



## YEAR-END REPORT 2022

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**POWER 100**  
FEMALE LEADERS GUIDING  
THE INDUSTRY THROUGH  
A DYNAMIC AND DISRUPTIVE ERA

**AN UNSUNG  
#METOO HERO SPEAKS**  
LAUREN O'CONNOR, WHO WROTE  
THE INITIAL MEMO THAT  
HELPED TOPPLE HARVEY WEINSTEIN,  
FINALLY TELLS HER TALE

**'WHAT IS A QUEEN?'**  
ANGELA BASSETT, HILDUR GUDNADÓTTIR  
AND SOPHIE HYDE FIT THE BILL,  
WRITE DANAI GURIRA, CATE BLANCHETT  
AND EMMA THOMPSON



# Strong revenue growth, record high margins and on the path to profitability

## 1 OCTOBER–31 DECEMBER 2022

- Revenue for the quarter totalled SEK 156.6 million (134.8), an increase of 16.2 per cent compared with the fourth quarter of 2021.
- The number of full-paying subscribers (FPS) declined 5.4 per cent to 452,466 (478,362) at the end of the quarter.
- Gross profit increased 27.5 per cent to SEK 57.5 million (45.1), corresponding to a gross profit margin of 36.7 per cent (33.5).
- The gross contribution margin for the period was 21.0 per cent (4.1).
- Adjusted operating result (EBITDA, excl. IAC) was SEK -12.1 million (-41.4), corresponding to an operating margin of -7.7 per cent (-30.7).
- Adjusted operating result (EBIT, excl. IAC) was SEK -21.3 million (-45.8), corresponding to an operating margin of -13.6 per cent (-34.0).
- Operating result (EBIT) was SEK -49.3 million (-50.3), corresponding to an operating margin of -31.5 per cent (-37.4).
- Net financial items for the quarter amounted to SEK 20.1 million (1.0), which partly consisted of a value adjustment of the earn-out consideration related to the acquisition of Readly France SA. The value adjustment had a positive impact on net financial items of SEK 20.5 million. In addition, net financial items consisted of interest expenses and exchange rates.
- Earnings per share were SEK -0.8 (-1.3) before and after dilution.

## 1 JANUARY–31 DECEMBER 2022

- Revenue for the period totalled SEK 591.6 million (466.3), an increase of 26.9 per cent compared with the year-earlier period.
- The number of full-paying subscribers (FPS) declined 5.4 per cent to 452,466 (478,362) at the end of December.
- Gross profit increased 30.1 per cent to SEK 203.2 million (156.1), corresponding to a gross profit margin of 34.3 per cent (33.5).
- The gross contribution margin for the period was 18.0 per cent (-7.2).
- Adjusted operating result (EBITDA, excl. IAC) was SEK -77.7 million (-192.8), corresponding to an operating margin of -13.1 per cent (-41.3).
- Adjusted operating result (EBIT, excl. IAC) was SEK -104.8 million (-204.9), corresponding to an operating margin of -17.7 per cent (-44.0).
- Operating result (EBIT) was SEK -142.5 million (-209.5), corresponding to an operating margin of -24.1 per cent (-44.9).
- Net financial items amounted to SEK 20.8 million (-9.9) which partly consisted of a value adjustment of the earn-out consideration related to the acquisition of Readly France SA. The value adjustment had a positive impact on net financial items of SEK 19.9 million. In addition, net financial items consisted of interest expenses and exchange rates.
- Earnings per share were SEK -3.2 (-5.9) before and after dilution.
- The board of directors is proposing to the annual general meeting that no dividend should be paid to shareholders.

### KEY DATA

SEKt, unless stated otherwise	Oct–Dec 2022	Oct–Dec 2021	YoY change, %	Jan–Dec 2022	Jan–Dec 2021	YoY change, %
FPS (Full-paying subscribers), number	452,466	478,362	-5.4	452,466	478,362	-5.4
Total revenue	156,566	134,751	16.2	591,613	466,308	26.9
ARPU (Average revenue per user), SEK	109	95	16.0	102	92	10.2
Gross profit	57,530	45,138	27.5	203,191	156,127	30.1
Gross profit margin, %	36.7	33.5	—	34.3	33.5	—
Gross contribution	32,941	5,576	—	106,416	-33,780	—
Gross contribution margin, %	21.0	4.1	—	18.0	-7.2	—
Operating result	-49,264	-50,341	2.1	-142,471	-209,528	32.0
Operating margin, %	-31.5	-37.4	—	-24.1	-44.9	—
Adjusted operating result	-21,309	-45,755	-5.6	-104,823	-204,943	35.7
Adjusted operating margin, %	-13.6	-34.0	3.1	-17.7	-44.0	21.7
Net result for the period	-28,905	-49,443	41.5	-119,960	-219,601	45.4
Basic and diluted earnings per share, SEK	-0.8	-1.3	41.9	-3.2	-5.9	46.2

# European leader in digital subscriptions

We are currently the European leader in "all-you-can-read" subscriptions for digital magazines and daily newspapers with 6,900 "all-you-can-read" titles and subscribers in more than 50 countries. In collaboration with 1,200 publishers worldwide, Readly is digitalising the industry. In 2022, Readly distributed approximately 290,000 issues of magazines and daily newspapers that have been read a total of 150 million times. Since September 2020, Readly's shares are listed on Nasdaq Stockholm.



## 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.

452,466

### Number of full-paying subscribers

During the quarter, the number of subscribers declined 5 per cent.

7,600

### Number of titles in the Group

In 2022, Readly added more than 1,250 new magazines and 222 daily newspapers including local and regional issues. In total, including the "all-you-can-read", the B2B offer and the sale of physical subscriptions through Toutabo, the entire offering amounts to 7,600 titles.

1,200

### Number of publishers

Readly signed 160 new issues during 2022 and now collaborates with a total of 1,200 publishers.

4.7

### App rating

High rating from users.



# Strong revenue growth, record high margins and on the path to profitability

**WE POSTED A QUARTER** with strong revenue growth and improved results. Revenue increased 16 per cent to SEK 157 million (135) and ARPU increased significantly to SEK 109 (95) largely as a result of the price increases that have been well-received in our markets. For the full-year 2022, revenue grew 27 per cent, which meant that we exceeded our financial target of 25 per cent. Quarter-on-quarter, the number of full-paying subscribers increased 1.3 per cent to 452,466 (446,861). This is the first time since the fourth quarter of 2021 that we increase paying subscribers despite significantly lower marketing investments compared with 2021.

The fourth quarter gross profit margin was 36.7 per cent, which was higher than for any previously reported quarter and exceeded our long-term financial target of 35 per cent. The increase in the gross profit margin demonstrates Readly's capacity to create value and reinforces the credibility of our business model.

The gross contribution improved during the fourth quarter to 21.0 per cent (4.1) and the adjusted EBITDA margin improved to -7.7 per cent (-30.7). This was the seventh consecutive quarter with an improved adjusted EBITDA margin, in line with our financial goal to reach profitability.

**Raised engagement through articles, personalised content and an enhanced mobile experience**

The product development continues in an accelerated pace with focus on personalising the experience based on individual reading habits as well as on facilitating discovery of new content in relevant areas of interest for each reader. We believe that serving the right content, in the right format and at the right time has great potential.



“For the full year, Readly welcomed 158 new publishers, 1,259 new magazines and 222 new daily newspapers, including local and regional editions.”

“Our transition into a profitable company is ongoing and we are now progressing slightly faster than expected.”

As part of contributing to the above, we accelerated the development of automated article recommendations during the quarter. Podcasts listening continues to develop and provide valuable user insights that will guide us into the next phase of audio based services. Moreover, a design update in December, showcasing the mobile-friendly article view even more prominently, generated a 50 per cent increase in article clicks among unique users.

#### **Strong development of our offering — globally and in France**

As previously announced, we started partnerships with Disney and the Swedish daily newspaper Svenska Dagbladet in the fourth quarter. We have also added New Scientist, the world's most popular scientific publication, to our offering. The number of publishers we are working with in France has grown rapidly, and in the fourth quarter, 15 French publishers joined with 83 French titles. By the year end, our French portfolio comprised more than 550 French magazines and daily newspapers.

Globally, we welcomed 25 new publishers and 258 new titles in the fourth quarter. For the full year, Readly welcomed 158 new publishers, 1,259 new magazines and 222 new daily newspapers, including local and regional editions, thereby creating excellent preconditions for increased customer growth.

#### **Successful partnerships generate scalable growth**

We launched several new campaigns together with McDonalds, Italo Treno and Budbee and completed activations together with Freenet, Tchibo and COOP. In general, partnerships with leading brands remain a key channel for growth and we launched more than 100 campaigns with new and existing partners during the year. Partnerships comprise a scalable and cost-efficient channel that accounts for a rising share of customer growth.

#### **Focus on profitable growth**

The transition toward more effective marketing continues. Better allocation between different countries and channels is delivering good outcomes in terms of key metrics such as conversion and lifetime value. We have also noted a much lower level of churn than in previous years. New campaigns and a partial change of direction is attracting more loyal customers and we are working actively to promote new customers quickly discovering the breadth and depth of our offering at an early stage.

#### **En route to profitability**

Our transition into a profitable company is ongoing and we are now progressing slightly faster than expected. Growth rates in Germany and the UK are good and with new content, new partners and new product initiatives, we believe that the trend will continue and that we will also see good global growth. We are cautious of the challenges that the current macroeconomic climate can result in, but our financial targets remain firm and we are well-placed to continue to execute our strategy and to achieve profitability with existing resources.

Mats Brandt  
President and CEO  
Readly  
February 2023

# Revenue and result

**TOTAL REVENUE** FOR the fourth quarter amounted to SEK 156.6 million (134.8), an increase of 16.2 per cent over the year-earlier quarter. Total revenue increased 9.6 per cent, adjusted for currency effects. The increase was primarily due to increased average revenue per user (ARPU), growth in Germany and to revenue from Readly France SA. The number of full-paying subscribers declined 5.4 per cent to 452,466 (478,362) and was the result of an adapted marketing spend with focus on profitable unit economics. Organic growth in the fourth quarter was 13.1 per cent. Adjusted for currency effects, organic growth was 6.9 per cent.

Of the core markets in 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 25.7 per cent to SEK 60.0 million (47.8). Adjusted for currency effects, growth in Germany was 16.5 per cent. Growth in Germany was driven primarily by price increases. In the UK, revenue increased 16.1 per cent to SEK 29.3 million (25.3), and revenue in Sweden decreased -11.7 per cent to SEK 23.1 million (26.1). The decline in growth in Sweden was primarily driven by a decline in marketing costs compared with the year-earlier period and that price increases have yet to be implemented in Sweden. Adjusted for currency effects, growth in the UK was 10.2 per cent. Revenue from Readly France SA increased 48.0 per cent, totalling SEK 17.7 million (11.9) and accounting for 11.4 per cent of net sales. The comparison period for Readly France SA in the preceding year only included two of the three months. Other markets grew 12.5 per cent, totalling SEK 25.2 million (22.4) during the quarter and accounted for 16.3 per cent of net sales in the period. Of the other markets, it was mainly Switzerland and Austria that contributed. Revenue in Switzerland increased 49.3 per cent and revenue in Austria rose 19.9 per cent.

Gross profit improved 27.5 per cent to SEK 57.5 million (45.1), corresponding to a gross profit margin of 36.7 per cent (33.5). The increase in gross profit margin was mainly related to lower publisher costs in relation to total revenue. The gross contribution for the period was SEK 32.9 million (5.6), corresponding to a gross contribution margin of 21.0 per cent (4.1). 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 increased 10.5 per cent in the fourth quarter and totalled SEK -99.0 million (-89.6). The increase in publisher costs was driven by revenue growth. Personnel costs increased 13.2 per cent and totalled SEK -31.8 million (-28.1). Other external costs declined 39.9 per cent and totalled SEK -36.3 million (-60.5). The main reason for the increase in personnel costs and the decline in other external costs was that external consultants were, as according to plan, replaced with regular staff. The fourth quarter included extraordinary operating expenses of SEK -1.0 million, which pertained to transaction costs for the public cash offer. Total operating expenses increased 11.2 per cent to SEK -205.8 million (-185.1).

Adjusted operating result (EBITDA, excl IAC) was -12.1 million (-41.4), corresponding to an adjusted EBITDA margin of -7.7 per cent.

EBITDA included extraordinary expenses of SEK -1.0 million, which pertained to transaction costs for the public cash offer.

The operating result (EBIT) improved 2.1 per cent to SEK -49.3 million (-50.3), corresponding to an operating margin of -31.5 per cent (-37.4). The operating result was negatively impacted by an impairment that did not affect liquidity of SEK 27.0 million related to goodwill from the acquisition of Readly France SA.

## Financial items

Net financial items for the quarter amounted to SEK 20.1 million (1.0), which partly consisted of a value adjustment of the earn-out consideration related to the acquisition of Readly France SA that had a positive impact on net financial items of SEK 20.5 million. In addition, net financial items consisted of interest expenses attributable to the credit facility raised, and 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 0.2 million (-0.1) and comprised deferred tax relating to acquisitions. The Group has unutilised loss carryforwards of SEK 1,134 million (1,028), which mainly pertain to Sweden, that are not carried in the balance sheet.

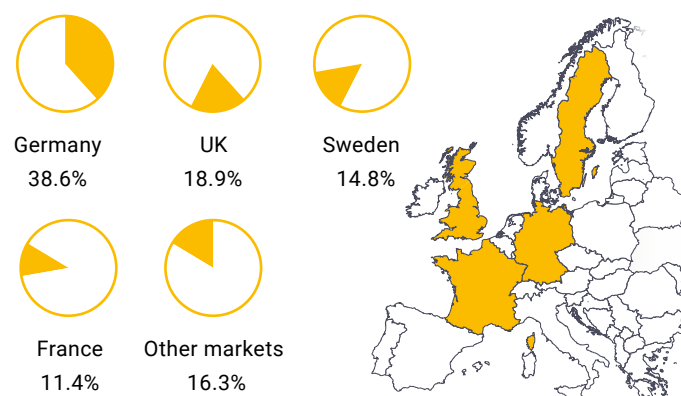
## Net result for the period and earnings per share

The Group reported a net result for the period of SEK -28.9 million (-49.4), corresponding to earnings per share of SEK -0.8 (-1.3) before and after dilution.

## Number of employees

The average number of staff including consultants was 137 (150) during the fourth quarter, of which the average number of employees was 110 (106).

## Percentage share of net sales broken down by geographic market for the period October–December 2022



# Revenue and result

**TOTAL REVENUE INCREASED** 26.9 per cent to SEK 591.6 million (466.3). Total revenue growth adjusted for currency effects was 20.6 per cent. The increase was driven primarily by increased average revenue per user (ARPU) and by revenue from Readly France SA. The number of full-paying subscribers declined 5.4 per cent to 452,466 (478,362) and was the result of an adapted marketing spend with focus on profitable unit economics. Organic revenue growth for the year was 15.6 per cent. Adjusted for currency effects, organic growth was 9.9 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 21.5 per cent to SEK 210.9 million (173.6). Adjusted for currency effects, growth in revenue for Germany was 15.8 per cent. In the UK, revenue increased 14.2 per cent to SEK 114.1 million (99.9), and revenue in Sweden decreased 2.8 per cent to SEK 96.8 million (99.6). Adjusted for currency effects, growth in the UK was 8.1 per cent. Revenue from Readly France SA amounted to SEK 66.3 million (11.9) and represented 11.4 per cent of total net sales. Other markets increased 22.5 per cent, totalling SEK 92.7 million (75.6) and accounting for 16.0 per cent of net sales.

Gross profit increased 30.1 per cent to SEK 203.2 million (156.1), corresponding to a gross profit margin of 34.3 per cent (33.5). The gross contribution for the period was SEK 106.4 million (-33.8), corresponding to a gross contribution margin of 18.0 per cent (-7.2). 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 25.2 per cent and totalled SEK -388.4 million (-310.2). The increase in publisher costs was driven by revenue growth. Personnel costs increased 23.5 per cent and totalled SEK -117.3 million (-95.0). Other external costs declined 35.0 per cent and totalled SEK -164.2 million (-252.8). The main reason for the increase in personnel costs and the decline in other external costs was restructuring costs, and that external consultants were, as according to plan, replaced with regular staff. Total operating expenses increased 8.6 per cent to SEK -734.1 million (-675.8). Operating costs for the year included extraordinary operating expenses totalling SEK 10.6 million, of which SEK 3.5 million related to severance pay associated with the former CEO. Other costs pertain to restructuring costs, integration costs related to Readly France SA and transaction costs for the public cash offer.

Adjusted operating result (EBITDA, excl IAC) was -77.7 million (-192.8), corresponding to adjusted EBITDA margin of 13.1 per cent (-41.3). EBITDA included extraordinary expenses of SEK -1.0 million, which pertained to transaction costs for the public cash offer and SEK -9.6 million pertained to restructuring and integration cost related to Readly France SA.

The operating result (EBIT) improved 32.0 per cent to SEK -142.5 million (-209.5), corresponding to an operating margin of -24.1 per cent (-44.9). The operating result was negatively impacted by an impairment that did not affect liquidity of SEK 27.0 million related to goodwill from the acquisition of Readly France SA.

## Financial items

Net financial items amounted to SEK 20.8 million (-9.9), which partly consisted of a value adjustment for the earn-out consideration related to the acquisition of Readly France SA that had a positive impact on net financial items of SEK 19.9 million. In addition, net financial items consisted of interest expenses attributable to the credit facility raised, and 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 1.6 (-0.2) million and comprised deferred tax relating to acquisitions. The Group has unutilised loss carryforwards of SEK 1,134 million (1,028), which mainly pertain to Sweden, that are not carried in the balance sheet.

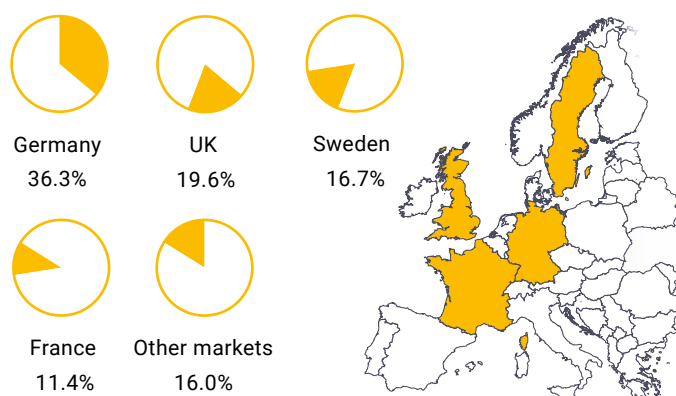
## Net result for the period and earnings per share

The Group reported a net result for the period of SEK -120.0 million (-219.6), corresponding to earnings per share of SEK -3.2 (-5.9) before and after dilution.

## Number of employees

The average number of staff including consultants was 144 (124) during the twelve-month period, of which the average number of employees was 111 (89).

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



# Cash flow

**CASH FLOW FROM** operating activities before changes in working capital was SEK -91.3 million (-204.1). Cash flow from operating activities was SEK -62.7 million (-165.5), primarily due to improved results. The change in working capital was mainly attributable to improved sales and higher publisher payables.

Cash flow from investing activities was SEK -32.7 million (-30.6), of which SEK -32.8 million (-21.7) pertained to capitalised product development costs. Financial assets decreased and had a positive effect of SEK 0.2 million on investing activities.

Cash flow from financing activities was SEK -31.2 million (-20.2). During the year, amortisation of loans totalled SEK -26.8 million (-19.6) and lease liabilities SEK -3.7 million (-4.4). The acquisition of additional participations in Ready France SA amounted to SEK -0.9 million.

31 DECEMBER 2022 (31 DECEMBER 2021)

# Financial position

**CASH AND CASH EQUIVALENTS** as per 31 December 2022 amounted to SEK 188.7 million (306.2).

Capitalised development expenditure amounted to SEK 58.3 million (40.6), and other intangible assets, identified surplus value linked to acquisitions, totalled SEK 35.2 million (40.1). As of 31 December 2022, the Group recognised goodwill of SEK 50.0 million (70.7), which was attributable to the acquisition of Ready France SA. Impairment of SEK 27.0 million related to goodwill was recognised in 2022.

The Group's shareholders' equity as per 31 December 2022 amounted to SEK 90.6 million (201.7), which represented equity per share of SEK 2.4 (5.4). The change in equity was mainly due the net result for the period of SEK -120.0 million (-219.6) and exchange rate effects when translating foreign subsidiaries of SEK 9.2 million (3.0).

Total liabilities amounted to SEK 292.5 million (305.8) as per 31 December 2022. The Group recognised an earn-out consideration of SEK 26.2 million (41.2) and a deferred tax liability of SEK 9.3 million (10.6), which arose in connection with the acquisition. As of 31 December, a value adjustment of SEK 20.8 million was made concerning the earn-out consideration. Other liabilities mainly comprised publisher payables and lease liabilities.

Total credit facilities amounted to SEK 18.2 million (41.2), of which loans entered into with Kreos Capital during the second quarter of 2020 were repaid in their entirety as of 31 December 2022. The credit facility is entirely attributable to Ready France SA. Amortisation during the year totalled SEK 26.8 million and interest expenses totalled SEK 1.3 million.

Ready's primary strategic priority has historically been revenue growth. As a result of this, Ready 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

## New initiatives for increased customer growth

In November, Netflix launched its cheaper, advertisement supported service, Netflix Basic with Ads, which offers customers in selected markets the opportunity of compensating the cost of a Netflix subscription by allowing advertisement breaks in programming. According to the analysis company Antenna, the service received a weak reception, with only 9 per cent of subscribers in the US signing up for the option in November 2022.

The British publication The Economist has instead experimented with advantageous customer offerings and offered access to the newspaper for some six months at half price. The Financial Times, The Economist, Bloomberg and NYT are instead testing allowing certain articles to be accessible through the new app Informed, which was launched in November<sup>1</sup>.

In the past few months, many players have also broadened their offering with new content format. Spotify has launched audiobooks<sup>2</sup> and plans to continue to expand its product portfolio as it has identified growth opportunities both in its established markets and in its development markets<sup>3</sup>. The audiobook company Nextory has launched a digital magazine<sup>4</sup>, and Netflix continues to expand its range of games.<sup>5</sup> Readly's entry into the market for pods continued in the final quarter of the year when a record-high average amount of listening was recorded, which was some four times as high compared with the preceding quarter. This is partly a result of product development in the app that makes pods more visible as well as a successful newsletter in the Swedish market which marketed popular pods from two of the country's largest daily newspapers – SvD and Aftonbladet – in October.

## French daily newspapers hiking prices.

In late December, many daily newspapers in France, including Le Figaro, Les Echos, Le Monde, Libération and L'Equipe, raised the price of their paper editions starting in January 2023. The reason for

this is printing and production costs, but also that paper manufacturers are transitioning to an increased production of cardboard to meet rising demand related to e-commerce<sup>6</sup>. During the quarter, Libération also signed an agreement with Readly and is now available on the platform to increase its reach amongst those consumers who prefer to read their daily newspapers digitally. A survey from Statista showed that a majority of the national and regional publishers surveyed in 32 countries (41 per cent) had raised the price of their printed newspaper by 11 to 20 per cent in 2022<sup>7</sup>.

## Product development of publishers is becoming increasingly business critical

The investigative company Nieman Lab have released their predictions for 2023. The British industry publication What's New in Publishing have, inter alia, seized on two recurring themes from the survey – AI and product development<sup>8</sup>. It is predicted that generative AI will take a place in the editorial toolbox, thereby reaching readers as they, in particular, read more simple types of news reports such as summaries and briefs. At the same time, there is great concern on ethics, ownership and the quality of AI-generated content. How can correct information be guaranteed? The use of AI is still at an experimental stage, but could be utilised in 2023. Furthermore, 2023 is believed to be the year in which product development becomes an increasingly business critical function with publishers. New products and technical solutions such as the FT Edit app from The Financial Times, The New York Times' machine-learned article recommendations and the digital Fantasy Fund Manager game from Dagens Næringsliv<sup>9</sup>. However, we are far away from every publisher having the resources to entirely leave behind the printed format and invest in rapidly changing technology. Many publishers therefore turn to Readly to take advantage of digitalisation.

1) <https://tech.eu/2022/11/11/informed/>

2) <https://newsroom.spotify.com/2022-09-20/with-audiobooks-launching-in-the-u-s-today-spotify-is-the-home-for-all-the-audio-you-love/>

3) <https://techcrunch.com/2022/09/08/spotify-begin-testing-audiobooks-very-soon/>

4) <https://news.cision.com/se/nextory-ab/r/nextory-lanserar-magasin-i-sverige---tecknar-avtal-med-aller-media,c3678039>

5) <https://techcrunch.com/2022/12/13/netflix-mobile-games-release-vikings-valhalla-game-next-year/>

6) [https://www.lemonde.fr/en/economy/article/2022/12/29/french-newspapers-hit-hard-by-soaring-paper-and-energy-costs\\_6009579\\_19.html](https://www.lemonde.fr/en/economy/article/2022/12/29/french-newspapers-hit-hard-by-soaring-paper-and-energy-costs_6009579_19.html)

7) <https://www.statista.com/statistics/1344634/price-increase-share-print-media-worldwide/>

8) <https://whatsnewinpublishing.com/nieman-labs-predictions-for-2023-our-top-picks/>

9) <https://innovation.media/insights/15-best-digital-product-innovations>

# Other

## Significant events during the period

On 5 December 2022, Tidnings AB Marieberg, a subsidiary to Bonnier News Group AB, published a public cash offer of SEK 12 per share to the shareholders of Readly International AB (publ). Also on 5 December 2022, Readly's independent bid committee announced its recommendation to the shareholders of Readly International AB (publ) to accept the offer. The acceptance period for the offer commenced on 8 December 2022 and concluded on 13 January 2023.

## Significant events after the end of the period

On 1 January 2023, Matti Zemack took on the role as Chief Technology Officer (CTO) and as a member of the senior management team. He replaced Frederik Blauenfeldt Jeppsson who acted as interim CTO and member of the senior management team.

On 11 January 2023, Tidnings AB Marieberg announced that the acceptance period for the public cash offer to shareholders of Readly International AB (publ) had been extended until 3 February 2023.

On 26 January 2023, Tidnings AB Marieberg announced an increase of the price in the public cash offer to SEK 14.40 per share and that the acceptance period was further extended to 9 February 2023.

On 13 February 2023, Tidnings AB Marieberg announced the outcome of the price public cash offer which amounted to approximately 63,7 per cent of the share capital and the voting rights in Readly. Tidnings AB Marieberg has now decided to further extend the acceptance period up to and including 23 February 2023.

## 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

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

## Business risks

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

## Financial risks

Readyly 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 Readyly's capital requirement is required. Following the listing of shares of Readyly 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 Readyly 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 Readyly's cash position to ensure that the company has sufficient liquidity to meet its operational needs. Readyly 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 in January–December 2022 (January–December 2021)**

Revenue for the year totalled SEK 35.4 million (33.1) and pertained to services provided to subsidiaries and brands. The Parent Company reported a loss for the period of SEK -158.5 million (-436.5), of which net financial items totalled SEK -157.7 million (-247.0). Net financial items for the year comprised the impairment of shares of subsidiaries totalling SEK 152.2 million and currency effects and the discounting of earn-out considerations. 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 31 December 2022 (31 December 2021)**

Cash and cash equivalents on 31 December 2022 amounted to SEK 2.2 million (63.0).

Shares in subsidiaries amounted to SEK 530.0 million (694.2) as per 31 December 2022.

Equity in the Parent Company amounted to SEK 409.3 million (567.3). The change was due to the net result for the year.

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

As per 31 December 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 31 December 2022 totalled 470,250 (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 31 December 2022 totalled 737,800 (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	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Net sales	2	155,337	133,512	580,740	460,727
Other revenue		1,229	1,239	10,873	5,581
<b>Total revenue</b>		<b>156,566</b>	<b>134,751</b>	<b>591,613</b>	<b>466,308</b>
<b>OPERATING EXPENSES</b>					
Publisher costs		-99,036	-89,613	-388,422	-310,181
Other external costs		-36,330 <sup>1</sup>	-60,447 <sup>2</sup>	-164,182 <sup>3</sup>	-252,769 <sup>4</sup>
Personnel costs		-31,795	-28,084	-117,314	-94,977
Depreciation and amortisation		-36,193 <sup>5</sup>	-4,349	-54,126 <sup>5</sup>	-12,155
Other operating expenses		-2,477	-2,599	-10,040	-5,754
<b>Operating result</b>		<b>-49,264</b>	<b>-50,341</b>	<b>-142,471</b>	<b>-209,528</b>
Net financial items		20,130	1,002	20,833	-9,871
<b>Result before tax</b>		<b>-29,133</b>	<b>-49,339</b>	<b>-121,638</b>	<b>-219,399</b>
Income tax		228	-104	1,678	-202
<b>Net result for the period</b>		<b>-28,905</b>	<b>-49,443</b>	<b>-119,960</b>	<b>-219,601</b>
<b>Net result for the period attributable to the Parent Company shareholders</b>		<b>-28,888</b>	<b>-49,436</b>	<b>-119,883</b>	<b>-219,594</b>
<b>Attributable to non-controlling interests</b>		<b>-16</b>	<b>-7</b>	<b>-77</b>	<b>-7</b>
Basic and diluted earnings per share		-0.8	-1.3	-3.2	-5.9
Basic and diluted weighted average number of shares		37,904,738	37,668,870	37,904,738	37,327,803

- 1) Items affecting comparability of SEK 1.0 million pertained to transaction costs for the public cash offer in the fourth quarter.  
2) Items affecting comparability associated with the acquisition and integration of Readly France SA amounted to SEK 4.6 million.  
3) Items affecting comparability of SEK 10.7 million, of which SEK 9.7 million was associated with the restructuring of the Group and the integration of Readly France SA and SEK 1.0 million pertained to transaction costs for the public cash offer.  
4) Items affecting comparability associated with the acquisition and integration of Readly France SA amounted to SEK 4.6 million.  
5) Items affecting comparability of SEK 27.0 million pertained of impairment of goodwill.

## Consolidated Statement of Comprehensive Income

SEKt	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
<b>Net result for the period</b>	<b>-28,905</b>	<b>-49,443</b>	<b>-119,960</b>	<b>-219,601</b>
<b>Items that may be reclassified to profit or loss</b>				
Exchange rate differences on translating foreign operations	2,172	2,862	9,215	2,983
<b>Other comprehensive income for the period</b>	<b>2,172</b>	<b>2,862</b>	<b>9,215</b>	<b>2,983</b>
<b>Total comprehensive income for the period</b>	<b>-26,733</b>	<b>-46,581</b>	<b>-110,745</b>	<b>-216,618</b>
<b>Total comprehensive income attributable to the Parent Company shareholders</b>	<b>-26,717</b>	<b>-46,618</b>	<b>-110,717</b>	<b>-216,655</b>
<b>Total comprehensive income attributable to non-controlling interests</b>	<b>-17</b>	<b>37</b>	<b>-29</b>	<b>37</b>

# Consolidated Statement of Changes in Financial Position

SEKt	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		49,982	70,744
Other intangible assets		93,501	80,678
Property, plant and equipment		580	997
Right-of-use assets		7,973	11,244
Other non-current assets	3	9,874	9,297
<b>Total non-current assets</b>		<b>161,910</b>	<b>172,961</b>
<b>Current assets</b>			
Trade receivables		7,673	6,615
Other current assets		24,797	21,722
Cash and cash equivalents		188,706	306,209
<b>Total current assets</b>		<b>221,176</b>	<b>335,546</b>
<b>TOTAL ASSETS</b>		<b>383,086</b>	<b>507,507</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	4		
Equity attributable to the Parent Company shareholders		90,552	200,010
Equity attributable to non-controlling interests		5	1,704
<b>Total equity</b>		<b>90,557</b>	<b>201,714</b>
<b>Non-current liabilities</b>			
Lease liabilities		4,833	7,107
Other financial liabilities	3	–	8,090
Deferred tax liabilities		9,343	10,632
Long-term borrowings	5	11,197	16,721
Provisions		2,558	3,488
<b>Total non-current liabilities</b>		<b>27,930</b>	<b>46,038</b>
<b>Current liabilities</b>			
Other financial liabilities	3	26,170	33,134
Trade payables		44,569	41,697
Lease liabilities		2,701	3,266
Short-term borrowings	5	6,988	24,476
Other current liabilities		184,169	157,181
<b>Total current liabilities</b>		<b>264,598</b>	<b>259,754</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>383,086</b>	<b>507,507</b>

# 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
<b>Opening balance 1 January 2022</b>	<b>1,137</b>	<b>1,182,091</b>	<b>3,077</b>	<b>-986,295</b>	<b>200,010</b>	<b>1,704</b>	<b>201,714</b>
Net result for the period	-	-	-	-119,883	-119,883	-77	-119,960
Other comprehensive income	-	-	9,167	-	9,167	48	9,215
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>9,167</b>	<b>-119,883</b>	<b>-110,717</b>	<b>-29</b>	<b>-110,745</b>
<b>Transactions with owners</b>							
Transaction costs for issues	-	-14	-	-	-14	-	-14
Share-based remuneration	-	246	-	-	246	-	246
Warrants	-	300	-	-	300	-	300
Transactions with non-controlling interests	-	-	-	725	725	-1,670	-945
<b>Total transactions with owners</b>	<b>-</b>	<b>533</b>	<b>-</b>	<b>725</b>	<b>1,258</b>	<b>-1,670</b>	<b>90,557</b>
<b>Closing balance 31 December 2022</b>	<b>1,137</b>	<b>1,182,624</b>	<b>12,244</b>	<b>-1,105,453</b>	<b>90,552</b>	<b>5</b>	<b>90,557</b>

SEKt	Share capital	Other contributed capital	Translation difference	Retained earnings (including net result for the year)	Total	Non-controlling interests	Total equity
<b>Opening balance 1 January 2021</b>	<b>1,111</b>	<b>1,147,373</b>	<b>141</b>	<b>-766,701</b>	<b>381,904</b>	<b>-</b>	<b>381,904</b>
Net result for the period	-	-	-	-219,594	-219,594	-7	-219,601
Other comprehensive income	-	-	2,939	-	2,939	44	2,983
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2,939</b>	<b>-219,594</b>	<b>-216,655</b>	<b>37</b>	<b>-216,618</b>
<b>Transactions with owners</b>							
Issue of shares upon acquisition, net of transaction costs	20	21,188	-	-	21,208	-	21,208
Non-controlling interests that arose on acquisition of subsidiary	-	-	-	-	-	1,667	1,667
Warrants	-	1,629	-	-	1,629	-	1,629
Exercised warrants	6	11,749	-	-	11,755	-	11,755
Share-based remuneration	-	151	-	-	151	-	151
<b>Total transactions with owners</b>	<b>26</b>	<b>34,718</b>	<b>-</b>	<b>-</b>	<b>34,744</b>	<b>1,667</b>	<b>36,408</b>
<b>Closing balance 31 December 2021</b>	<b>1,137</b>	<b>1,182,091</b>	<b>3,077</b>	<b>-986,295</b>	<b>200,010</b>	<b>1,704</b>	<b>201,714</b>

# Consolidated Statement of Cash Flows

SEKt	Note	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Operating result (EBIT)		-49,264	-50,341	-142,471	-209,528
Depreciation and amortisation		36,193	4,350	54,126	12,155
Other items not affecting liquidity		200	-2,274	222	-2,120
Interest received		92	-	92	-
Interest paid		1,474	-1,017	-2,713	-4,124
Paid tax		-324	345	-509	-484
<b>Cash flow from operating activities before changes in working capital</b>		<b>-11,630</b>	<b>-48,937</b>	<b>-91,254</b>	<b>-204,101</b>
Change in working capital		-320	20,773	28,529	38,631
<b>Cash flow from operating activities</b>		<b>-11,950</b>	<b>-28,163</b>	<b>-62,725</b>	<b>-165,470</b>
Acquisition of subsidiaries, after deduction for acquired cash and cash equivalents		-	-7,314	-	-7,314
Investments in intangible and tangible assets		-9,920	-3,985	-32,861	-22,123
Investments in financial assets		-210	788	192	-1,175
<b>Cash flow from investing activities</b>		<b>-10,130</b>	<b>-10,511</b>	<b>-32,669</b>	<b>-30,612</b>
Transactions with non-controlling interests		-	-	-945	-
Transaction costs for issues		-	-139	-14	-156
Warrants		-	-	300	1,629
Exercised warrants		-	-	-	2,329
Repayment of lease liabilities		-893	-2,662	-3,706	-4,378
Repayment of loans		-7,905	-10,075	-26,808	-19,576
<b>Cash flow from financing activities</b>		<b>-8,799</b>	<b>-12,876</b>	<b>-31,172</b>	<b>-20,152</b>
<b>Total cash flow</b>		<b>-30,880</b>	<b>-51,551</b>	<b>-126,556</b>	<b>-216,234</b>
Cash and cash equivalents at the beginning of the period		219,146	355,133	306,209	521,574
Exchange rate differences related to cash and cash equivalents		439	2,627	9,063	869
<b>Cash and cash equivalents at the end of the period</b>		<b>188,706</b>	<b>306,209</b>	<b>188,706</b>	<b>306,209</b>



# Condensed Parent Company Income Statement and Statement of Comprehensive Income

SEKt	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
<b>OPERATING REVENUE</b>				
Net sales	6,587	7,432	35,370	33,129
<b>OPERATING EXPENSES</b>				
Other external costs	-2,245	-1,339	-16,625	-7,806
Personnel costs	-5,852	-3,703	-19,149	-14,392
Depreciation and amortisation	-82	-82	-327	-327
Other operating expenses	-20	-75	-70	-75
<b>Operating result</b>	<b>-1,907</b>	<b>2,234</b>	<b>-802</b>	<b>10,529</b>
Net financial items	-25,969	-243,028	-157,721	-247,033
<b>Result after financial items</b>	<b>-27,581</b>	<b>-240,794</b>	<b>-158,523</b>	<b>-236,504</b>
Appropriations	–	-200,000 <sup>1</sup>	–	-200,000 <sup>1</sup>
<b>Result before tax</b>	<b>-27,581</b>	<b>-440,794</b>	<b>-158,523</b>	<b>-436,504</b>
Income tax	–	–	–	–
<b>Net result for the period</b>	<b>-27,581</b>	<b>-440,794</b>	<b>-158,523</b>	<b>-436,504</b>

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	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		737	1,064
Participations in Group companies		530,035	694,160
Receivables from Group companies		1,454	1,276
<b>Total non-current assets</b>		<b>532,225</b>	<b>696,500</b>
<b>Current assets</b>			
Receivables from Group companies		4,083	–
Tax receivables		100	194
Other receivables		398	198
Cash and cash equivalents		2,243	62,975
<b>Total current assets</b>		<b>6,823</b>	<b>63,367</b>
<b>TOTAL ASSETS</b>		<b>539,048</b>	<b>759,868</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity		1,137	1,137
Unrestricted equity		408,154	566,144
<b>Equity</b>		<b>409,291</b>	<b>567,281</b>
<b>Non-current liabilities</b>			
Non-current liabilities to Group companies		51	96
Other non-current liabilities	3	–	8,090
<b>Total non-current liabilities</b>		<b>51</b>	<b>8,186</b>
<b>Current liabilities</b>			
Trade payables		1,289	1,753
Liabilities to Group companies		90,034	143,849
Other current liabilities	3	38,383	38,798
<b>Total current liabilities</b>		<b>129,706</b>	<b>184,400</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>539,048</b>	<b>759,868</b>

# 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 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	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Readly's digital magazine service	147,506	128,435	553,576	455,107
Other sales revenue	7,830	5,077	27,164	5,620
<b>Total</b>	<b>155,337</b>	<b>133,512</b>	<b>580,740</b>	<b>460,727</b>

### Net sales by geographic region

SEKt	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Germany	60,011	47,751	210,910	173,650
Sweden	23,051	26,106	96,842	99,617
UK	29,346	25,269	114,067	99,883
France	17,681	11,947	66,250	11,947
Rest of world	25,248	22,439	92,670	75,631
<b>Total</b>	<b>155,337</b>	<b>133,512</b>	<b>580,740</b>	<b>460,727</b>

SEKt	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Total revenue	156,566	134,751	591,613	466,308
Change, %	16.2	36.6	26.9	32.2
of which:				
– organic growth, %	6.9	23.7	9.9	29.3
– currency effects & VAT, %	6.2	0.9	5.7	-0.4
– acquisitions, %	3.1	12.1	11.2	3.4

### 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 a value adjustment of SEK 19.9 million that is recognised in the consolidated income statement.

#### SEKm

<b>Opening balance 1 January 2022</b>	<b>41.2</b>
Value adjustment	-19.9
Restatement effect	4.8
Settled during the year	–
<b>Closing balance 31 December 2022</b>	<b>26.2</b>

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

Employee stock options outstanding as per 31 December 2022 totalled 470,250 (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 31 December 2022 totalled 737,800 (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 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 expired on 1 January 2023 and carried 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.

As of 31 December 2022, the loan has been repaid, and as of 9 January 2023, all collateral had been released.

## NOTE 6 Significant estimations and assessments

In the 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 1,134 million (1,028) as per 31 December 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	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
FPS (Full-paying subscribers), number	452,466	478,362	452,466	478,362
Total revenue	156,566	134,751	591,613	466,308
Total revenue growth, %	16.2	36.6	26.9	32.2
ARPU <sup>1</sup> (Average revenue per user), SEK	109	95	102	92
Gross profit <sup>1</sup>	57,530	45,138	203,191	156,127
Gross profit margin <sup>1</sup> , %	36.7	33.5	34.3	33.5
Gross contribution <sup>1</sup>	34,800	5,576	131,005	-33,780
Gross contribution margin <sup>1</sup> , %	22.2	4.1	22.1	-7.2
EBITDA <sup>1</sup>	-13,071	-45,991	-88,345	-197,373
EBITDA margin <sup>1</sup> , %	-8.3	-34.1	-14.9	-42.3
Operating result	-49,264	-50,341	-142,471	-209,528
Operating margin, %	-31.5	-37.4	-24.1	-44.9
Adjusted operating result (excl IAC) <sup>1</sup>	-21,309	-45,755	-104,823	-204,943
Adjusted operating margin (excl IAC) <sup>1</sup> , %	-13.6	-34.0	-17.7	-44.0
Total operating expenses	-205,830	-185,092	-734,084	-675,836
Net result for the period	-28,905	-49,443	119,960	-219,601
Items affecting comparability	-955	-4,585	-10,648	-4,585
Net margin, %	-18.5	-36.7	-20.3	-47.1
Cash flow from operating activities	-11,950	-28,164	-62,725	-165,470
Average number of employees	137	106	144	89
<b>KPI data per share</b>				
Basic and diluted earnings per share, SEK	-0.8	-1.3	-3.2	-5.9
Basic and diluted equity per share, SEK	2.4	5.4	2.4	5.4
Weighted number of shares outstanding, basic and diluted	37,904,738	37,668,870	37,904,738	37,327,803
Number of shares outstanding at end of the period	37,904,738	37,904,738	37,904,738	37,904,738

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

## Key Performance Indicator development

SEKt, unless stated otherwise	2022				2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
FPS (Full-paying subscribers), number	452,466	446,861	447,196	465,456	478,362	435,372	420,135	397,071	369,764	339,557	323,811	290,156
Total revenue	156,566	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, %	16.2	23.8	30.0	41.2	36.6	27.3	32.8	32.0	34.2	34.8	33.0	30.3
ARPU, SEK	109	103	97	97	95	93	91	91	94	94	93	92
Gross profit	57,530	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, %	36.7	32.7	33.8	34.0	33.5	33.5	33.7	33.2	34.1	33.5	32.3	32.7
Gross contribution	34,800	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, %	22.2	17.2	20.1	13.3	4.1	-9.6	-10.4	-16.1	-4.1	-15.8	-27.8	5.0
Operating result	-49,264	-20,604	-28,182	-44,421	-50,341	-47,993	-54,285	-56,908	-41,373	-51,152	-59,434	-37,816
Operating margin, %	-31.5	-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	-21,309	-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, %	-13.6	-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	-28,905	-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	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Total revenue	156,566	134,751	591,613	466,308
Publisher costs	-99,036	-89,613	-388,422	-310,181
<b>Gross profit</b>	<b>57,530</b>	<b>45,138</b>	<b>203,191</b>	<b>156,127</b>
<b>Gross profit margin, %</b>	<b>36.7</b>	<b>33.5</b>	<b>34.3</b>	<b>33.5</b>

## EBITDA and EBITDA margin

SEKt	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
EBITDA	-13,071	-45,991	-88,345	-197,373
Total revenue	156,566	134,751	591,613	466,308
<b>EBITDA margin, %</b>	<b>-8.3</b>	<b>-34.1</b>	<b>-14.9</b>	<b>-42.3</b>

## Equity per share

SEKt	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Weighted number of shares outstanding	37,904,738	37,668,870	37,904,738	37,327,803
Total equity	90,557	201,714	90,557	201,714
<b>Equity per share (SEK)</b>	<b>2.4</b>	<b>5.4</b>	<b>2.4</b>	<b>5.4</b>

## Net margin

SEKt	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net result for the period	-28,905	-49,443	-119,960	-219,601
Total revenue	156,566	134,751	591,613	466,308
<b>Net margin, %</b>	<b>-18.5</b>	<b>-36.7</b>	<b>-20.3</b>	<b>-47.1</b>

## Operating result and operating margin

SEKt	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Total revenue	156,566	134,751	591,613	466,308
Total operating expenses	-205,830	-185,092	-734,084	-675,836
<b>Operating result</b>	<b>-49,624</b>	<b>-50,341</b>	<b>-142,471</b>	<b>-209,528</b>
<b>Operating margin, %</b>	<b>-31.5</b>	<b>-37.4</b>	<b>-24.1</b>	<b>-44.9</b>

## Adjusted operating result (excl IAC)

SEKt	Oct-Dec 2022	Oct-Dec 2021	Jan-Sep 2022	Jan-Dec 2021
Operating result (EBIT)	-49,264	-50,341	-142,471	-209,528
<b>Items affecting comparability</b>				
Restructuring, transaction- and integration costs upon acquisition of Readly France SA	-	4,585	9,693	4,585
Transaction costs for the public cash offer	955	-	955	-
Impairment of goodwill	27,000	-	27,000	-
<b>Adjusted operating result (excl IAC)</b>	<b>-21,309</b>	<b>-45,755</b>	<b>-104,823</b>	<b>-204,943</b>
Total revenue	156,566	134,751	591,613	466,308
<b>Adjusted operating margin (excl IAC), %</b>	<b>-13.6</b>	<b>-34.0</b>	<b>-17.7</b>	<b>-44.0</b>

## Growth in total revenue

SEKt	Oct-Dec 2022	Oct-Dec 2021	Jan-Sep 2022	Jan-Dec 2021
Total revenue	156,566	134,751	591,613	466,308
<b>Total revenue growth, %</b>	<b>16.2</b>	<b>36.6</b>	<b>26.9</b>	<b>32.2</b>

## Total operating expenses

SEKt	Oct-Dec 2022	Oct-Dec 2021	Jan-Sep 2022	Jan-Dec 2021
Publisher costs	-99,036	-89,613	-388,422	-310,181
Marketing costs	-22,730	-39,652	-72,186	-189,906
Other external costs	-13,600	-20,884	-91,996	-62,862
Personnel costs	-31,795	-28,084	-117,314	-94,977
Depreciation and amortisation	-36,193	-4,349	-54,126	-12,155
Other operating expenses	-2,477	-2,599	-10,040	-5,754
<b>Total operating expenses</b>	<b>-205,830</b>	<b>-185,092</b>	<b>-734,084</b>	<b>-675,836</b>

## Gross contribution & Gross contribution margin

SEKt	Oct-Dec 2022	Oct-Dec 2021	Jan-Sep 2022	Jan-Dec 2021
Total revenue	156,566	134,751	591,613	466,308
Publisher costs	-99,036	-89,613	-388,422	-310,181
Marketing costs	-22,730	-39,562	-72,186	-189,906
<b>Gross contribution</b>	<b>34,800</b>	<b>5,576</b>	<b>131,005</b>	<b>-33,780</b>
<b>Gross contribution margin, %</b>	<b>22.2</b>	<b>4.1</b>	<b>22.1</b>	<b>-7.2</b>

# Supplementary information

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## Financial calendar

2022 Annual Report	30 March 2023
Interim report January–March 2023	4 May 2023
2023 Annual general meeting	13 June 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](http://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 through the agency of the contact persons above at 7:30 a.m. CET on 16 February 2023.

This year end 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 gives 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 describes the significant risks and uncertainties facing the Parent Company and the companies that are part of the Group.

Stockholm, 16 February 2023

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President and CEO



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