

Financial update

Q1 2024 is the third consecutive quarter with positive EBITDA. Revenue growth increased in the quarter to 8.3 per cent from 5.5 per cent in Q4 2023, adjusted for VAT and currency effects. The improved revenue can mainly be attributed to price adjustments in Sweden and Germany. We strive to sustain this positive trend, focusing on reaching an audience with a demonstrated willingness to pay for editorial content. Positive unit economics is a central aspect of our strategy to achieve robust profitability and cash flow, says Philip Lindqvist, president and CEO of Readly.

- Revenue for the period totalled SEK 174.0 million (158.4), an increase of 9.8 per cent compared with the first quarter of 2023. Adjusted for VAT and currency effects the revenue growth was 8.3 per cent.
- The number of full-paying subscribers (FPS) increased 1.1 per cent to 458,670 (453,631) at the end of the quarter.
- Gross profit increased 22.5 per cent to SEK 68.1 million (55.6), corresponding to a gross profit margin of 39.1 per cent (35.1).
- The gross contribution margin for the period was 28.1 per cent (19.6).
- Adjusted operating result (EBITDA, excl. IAC) was SEK 9.0 million (-9.0), corresponding to an adjusted EBITDA margin of 5.1 per cent (-5.7).
- Adjusted operating result (EBIT excl. IAC) was SEK 1.3 million (-20.2), corresponding to an adjusted operating margin of 0.7 per cent (-12.7).

KEY DATA

SEKt, unless stated otherwise	Jan–Mar 2024	Jan–Mar 2023	YoY change, %
FPS (Full-paying subscribers), number	458,670	453,631	1.1
Total revenue	173,963	158,436	9.8
ARPU (Average revenue per user), SEK	121	112	8.1
Gross profit	68,101	55,583	22.5
Gross profit margin, %	39.1	35.1	4.1
Gross contribution	48,814	31,079	57.1
Gross contribution margin, %	28.1	19.6	8.4
Adjusted EBITDA (excl. IAC)	8,995	-8,981	-
Adjusted EBITDA margin, %	5.1	-5.7	-
Operating result (EBIT)	-369	-33,298	98.9
Operating margin, %	-0.2	-21.0	20.8
Adjusted operating result (EBIT, excl. IAC)	1,259	-20,160	-
Adjusted operating margin, %	0.7	-12.7	-
Net result for the period	2,312	-33,794	-
Basic and diluted earnings per share, SEK	0.1	-0.9	-

Consolidated Income Statement

SEKt	Jan–Mar 2024	Jan–Mar 2023 ⁴	Jan–Dec 2023 ⁴
Net sales	173,949	158,290	663,066
Other revenue	14	146	162
Total revenue	173,963	158,436	663,228
OPERATING EXPENSES			
Publisher costs	-105,862	-102,852	-412,926
Other external costs	-31,529	-50,054 ¹	-135,791 ^{1,3}
Personnel costs	-26,732	-29,002	-124,890 ^{2,3}
Depreciation and amortisation	-7,696	-11,178	-45,298
Other operating expenses	-2,514	1,352	554
Operating result	-369	-33,298	-55,123
Net financial items	2,203	-1,012	-1,713
Result before tax	1,833	-34,310	-56,836
Income tax	479	517	2,218
Net result for the period	2,312	-33,794	-54,619
Net result for the period attributable to the Parent Company shareholders	2,335	-33,769	-54,930
Attributable to non-controlling interests	-22	-24	312
Basic and diluted earnings per share	0.1	-0.9	-1.4
Basic and diluted weighted average number of shares	37,904,738	37,904,738	37,904,738

1) Items affecting comparability associated with the public cash offer amount to SEK 13.1 million.

2) Items affecting comparability attributable to severance pay to the former CEO amount to SEK 6.3 million.

3) Items affecting comparability attributable to severance pay to personnel and for the delisting and relisting processes amount to SEK 5.4 million.

4) Presentation of exchange rate effects has been adjusted, the impact on net sales and net result is zero. See page 4, "Other", for further information.

Consolidated Statement of Changes in Financial Position

SEKt	31 March 2024	31 March 2023	31 Dec 2023
ASSETS			
Non-current assets			
Total non-current assets	150,350	159,168	147,132
Current assets			
Total current assets	149,031	183,428	147,120
TOTAL ASSETS	299,382	342,595	294,252
EQUITY AND LIABILITIES			
Equity			
Total equity	40,426	58,484	34,697
Non-current liabilities			
Total non-current liabilities	15,583	23,052	15,516
Current liabilities			
Total current liabilities	243,373	261,060	244,039
TOTAL EQUITY AND LIABILITIES	299,382	342,595	294,252

Consolidated Statement of Cash Flows

SEKt	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Cash flow from operating activities before changes in working capital	6,629	-22,329	-9,317
Change in working capital	4,733	6,730	-15,437
Cash flow from operating activities	11,361	-15,599	-24,754
Cash flow from investing activities	-10,897	-26,511	-48,557
Cash flow from financing activities	-1,973	-2,383	-10,550
Total cash flow	-1,508	-44,493	-83,860
Cash and cash equivalents at the beginning of the period	102,858	188,706	188,706
Exchange rate differences related to cash and cash equivalents	2,059	-156	-1,988
Cash and cash equivalents at the end of the period	103,409	144,057	102,858

Other

Significant events during the period

There are no significant events during the reporting period.

Significant events after the end of the period

The Board of Directors issued a notice on 10 April 2024 for the Annual General Meeting 15 May 2024.

Other

On 25 July 2023, the founders of Readly France SA (former Toutabo SA) filed a lawsuit against Readly International AB (publ), on 11 October 2023 another of the sellers joined as plaintiffs. The lawsuit essentially concerns the earn-out considerations which were agreed upon during the acquisition. The total claim in the lawsuit is approximately SEK 19 million. SEK 3 million of these are still recognized as earn-out considerations. The company's assessment is that the recognized earn-out considerations in the Year-End report 2022 were correct, why no further provision has been accounted for in the Group's financial statements. As of 31 March 2024, the outcome of the 2023 earn-out considerations are still being evaluated.

Exchange rate reclassification

As of 1 January 2024, exchange rate effects earlier recognized within Operating income and Other operating expenses are now presented net within Other operating expenses or reclassified to Net financial items. The change in accounting treatment has zero impact on net sales and net result. For comparison, 2023 financials have been adjusted accordingly.

Forecast

Readly does not issue any forecasts regarding future performance.

Auditor's review

This financial update has not been audited or reviewed by the company's auditors.

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 2023 Annual Report, pages 30–35.

Contacts

Linnea Aguero

Head of PR & Communications
Telephone: +46 8 256 770
linnea.aguero@readly.com

The Readly share is listed on Nasdaq First North Growth Market and FNCA Sweden AB is the company's Certified Advisor. For more information please visit <https://corporate.readly.com>

Readly International AB (publ)

Office address: Gjørwellsgatan 30, SE-112 60 Stockholm
Corp. Reg. No. 556912-9553
Phone: +46 8 256 770 or +46 70 928 83 19
Email: ir@readly.com
Website: www.readly.com

Definitions of Key Performance Indicators and calculations

KEY PERFORMANCE INDICATOR	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.
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.