from operating activities was SEK -50.8 million (-137.3), primarily due to improved results. The change in working capital was mainly attributable to higher publisher payables and improved sales during the nine-month period.

Cash flow from investing activities was SEK -22.5 million (-14.5), of which SEK -22.9 million (-14.9) pertained to capitalised product development costs. Financial assets decreased and had a positive effect of SEK 0.4 million on investing activities.

Cash flow from financing activities was SEK -22.4 million (-13.8). During the nine-month period, amortisation of loans totalled SEK -18.9 million (-14.5) and lease liabilities SEK -2.8 million (-3.2). The acquisition of additional participations in Toutabo SA amounted to SEK -0.9 million.

30 SEPTEMBER 2022 (31 DECEMBER 2021)

Financial position

CASH AND CASH EQUIVALENTS on 30 September 2022 amounted to SEK 219.1 million (306.2).

Capitalised development expenditure amounted to SEK 54.8 million (40.6), and other non-current assets, identified surplus value linked to acquisitions, totalled SEK 36.6 million (40.1).

As of 30 September 2022, the Group recognised goodwill of SEK 75.5 million (70.7). Recognised goodwill relates to the acquisition of Toutabo in 2021.

The Group's shareholders' equity as per 30 September 2022 amounted to SEK 117.3 million (201.7), which represented equity per share of SEK 3.1 (5.4). The change in equity was mainly due to the net result for the period of SEK -91.1 million (-170.2) and exchange rate effects when translating foreign subsidiaries of SEK 7.0 million (0.2).

Total liabilities amounted to SEK 317.1 million (305.8) as per 30 September 2022. The Group recognised an earn-out consideration of SEK 45.9 million (41.2) and a deferred tax liability of SEK 9.7 million (10.6), which arose in connection with the acquisition. Other liabilities mainly comprised of publisher payables and lease liabilities.

Total credit facilities amounted to SEK 24.0 million (41.2), of which the outstanding principal taken out with Kreos Capital during the second quarter of 2020 amounted to SEK 4.5 million as per 30 September 2022 after transaction costs of SEK 1.9 million. Amortisation during the year totalled SEK 18.9 million and interest expenses SEK 2.8 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, 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 profit margin of at least 35 per cent and to be profitable at an EBITDA level no later than 2025.

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

Market comments

Publishers' fight against Google's dominant position continues

Google is facing a USD 25 billion case and is accused of using its strong market position when coordinating the sale of advertising space between news media and advertisers. The class-action suit, which represents publishers in the EU and the UK, will be brought to tribunal in October but could take several years to conclude¹. In the US, the Senate Judiciary Committee approved a bill that aims to allow news organisations to collectively negotiate with Google and Meta and win more revenue. The bill aims to give news organisations more influence in issues of fair compensation.² Several publishers in France, including Le Figaro and L'Equipe, have filed a joint complaint together³ with iOS developers against Apple for exercising a monopoly over the distribution of iPhone applications⁴.

National political topics a top news item

The EU has presented results from its Eurobarometer regarding media habits, trust in different media sources and disinformation. In total, public TV and radio stations are the most trusted news sources in the EU (49 per cent), followed by the printed press (39 per cent). National political topics interest citizens most (50 per cent), closely followed by local

(47 per cent) and international (46 per cent) news⁵. According to Readly, whose offering of national and regional daily newspapers has grown by around 200 titles in 2022, reading has increased within newspapers and the magazine category News and Politics. In the UK and Germany, reading increased 44 per cent and 26 per cent, respectively, this year compared with the full year of 2021⁶. A newly completed study from Reuters Institute based on 2,000 consumer responses from the US and the UK, among others, indicates that trust in news shared via large tech companies like Facebook, Google and YouTube is low compared with trust in established publishers⁷.

Digital revenue increases for daily newspapers and magazines

According to PwC's Global Entertainment & Media Outlook 2022–2026 report, the industry for magazines and daily newspapers has been burdened by reduced income from sales of physical issues and increased costs for printing, paper and energy. This is expected to accelerate digitalisation, and according to the forecast, digital revenue from advertising and issues will increase from 18.9 per cent to 26.3 per cent from 2021 to 2026 for daily newspapers. The equivalent figures for magazines are 18.8 per cent in 2021 and 25.3 per cent in 2026.



1. <https://www.theguardian.com/technology/2022/sep/13/google-lawsuit-uk-eu-digital-advertising>

2. <https://www.reuters.com/world/us/senate-panel-approves-bill-give-news-organizations-more-power-against-tech-2022-09-22/>

3. <https://www.lefigaro.fr/secteur/high-tech/apple-est-attaque-en-justice-par-des-editeurs-francais-20220802>

4. https://www.theregister.com/2022/08/02/apple_app_monopoly/

5. <https://www.europarl.europa.eu/news/en/press-room/20220704IPR34401/eu-citizens-trust-traditional-media-most-new-eurobarometer-survey-finds>

6. Accounts per issue

7. https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2022-09/MontAlverne_et_al_The_Trust_Gap.pdf

Other

Significant events during the period

No significant events occurred in the period.

Significant events after the end of the period

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

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.

Forecast

Ready does not issue any forecasts regarding future performance.

The situation in Ukraine

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

Risks and uncertainties

Readly has a global service offering and is exposed to a number of risks and uncertainties. Readly 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 Readly'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 Readly'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 Readly's risks and uncertainties, and how Readly manages these, is provided in Readly's most recent annual report. See also the paragraph on continued operations under the section Significant estimations and assessments on page 21.

Business risks

Readly 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. Readly works continuously with development of the offering to subscribers and magazine publishers and with optimisation of marketing costs, among other things.

Financial risks

Readly reports losses and negative cash flows as a consequence of the company's continued investments in marketing activities and other activities aimed at achieving growth. Meticulous planning and control of Readly's capital requirement is required. Following the listing of shares of 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 in the coming years. In the beginning of 2022, the company updated its strategy to focus on profitability and organic growth.

If the company does not succeed with its strategy or achieve its financial targets, a need for additional capital 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 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.

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 January–September 2022 (January–September 2021)

Revenue for the year totalled SEK 28.8 million (25.7) and pertained to services provided to subsidiaries and brands. The Parent Company reported a loss for the period of SEK -130.9 million (4.3), of which net financial items totalled SEK -131.7 million (-4.0). Net financial items for the period mainly comprised to impairment of shares in subsidiaries of SEK 127 million as well as 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 September 2022 (31 December 2021)

Cash and cash equivalents as of 30 September 2022 amounted to SEK 5.6 million (63.0).

Shares in subsidiaries amounted to SEK 576.1 million (694.2) as per 30 September 2022.

Equity in the Parent Company amounted to SEK 436.8 million (567.3). The change was due to the net result for the period.

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

As per 30 September 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 September 2022 totalled 478,333 (306,750), where the options subscribed before the share split on 11 September 2020 entitle subscription for ordinary shares at a ratio of 1:5. Warrants outstanding as per 30 September 2022 totalled 947,133 (994,734), where the options subscribed before the share split on 11 September 2020 entitle subscription for ordinary shares at a ratio of 1:5.

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	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Net sales	2	144,107	117,071	425,403	327,215	460,727
Other revenue		3,025	1,790	9,644	4,342	5,581
Total revenue		147,132	118,861	435,047	331,557	466,308
OPERATING EXPENSES						
Publisher costs		-99,072	-79,031	-289,386	-220,568	-310,181
Other external costs		-35,220 ¹	-63,430	-127,852 ¹	-192,322	-252,769 ²
Personnel costs		-24,762 ¹	-21,683	-85,520 ¹	-66,893	-94,977
Depreciation and amortisation		-6,218	-2,272	-17,933	-7,805	-12,155
Other operating expenses		-2,463	-438	-7,563	-3,155	-5,754
Operating result		-20,604	-47,993	-93,207	-159,187	-209,528
Net financial items		1,104	-4,497	702	-10,873	-9,871
Result before tax		-19,500	-52,491	-92,505	-170,060	-219,399
Income tax		479	-9	1,450	-98	-202
Net result for the period		-19,021	-52,500	-91,055	-170,158	-219,601
Net result for the period attributable to the Parent Company shareholders		-19,010	-52,500	-90,955	-170,158	-219,594
Attributable to non-controlling interests		-12	–	-60	–	-7
Basic and diluted earnings per share		-0.5	-1.4	-2.4	-4.6	-5.9
Basic and diluted weighted average number of shares		37,904,738	37,226,617	37,904,738	37,212,865	37,327,803

1) Items affecting comparability associated with the restructuring and integration of Toutabo SA amount to SEK 9.7 million, whereof SEK 0.1 million in the third 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	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Net result for the period	-19,021	-52,500	-91,055	-170,158	-219,601
Items that may be reclassified to profit or loss					
Exchange rate differences on translating foreign operations	2,272	-121	7,043	160	2,983
Other comprehensive income for the period	2,272	-121	7,043	160	2,983
Total comprehensive income for the period	-16,750	-52,621	-84,012	-169,998	-216,618
Total comprehensive income attributable to the Parent Company shareholders	-16,736	-52,621	-84,000	-169,998	-216,655
Total comprehensive income attributable to non-controlling interests	-14	–	-12	–	37

Consolidated Statement of Changes in Financial Position

SEKt	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS				
Non-current assets				
Goodwill		75,524	–	70,744
Other intangible assets		91,476	32,699	80,678
Property, plant and equipment		701	1,073	997
Right-of-use assets		8,759	2,946	11,244
Other non-current assets	3	9,473	7,400	9,297
Total non-current assets		185,934	44,118	172,961
Current assets				
Trade receivables		8,899	4,373	6,615
Other current assets		20,409	16,569	21,722
Cash and cash equivalents		219,146	355,133	306,209
Total current assets		248,454	376,075	335,546
TOTAL ASSETS		434,388	420,192	507,507
EQUITY AND LIABILITIES				
Equity				
	4			
Equity attributable to the Parent Company shareholders		117,229	225,441	200,010
Equity attributable to non-controlling interests		21	–	1,704
Total equity		117,250	225,441	201,714
Non-current liabilities				
Lease liabilities		5,414	–	7,107
Other financial liabilities	3	9,567	–	8,090
Deferred tax liabilities		9,712	–	10,632
Long-term borrowings	5	12,628	4,194	16,721
Provisions		2,787	–	3,488
Total non-current liabilities		40,108	4,194	46,038
Current liabilities				
Other financial liabilities	3	36,301	–	33,134
Trade payables		44,160	30,001	41,697
Lease liabilities		2,701	2,082	3,266
Short-term borrowings	5	11,324	19,623	24,476
Other current liabilities		182,543	138,851	157,181
Total current liabilities		277,029	190,557	259,754
TOTAL EQUITY AND LIABILITIES		434,388	420,192	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	–	–	–	-90,995	-90,995	-60	-91,055
Other comprehensive income	–	–	6,995	–	6,995	48	7,043
Total comprehensive income	–	–	6,995	-90,995	-84,000	-12	-84,012
Transactions with owners							
Transaction costs for issues	–	-14	–	–	-14	–	-14
Share-based remuneration	–	204	–	–	204	–	204
Warrants	–	300	–	–	300	–	300
Transactions with non-controlling interests	–	–	–	725	725	-1,670	-945
Total transactions with owners	–	490	–	725	1,216	-1,670	-454
Closing balance 30 September 2022	1,137	1,182,581	10,075	-1,076,564	117,229	21	117,250

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	–	–	–	-170,158	-170,158	–	-170,158
Other comprehensive income	–	-17	177	–	160	–	160
Total comprehensive income	–	-17	177	-170,158	-169,998	–	-169,998
Transactions with owners							
Warrants	–	1,629	–	–	1,629	–	1,629
Exercised warrants	6	11,641	–	–	11,646	–	11,646
Share-based remuneration	–	259	–	–	259	–	259
Total transactions with owners	6	13,529	–	–	13,534	–	13,534
Closing balance 30 September 2021	1,117	1,160,885	318	-936,859	225,441	–	225,441

Consolidated Statement of Cash Flows

SEKt	Note	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Operating result (EBIT)		-20,604	-47,993	-93,207	-159,187	-209,528
Depreciation and amortisation		6,218	2,272	17,933	7,805	12,155
Other items not affecting liquidity		458	844	22	154	-2,120
Interest paid		-1,470	-836	-4,187	-3,107	-4,124
Paid tax		261	-184	-185	-829	-484
Cash flow from operating activities before changes in working capital		-15,136	-45,897	-79,625	-155,164	-204,101
Change in working capital		-5,362	24,070	28,850	17,858	38,631
Cash flow from operating activities		-20,498	-21,827	-50,775	-137,306	-165,470
Acquisition of subsidiaries, after deduction for acquired cash and cash equivalents		–	–	–	–	-7,314
Investments in intangible and tangible assets		-7,315	-4,232	-22,941	-15,056	-22,123
Investments in financial assets		-15	2,536	402	573	-1,175
Cash flow from investing activities		-7,330	-1,696	-22,539	-14,483	-30,612
New share issue, net of transaction costs	4	–	–	–	-17	–
Transactions with non-controlling interests		–	–	-945	–	–
Transaction costs for issues		–	–	-14	–	-156
Warrants in connection with new share issue		–	–	–	1,629	1,629
Warrants		41	–	300	–	–
Exercised warrants		–	–	–	2,329	2,329
Repayment of lease liabilities		-893	-1,516	-2,812	-3,232	-4,378
Repayment of loans		-6,819	-4,976	-18,903	-14,477	-19,576
Cash flow from financing activities		-7,671	-6,942	-22,374	-13,768	-20,152
Total cash flow		-35,498	-30,015	-95,687	-165,557	-216,234
Cash and cash equivalents at the beginning of the period		251,672	388,005	306,209	521,574	521,574
Exchange rate differences related to cash and cash equivalents		2,973	-2,857	8,624	-884	869
Cash and cash equivalents at the end of the period		219,146	355,133	219,146	355,133	306,209

Condensed Parent Company Income Statement and Statement of Comprehensive Income

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
OPERATING REVENUE					
Net sales	9,768	8,982	28,782	25,696	33,129
OPERATING EXPENSES					
Other external costs	-10,029	-1,954	-14,380	-6,467	-7,806
Personnel costs	-8,786	-3,451	-13,297	-10,689	-14,392
Depreciation and amortisation	-164	-82	-246	-246	-327
Other operating expenses	-45	–	-50	–	-75
Operating result	-294	3,495	810	8,294	10,529
Net financial items	-129,819	2	-131,753	-4,005	-247,033
Result after financial items	-130,113	3,497	-130,942	4,290	-236,504
Appropriations	–	–	–	–	-200,000 ¹
Result before tax	-130,113	3,497	-130,942	4,290	-436,504
Income tax	–	–	–	–	–
Net result for the period	-130,113	3,497	-130,942	4,290	-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 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets		819	1,146	1,064
Participations in Group companies		576,092	660,757	694,160
Receivables from Group companies		1,347	1,193	1,276
Total non-current assets		578,258	663,096	696,500
Current assets				
Receivables from Group companies		5,338	217,505	–
Tax receivables		417	464	194
Other receivables		240	1,158	198
Cash and cash equivalents		5,569	111,395	62,975
Total current assets		11,563	330,522	63,367
TOTAL ASSETS		589,821	993,618	759,868
EQUITY AND LIABILITIES				
Restricted equity		1,137	1,117	1,137
Unrestricted equity		435,693	985,732	566,144
Equity		436,830	986,849	567,281
Non-current liabilities				
Non-current liabilities to Group companies		96	96	96
Other non-current liabilities	3	9,567	–	8,090
Total non-current liabilities		9,664	96	8,186
Current liabilities				
Trade payables		359	640	1,753
Liabilities to Group companies		88,973	–	143,849
Other current liabilities	3	53,997	6,033	38,798
Total current liabilities		143,328	6,673	184,400
TOTAL EQUITY AND LIABILITIES		589,821	993,618	759,868

Notes

NOTE 1 Accounting policies

Readly 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 in 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	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Readly's digital magazine service	138,233	116,716	406,069	376,672	455,107
Other sales revenue	5,874	354	19,334	543	5,620
Total	144,107	117,071	425,403	327,215	460,727

Net sales by geographic region

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Germany	51,712	45,406	150,899	125,899	173,650
Sweden	24,205	26,045	73,791	73,511	99,617
UK	26,691	26,221	84,721	74,614	99,883
France	15,363	–	48,570	–	11,947
Rest of world	23,136	19,399	67,422	53,191	75,631
Total	144,107	117,071	425,403	327,215	460,727

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021
Total revenue	147,132	118,861	435,047	331,557
Change, %	23.8	27.3	31.2	30.5
of which:				
– organic growth, %	6.6	27.2	10.7	31.5
– currency effects & VAT, %	4.3	0.1	5.9	-1.0
– acquisitions, %	12.9	–	14.6	–

NOTE 3 Fair value of financial instruments

Readly 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 0.7 million that is recognised in the consolidated income statement.

SEKm

Opening balance 1 January 2022	41.2
Value adjustment	0.7
Restatement effect	3.9
Settled during the year	–
Closing balance 30 June 2022	45.9

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

Employee stock options outstanding as per 30 September 2022 totalled 478,333 (306,750), where option programmes subscribed for prior to 11 September 2020 entitled subscription for ordinary shares at a ratio of 1:5. Warrants outstanding as per 30 September 2022 totalled 947,133 (994,734), where option programmes subscribed for prior to 11 September 2020 entitled subscription for ordinary shares at a ratio of 1:5.

Changes in share capital

The following table illustrates the changes in share capital of Readly 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 September 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	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
FPS (Full-paying subscribers), number	446,861	435,372	446,861	435,372	478,362
Total revenue	147,132	118,861	435,047	331,557	466,308
Total revenue growth, %	23.8	27.3	31.2	30.5	32.2
ARPU ¹ (Average revenue per user), SEK	103	93	99	91	92
Gross profit ¹	48,060	39,829	145,661	110,989	156,127
Gross profit margin ¹ , %	32.7	33.5	33.5	33.5	33.5
Gross contribution ¹	25,330	-11,449	73,475	-39,355	-33,780
Gross contribution margin ¹ , %	17.2	-9.6	16.9	-11.9	-7.2
EBITDA ¹	-14,386	-45,721	-75,274	-151,382	-197,373
EBITDA margin ¹ , %	-9.8	-38.5	-17.3	-45.7	-42.3
Operating result	-20,604	-47,993	-93,207	-159,187	-209,528
Operating margin, %	-14.0	-40.4	-21.4	-48.0	-44.9
Adjusted operating result (excl IAC) ¹	-20,490	-47,993	-83,514	-159,187	-204,943
Adjusted operating margin (excl IAC) ¹ , %	-13.9	-40.4	-19.2	-48.0	-44.0
Total operating expenses	-167,736	-166,854	-528,254	-490,744	-675,836
Net result for the period	-19,021	-52,500	-91,055	-170,158	-219,601
Items affecting comparability	-114	–	-9,693	–	-4,585
Net margin, %	-12.9	-44.2	-20.9	-51.3	-47.1
Cash flow from operating activities	-20,498	-21,827	-50,775	-137,306	-165,470
Average number of employees	112	95	113	88	89
KPI data per share					
Basic and diluted earnings per share, SEK	-0.5	-1.4	-2.4	-4.6	-5.9
Basic and diluted equity per share, SEK	3.1	6.1	3.1	6.1	5.4
Weighted number of shares outstanding, basic and diluted	37,904,738	37,226,617	37,904,738	37,212,865	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			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
FPS (Full-paying subscribers), number	446,861	447,196	465,456	478,362	435,372	420,135	397,071	369,764	339,557	323,811	290,156
Total revenue	147,132	144,099	143,816	134,751	118,861	110,813	101,883	98,629	93,350	83,446	77,179
Total revenue growth, %	23.8	30.0	41.2	36.6	27.3	32.8	32.0	34.2	34.8	33.0	30.3
ARPU, SEK	103	97	97	95	93	91	91	94	94	93	92
Gross profit	48,060	48,771	48,830	45,138	39,829	37,292	33,868	33,595	31,308	26,952	25,203
Gross profit margin, %	32.7	33.8	34.0	33.5	33.5	33.7	33.2	34.1	33.5	32.3	32.7
Gross contribution	25,330	28,971	19,174	5,576	-11,449	-11,539	-16,367	-4,024	-14,722	-23,235	3,826
Gross contribution margin, %	17.2	20.1	13.3	4.1	-9.6	-10.4	-16.1	-4.1	-15.8	-27.8	5.0
Operating result	-20,604	-28,182	-44,421	-50,341	-47,993	-54,285	-56,908	-41,373	-51,152	-59,434	-37,816
Operating margin, %	-14.0	-19.6	-30.9	-37.4	-40.4	-49.0	-55.9	-41.9	-54.8	-71.2	-49.0
Adjusted operating result	-20,490	-25,650	-37,375	-45,755	-47,993	-54,285	-56,908	-40,302	-41,969	-56,068	-31,973
Adjusted operating margin, %	-13.9	-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	-19,021	-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.
Organic growth	Growth that the company achieves itself through its own sales, i.e., not through acquisitions.	Used as a measure of growth in the company's total revenue.
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.
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	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Total revenue	147,132	118,861	435,047	331,557	466,308
Publisher costs	-99,072	-79,031	-289,386	-220,568	-310,181
Gross profit	48,060	39,829	145,661	110,989	156,127
Gross profit margin, %	32.7	33.5	33.5	33.5	33.5

EBITDA and EBITDA margin

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
EBITDA	-14,386	-45,721	-75,274	-151,382	-197,373
Total revenue	147,132	118,861	435,047	331,557	466,308
EBITDA margin, %	-9.8	-38.5	-17.3	-45.7	-42.3

Equity per share

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Weighted number of shares outstanding	37,904,738	37,226,617	37,904,738	37,212,865	37,327,803
Total equity	117,250	225,441	117,250	225,441	201,714
Equity per share (SEK)	3.1	6.1	3.1	6.1	5.4

Net margin

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Net result for the period	-19,021	-52,500	-91,055	-170,158	-219,601
Total revenue	147,132	118,861	435,047	331,557	466,308
Net margin, %	-12.9	-44.2	-20.9	-51.3	-47.1

Operating result and operating margin

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Total revenue	147,132	118,861	435,047	331,557	466,308
Total operating expenses	-167,736	-166,854	-528,254	-490,744	-675,836
Operating result	-20,604	-47,993	-93,207	-159,187	-209,528
Operating margin, %	-14.0	-40.4	-21.4	-48.0	-44.9

Adjusted operating result (excl IAC)

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Operating result (EBIT)	-20,604	-47,993	-93,207	-159,187	-209,528
Items affecting comparability					
Restructuring, and transaction and integration costs upon acquisition of Toutabo SA	114	–	9,693	–	4,585
Adjusted operating result (excl IAC)	-20,490	-47,993	-83,514	-159,187	-204,943
Total revenue	147,132	118,861	435,047	331,557	466,308
Adjusted operating margin (excl IAC), %	-13.9	-40.4	-19.2	-48.0	-44.0

Growth in total revenue

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Total revenue	147,132	118,861	435,047	331,557	466,308
Total revenue growth, %	23.8	27.3	31.2	30.5	32.2

Total operating expenses

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Publisher costs	-99,072	-79,031	-289,386	-220,568	-310,181
Marketing costs	-22,730	-51,278	-72,186	-150,344	-189,906
Other external costs	-12,491	-12,152	-55,667	-41,978	-62,862
Personnel costs	-24,762	-21,683	-85,520	-66,893	-94,977
Depreciation and amortisation	-6,218	-2,272	-17,933	-7,805	-12,155
Other operating expenses	-2,463	-438	-7,563	-3,155	-5,754
Total operating expenses	-167,736	-166,854	-528,254	-490,744	-675,836

Gross contribution & Gross contribution margin

SEKt	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Total revenue	147,132	118,861	435,047	331,557	466,308
Publisher costs	-99,072	-79,031	-289,386	-220,568	-310,181
Marketing costs	-22,730	-51,278	-72,186	-150,344	-189,906
Gross contribution	25,330	-11,449	73,475	-39,355	-33,780
Gross contribution margin, %	17.2	-9.6	16.9	-11.9	-7.2

Supplementary information

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Financial calendar

Year-end report January–December 2022	16 February 2023
2022 Annual Report	30 March 2023
Interim report January–March 2023	4 May 2023
2023 Annual general meeting	10 May 2023
Interim report January–June 2023	17 August 2023
Interim report January–September 2023	9 November 2023
Year-end report January–December 2023	8 February 2024

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. CET on 11 November 2022.

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.

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 CEO give his assurance that the interim 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 November 2022

Mats Brandt
President and CEO

Auditor's review report

Readyly International AB (Corp. Reg. No. 556912-9593)

Introduction

We have reviewed the condensed interim financial information (interim report) for Readyly International AB as per 30 September 2022 and the nine-month period ending on this date. The Board of Directors and the CEO are responsible for preparing and presenting this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and

is substantially less in scope than an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden. The review procedures performed in a review do not allow us to obtain such an assurance that we become aware of all of the important circumstances that could have been identified in an audit. The conclusion expressed on the basis of a review does not, therefore, have the same assurance as a conclusion based on an audit.

Conclusion

Based on our review, no circumstances have arisen that give us reason to believe that this interim report is not, in all material respects, prepared in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group and in accordance with the Swedish Annual Accounts Act for the parent company.

Stockholm, 11 November 2022

Öhrlings PricewaterhouseCoopers AB

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