

# Financial update

**“In the third quarter, we took significant steps towards robust profitability with an adjusted operating margin of 8 per cent and a strong cash flow. In parallel, we’ve maintained our double-digit revenue growth, up from 17.6 per cent in Q2 to 19.0 per cent in Q3, adjusted for VAT, currency effects and divestments. As we move forward, the focus remains on driving growth through investments in product development and marketing. These efforts are crucial to maintain our strong position and deliver lasting value to our subscribers and publishers.”**

Philip Lindqvist, president and CEO of Readly.

## 1 JULY–30 SEPTEMBER 2024

- Revenue for the period totalled SEK 180.5 million (169.5), an increase of 6.5 per cent compared with the third quarter of 2023. Revenue for the period excluding divestments totalled SEK 180.5 million (154.4), an increase of 16.9 per cent compared with the third quarter of 2023.
- The number of full-paying subscribers (FPS) decreased 9.7 per cent to 415,771 (460,686) compared to last year. Adjusted for divestments, the number of full-paying subscribers decreased 3.8 per cent to 415,771 (432,111) compared to last year.
- Gross profit increased 13.0 per cent to SEK 73.7 million (65.3), corresponding to a gross profit margin of 40.8 per cent (38.5).
- Deferred tax asset of SEK 93.3 million related to tax loss carryforwards has been recognised as of 30 September 2024.

## 1 JANUARY–30 SEPTEMBER 2024

- Revenue for the period totalled SEK 542.5 million (492.6), an increase of 10.1 per cent compared with the first nine months of 2023. Revenue for the period excluding divestments totalled SEK 511.9 million (442.1), an increase of 15.8 per cent compared with the first nine months of 2023.
- The number of full-paying subscribers (FPS) decreased 9.7 per cent to 415,771 (460,686) compared to last year. Adjusted for divestments, the number of full-paying subscribers decreased 3.8 per cent to 415,771 (432,111) compared to last year.
- Gross profit increased 18.0 per cent to SEK 217.3 million (184.2), corresponding to a gross profit margin of 40.1 per cent (37.4).
- The board of directors has decided to propose a dividend of SEK 1.75 per share to be decided on at an Extraordinary General Meeting (EGM). Further details regarding the EGM will be provided shortly in a separate notice.

## KEY DATA

SEK thousand, unless stated otherwise	Jul–Sep 2024	Jul–Sep 2023	YoY change, %	Jan–Sep 2024	Jan–Sep 2023	YoY change, %	Jan–Dec 2023
FPS (Full-paying subscribers), number	415,771	460,686	-9.7	415,771	460,686	-9.7	464,494
FPS excluding divestments, number	415,771	432,111	-3.8	415,771	432,111	-3.8	435,562
Total revenue	180,523	169,512	6.5	542,497	492,620	10.1	663,228
Total revenue excluding divestments	180,523	154,406	16.9	511,904	442,109	15.8	595,400
ARPU (Average revenue per user), SEK	145	120	20.6	134	116	15.6	117
Gross profit	73,736	65,257	13.0	217,297	184,205	18.0	250,302
Gross profit margin, %	40.8	38.5	–	40.1	37.4	–	37.7
Gross contribution	51,319	47,843	7.3	155,224	120,939	28.3	171,482
Gross contribution margin, %	28.4	28.2	–	28.6	24.6	–	25.9
Adjusted EBITDA (excl. IAC)	19,846	11,987	65.6	45,613	1,472	2999.7	16,121
Adjusted EBITDA margin, %	11.0	7.1	–	8.4	0.3	–	2.4
Operating result (EBIT)	13,120	-3,552	–	21,651	-58,867	–	-55,123
Operating margin, %	7.3	-2.1	–	4.0	-11.9	–	-8.3
Adjusted operating result (EBIT)	14,433	-2,506	–	24,985	-38,373	–	-29,177
Adjusted operating margin, %	8.0	-1.5	–	4.6	-7.8	–	-4.4
Net result for the period	104,721	-4,541	–	87,203	-56,799	–	-54,619
Basic and diluted earnings per share, SEK	2.8	-0.1	–	2.3	-1.5	–	-1.4
Cash flow from operating activities	12,627	3,686	–	48,719	-30,585	–	-24,754

## Consolidated Income Statement

SEK thousand	Jul-Sep 2024	Jul-Sep 2023 <sup>5</sup>	Jan-Sep 2024	Jan-Sep 2023 <sup>5</sup>	Jan-Dec 2023 <sup>5</sup>
Net sales	178,859	169,512	540,797	492,475	663,066
Other revenue	1,664	-	1,699	146	162
<b>Total revenue</b>	<b>180,523</b>	<b>169,512</b>	<b>542,497</b>	<b>492,620</b>	<b>663,228</b>
<b>OPERATING EXPENSES</b>					
Publisher costs	-106,787	-104,256	-325,200	-308,415	-412,926
Other external costs	-32,170 <sup>1</sup>	-29,161 <sup>3</sup>	-95,712 <sup>2</sup>	-110,417 <sup>4</sup>	-135,791 <sup>4</sup>
Personnel costs	-22,785	-27,039 <sup>3</sup>	-76,704 <sup>2</sup>	-92,521 <sup>4</sup>	-124,890 <sup>4</sup>
Depreciation and amortisation	-5,413	-14,494	-20,629	-39,844	-45,298
Other operating expenses	-248	1,885	-2,601	-289	554
<b>Operating result</b>	<b>13,120</b>	<b>-3,552</b>	<b>21,651</b>	<b>-58,867</b>	<b>-55,123</b>
Loss on disposal of subsidiary	-	-	-33,162	-	-
Net financial items	-1,674	-1,511	4,614	527	-1,713
<b>Result before tax</b>	<b>11,446</b>	<b>-5,063</b>	<b>-6,897</b>	<b>-58,340</b>	<b>-56,836</b>
Income tax	93,275	522	94,100	1,541	2,218
<b>Net result for the period</b>	<b>104,721</b>	<b>-4,541</b>	<b>87,203</b>	<b>-56,799</b>	<b>-54,619</b>
<b>Net result for the period attributable to the Parent Company shareholders</b>	<b>104,721</b>	<b>-4,513</b>	<b>87,252</b>	<b>-56,724</b>	<b>-54,930</b>
<b>Attributable to non-controlling interests</b>	<b>-</b>	<b>-28</b>	<b>-48</b>	<b>-75</b>	<b>312</b>
Basic and diluted earnings per share	2.8	-0.1	2.3	-1.5	-1.4
Basic and diluted weighted average number of shares	37,904,738	37,904,738	37,904,738	37,904,738	37,904,738

1) Items affecting comparability associated with legal costs amount to SEK 1.3 million.

2) Items affecting comparability attributable to the divestment of Ready France and legal costs amount to SEK 3.3 million.

3) Items affecting comparability attributable to severance pay to personnel and for the delisting and relisting processes amount to SEK 1.0 million

4) Items affecting comparability attributable to the public cash offer, severance pay to personnel and for the delisting and relisting processes amount to SEK 20.5 million.

5) Presentation of exchange rate effects have been adjusted. The impact on net sales and net result is zero. See page 5, "Other", for further information.

## Consolidated Statement of Changes in Financial Position

SEK thousand	30 Sep 2024	30 Sep 2023	31 Dec 2023
<b>ASSETS</b>			
Non-current assets			
<b>Total non-current assets</b>	<b>153,958</b>	<b>148,640</b>	<b>147,132</b>
Current assets			
<b>Total current assets</b>	<b>185,941</b>	<b>151,391</b>	<b>147,120</b>
<b>Total assets</b>	<b>339,899</b>	<b>300,031</b>	<b>294,252</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
<b>Total equity</b>	<b>122,992</b>	<b>36,634</b>	<b>34,697</b>
Non-current liabilities			
<b>Total non-current liabilities</b>	<b>1,451</b>	<b>19,196</b>	<b>15,516</b>
Current liabilities			
<b>Total current liabilities</b>	<b>215,457</b>	<b>244,201</b>	<b>244,039</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>339,899</b>	<b>300,031</b>	<b>294,252</b>

## Consolidated Statement of Cash Flows

SEK thousand	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
<b>Cash flow from operating activities before changes in working capital</b>	<b>19,085</b>	<b>10,115</b>	<b>41,503</b>	<b>-17,647</b>	<b>-9,317</b>
Change in working capital	-6,458	-6,429	7,216	-12,938	-15,437
<b>Cash flow from operating activities</b>	<b>12,627</b>	<b>3,686</b>	<b>48,719</b>	<b>-30,585</b>	<b>-24,754</b>
<b>Cash flow from investing activities</b>	<b>-4,379</b>	<b>-6,314</b>	<b>4,861</b>	<b>-41,119</b>	<b>-48,557</b>
<b>Cash flow from financing activities</b>	<b>-265</b>	<b>-3,855</b>	<b>-3,746</b>	<b>-8,924</b>	<b>-10,550</b>
<b>Total cash flow</b>	<b>7,982</b>	<b>-6,483</b>	<b>49,835</b>	<b>-80,269</b>	<b>-83,860</b>
Cash and cash equivalents at the beginning of the period	146,083	116,439	102,858	188,706	188,706
Exchange rate differences related to cash and cash equivalents	-1,656	-1,283	-283	594	-1,988
<b>Cash and cash equivalents at the end of the period</b>	<b>152,410</b>	<b>108,672</b>	<b>152,410</b>	<b>108,672</b>	<b>102,858</b>

# Other

## Significant events during the period

Ranj Begley, Chief Content Officer and long standing member of the Senior Leadership Team, announced her resignation from the company and will leave Readly in February 2025 at the latest. It is yet to be assessed how the role will be replaced.

## Significant events after the end of the period

On 18 October the Board announced the decision to remove the dividend policy and proposed an extra dividend of SEK 1.75 per share. The board intends to convene an extraordinary general meeting as soon as possible.

## Other

On 25 July 2023, the founders of Readly France SA (former Toutabo SA) filed a lawsuit towards Readly International AB (publ). The lawsuit essentially concerns the earn-out considerations which were agreed upon during the acquisition. One financial seller of Readly France joined the lawsuit on 9 October 2023. The total claim in the lawsuit amounts to SEK 18 million. The company's assessment is that the earn-outs that have been paid out are correct why no further provisions have been recognised in the Group's financial statements.

On 24 May 2024, the founders of Readly France SA filed another lawsuit referring to their bonus agreements. The total claim amounts to SEK 6 million. The company's assessment is that no further payment should be made why no provision has been recognised in the Group's financial statements.

## Exchange rate reclassification

As of 1 January 2024, exchange rate effects earlier recognised 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.

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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>

# Definitions of Key Performance Indicators and calculations

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE
<b>Gross profit</b>	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.
<b>Gross profit margin</b>	Gross profit/loss divided by revenue.	Used as a measure of the core business's profitability, regardless of the effect of other operations.
<b>EBITDA</b>	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.
<b>EBITDA margin</b>	EBITDA divided by total revenue.	Used as an alternative measure of the business's profitability.
<b>Equity per share</b>	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.
<b>Full-paying subscriber (FPS)</b>	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.
<b>Average revenue per user (ARPU)</b>	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.
<b>Items affecting comparability (IAC)</b>	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.
<b>Marketing costs</b>	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.
<b>Net margin</b>	Net result for the period divided by total revenue for the period.	Used as an alternative measure of the business's profitability.
<b>Organic growth</b>	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.
<b>Earnings per share</b>	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.
<b>Operating result (EBIT)</b>	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.
<b>Operating margin</b>	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.
<b>Growth in total revenue</b>	Increase in total revenue compared with the preceding period.	Used as a measure of growth in the company's total revenue.
<b>Total operating expenses</b>	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.
<b>Gross contribution</b>	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.
<b>Gross contribution margin</b>	Gross contribution divided by operating revenue.	A profitability measure that is used by investors, analysts and company management to evaluate the company's profitability.



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