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## Press release

1 September 2020

# Readly intends to list on Nasdaq Stockholm

**Readly International AB (publ) ("Readly" or the "Company"), the European category leader within digital subscription services for magazines, today announces its intention to launch an initial public offering and to list the Company's shares on Nasdaq Stockholm ("IPO" or the "Offering").**

Readly's main shareholders and Board of Directors believe that it is an appropriate time to broaden the Company's shareholder base and apply for listing on Nasdaq Stockholm. The Offering and listing will support the Company's continued growth and provide Readly with access to the capital markets and a diversified base of Swedish and international shareholders. Readly also believes that a listing on Nasdaq Stockholm will increase awareness of Readly among subscribers, publishers and the general public.

Nasdaq Stockholm has assessed that Readly fulfils the applicable listing requirements. Nasdaq Stockholm will approve an application for admission to trading of Readly's shares on Nasdaq Stockholm, provided that certain conditions are fulfilled, including that Readly submits such application and fulfils the distribution requirement. The IPO is, subject to market conditions, expected to occur before the end of September 2020.

The contemplated IPO is expected to consist of both an issue of new shares by Readly aiming to raise primary proceeds for the Company of SEK 450 million before transaction costs as well as a sale of shares by existing shareholders.

Existing shareholders Swedbank Robur, Tredje AP-fonden (AP3), and Consensus Småbolagsfond, together with new investors TIN Fonder, Handelsbanken Fonder, C WorldWide Asset Management, Skandia Fonder and Skandia Liv (together the "Cornerstone Investors") have undertaken, subject to certain conditions, to acquire shares in the Offering of up to SEK 390 million.

### **Maria Hedengren, CEO of Readly**

*"This is a very exciting day for all of us at Readly. We built Readly to pioneer the digitisation of magazines and to transform the consumption of magazine content. Today we are proud that Readly is the European category leader for digital subscription services for magazines with users in more than 50 countries and local content coming from our 11 active markets. The digitisation of the magazine industry is still in its early stages with a digital penetration under 20 percent. Readly provides a highly appreciated reading experience through the new preferred way of consuming content – "all you can read" subscriptions, and offers access to a large portfolio of inspiring, entertaining and educational content together with more than 800 publisher partners. The IPO will provide us with improved access to capital markets to facilitate our continued growth journey and further solidify our category leadership. We look forward to embarking on the next stage of our journey together with existing and new shareholders of Readly."*

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### **Patrick Svensk, Chairman of the Board of Directors of Readly**

*“A private company since its inception in 2012, the main shareholders and the Board of Directors believe this is the right time for Readly to become a listed company. Readly’s mission to be the number one magazine hub for curious minds is enabled by our scalable business model and pure-play focus. We will continue to focus on growth in our 11 active markets such as Germany, the United Kingdom and Sweden and expand into new territories. I’m confident that Readly is in a perfect place to continue driving the transformation of the USD 73 billion magazine industry as a listed company.”*

### **About Readly**

Founded in 2012, Readly is the European category leader for digital magazines<sup>1</sup>. Readly offers a digital subscription service for magazines with content from third party publishers. The product can be accessed online or via apps available on all main operating systems. Readly’s subscribers have unlimited access to quality content from approximately 800 publishers and editors for a fixed monthly fee. Since the service was launched, Readly has seen a large increase in the number of fully paying subscribers. Readly’s core markets Germany, the United Kingdom and Sweden together represented approximately 85 percent of the Company's net sales in the first half of 2020. Readly has subscribers in more than 50 countries and has agreements with publishers to offer local content in 11 countries. Moreover, Readly offers magazines in 17 languages.

The Company has shown significant growth in total revenue over the past years, reaching SEK 265 million in 2019. Total revenue has grown by a CAGR of 44 percent between 2017 and 2019 and all of Readly's core markets had positive organic growth during these years.

### **Strengths, competitive advantages and opportunities**

- Readly operates in the global magazine market of USD 73 billion
- The digital subscription model is the new standard for digital consumer services
- Readly is the pioneer and European category leader within the “all-you-can-read” category
- Leading proposition for subscribers and publishers
- Readly has a high level of user engagement and revenue retention
- Readly shows high growth and financial potential

### ***Readly operates in the global magazine market of USD 73 billion***

The global magazine market is a USD 73 billion (2019) opportunity. The digital magazine market (both circulation and advertising spend) comprises USD 15 billion, or 20 percent, of the total magazine market and the digital share of the total market is increasing every year. Within the digital magazine market, Readly is mainly focused on the sale of all-you-can-read subscriptions for digital issues. The global digital penetration for magazine circulation (excluding advertising spend) was 10 percent in 2019. In comparison with other industries within media and entertainment, such as the music industry, the digital penetration in the magazine industry is currently relatively low. However, the digital magazine market is forecasted to experience a similar

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<sup>1</sup> Among identified “all-you-can-read” competitors in Europe, Readly is defined as the European category leader on the basis of: highest number of magazine titles, relationships with most major publishers in core markets, highest average monthly website visits between October and December 2019 (worldwide) and highest iOS-store rating, PwC Strategy& market study.

digital shift as other media and entertainment industries.<sup>2</sup> Due to its current position as the European category leader within the "all-you-can-read" category and its growth strategy, Readly considers itself to be well-positioned to capitalise on the opportunities that comes with the growing digitalisation of the magazine market.

***The digital subscription model is the new standard for digital consumer services***

Digital subscription services have been introduced in many media industries during the last decade. The digital subscription model has shown to be highly appreciated and could be considered as the new standard for paid consumer digital content services, with successful peers in the music, film and TV industry. Readly offers a digital subscription service for magazines where subscribers gain unlimited access to Readly's full offering of magazines. As the subscription model used by Readly could be considered the new standard for paid consumer digital content services, Readly is well positioned to increase its subscriber base in existing markets and when expanding to new markets.

***Readly is the pioneer and European category leader within the "all-you-can-read" category***

Readly is the European category leader within the "all-you-can-read" category. As one of the first digital magazine service providers, Readly has played a pioneering role in providing this new format that gives people the opportunity to discover and read magazines. Since 2012, Readly has established long-term relationships with leading publishers and currently has the most extensive portfolio of quality content compared to its competitors.<sup>3</sup> Readly continuously strives to further develop and improve its service and content offering in order to maintain its position as the European category leader. This, combined with an understanding of how to create an attractive proposition for its stakeholders, have been key factors in establishing the Company's leading position within "all-you-can-read" in Europe.

***Leading proposition for subscribers and publishers***

Readly's proposition for its publishers and its increasing subscriber base has resulted in the Company's steady growth. Subscribers have unlimited access to Readly's wide offering of magazines from trusted sources on a multi-functional and user-friendly mobile and through Readly's website, and it is also appreciated by subscribers because it is considered to be an environmentally conscious alternative to physical magazines. In addition, Readly allows its publishers to gain incremental revenues, while increasing the digital distribution and audience reach with no upfront investments. Readly also has the possibility to provide publishers with extensive aggregated and anonymised data about user reading habits and preferences, as well as insight into what content and ads are most consumed by the subscribers, which allows publishers to gain valuable insights that allow them to adapt the content of the magazines and optimise advertising.

***Readly has a high level of user engagement and revenue retention***

Readly has a loyal subscriber base that consistently uses the service, both frequently and over time. This is evidenced by a monthly active user ("MAU") ratio (in relation to total paying users) of approximately 89 percent and a daily active user ("DAU") ratio in relation to MAU of approximately 41 percent. On average,

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<sup>2</sup> PwC Strategy& market study.

<sup>3</sup> PwC Strategy& market study.

the reading time per subscriber and month is approximately seven hours. Readly's data show that one year after a group of subscribers have signed up for Readly in any given month, 73 percent of the initial revenue remains. After five years, the corresponding figure is 52 percent.<sup>4</sup>

### ***Readly shows high growth and financial potential***

Total revenue of the Company amounted to SEK 264.7 million in 2019, representing a CAGR of 44.4 percent between 2017 and 2019. Between 2017 and 2019, Readly improved its gross margin<sup>5</sup> from 26.2 percent to 31.3 percent, and its gross contribution margin<sup>6</sup> from -11.6 percent to -6.2 percent. Readly aims to continuously improve these metrics further in the coming years. Due to the inherent scalability of its business model, including its integrated technology platform, centralised organisation, and well-developed network with all its stakeholders, Readly is well-positioned to achieve additional growth without significant investment in operational infrastructure in the mid-term.

### **Strategy**

The Company believes that the demand for digital magazine content will continue to increase and that Readly has a key role to play in the digitalisation of magazine subscriptions. The strategic growth plan is based on six key pillars:

- *Continue to be the European category leader within "all-you-can-read"*: Readly is well-positioned to capture the underlying growth in the digital magazine market as the industry continues to transition to digital solutions. The Company's aim is to continue to be the category leader and leverage its strong position in the digital subscription market.
- *Organic growth*: Continue to focus on growth in existing markets, with particular focus on Readly's core markets (Germany, the United Kingdom and Sweden).
- *Investments in brand building and acquisition marketing*: Readly will invest in increased marketing initiatives and PR activities aimed at increasing awareness of and demand for the model for digital magazine subscriptions more generally, as well as brand awareness, in order to increase organic growth. Readly will also continue to invest in the acquisition of new subscribers via digital performance marketing.
- *Partnerships*: Entering into more partnerships represent a significant opportunity to increase the Company's subscriber base cost-efficiently.
- *Expansion into new territories*: Readly plans to expand into new territories within and outside of Europe. To ensure successful roll-out, Readly has a systematic approach when entering into a new market based on previous expansion experiences.
- *Develop new revenue streams*: Readly is continuously developing new product features and exploring new ways to generate additional revenue. The company is currently developing its proprietary Readly Ads technology, which combines the best of offline and online with dynamic advertising, as well as Readly Insight, powered by more than 25 billion data points which are used to provide publishers with granular insights.

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<sup>4</sup>As of 31 June 2020.

<sup>5</sup>Total revenue less publishing costs, divided by total revenue.

<sup>6</sup>Gross profit less marketing costs, divided by total revenue.

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## Financial goals

- In the mid-term, uphold an annual organic revenue growth of 30–35 percent.
- In the long-term, reach a gross margin of 35 percent.
- In 4-5 years, reach a positive EBITDA.

## Financial key items

<i>SEK million</i>	<u>January-June</u>		<u>Full year</u>		
	2020	2019	2019	2018	2017
<b>Total revenue</b>	<b>160.6</b>	<b>122.0</b>	<b>264.7</b>	<b>196.0</b>	<b>127.0</b>
<i>Total revenue growth, %</i>	<i>31.7%</i>	<i>35.2%</i>	<i>35.1%</i>	<i>54.3%</i>	<i>92.2%</i>
<b>Gross profit</b>	<b>52.2</b>	<b>37.3</b>	<b>82.8</b>	<b>58.3</b>	<b>33.3</b>
<i>Gross profit margin, %</i>	<i>32.5%</i>	<i>30.6%</i>	<i>31.3%</i>	<i>29.8%</i>	<i>26.2%</i>

## The Offering in brief

- The Offering is expected to comprise a combination of an issue of shares in the Company of SEK 450 million and a sale of existing shares from selling shareholders.
- The proceeds that the Company receives from the issue will be used to increase brand awareness, geographical expansion, acquisition marketing, product development and general corporate purposes.
- The shares will be offered to qualified investors in Sweden and internationally, and to the general public in Sweden.
- Nasdaq Stockholm has assessed that Readly fulfils the applicable listing requirements. Nasdaq Stockholm will approve an application for admission to trading of Readly's shares on Nasdaq Stockholm, provided that certain conditions are fulfilled, including that Readly submits such application and fulfils the distribution requirement.
- The Cornerstone Investors have undertaken, subject to certain conditions, to acquire shares in the Offering for an amount of up to SEK 390 million.
- Full terms, conditions and instructions for the Offering will be included in the prospectus that will be prepared by the Company in connection with the Offering. The prospectus will be published on Readly's website, [www.corporate.readly.com](http://www.corporate.readly.com).

## Advisors

ABG Sundal Collier is acting as Sole Global Coordinator and Sole Bookrunner, and Handelsbanken Capital Markets is acting as Lead Manager. STJ Advisors is acting as financial advisor to the Company. Baker McKenzie is acting as legal advisor to the Company, and White & Case is acting as legal advisor to the Sole Global Coordinator and Lead Manager. In relation to the general public, Avanza is acting as Retail Manager and Nordnet is acting as Selling Agent.

Further announcement relating to the contemplated IPO will be made in due course.

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additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “**Prospectus Regulation**”) and has not been approved by any regulatory authority in any jurisdiction. A prospectus in connection with the Offering will be prepared and published by the Company.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, “qualified investors” who are (i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

### **Forward-looking statements**

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “may”, “plan”, “estimate”, “will”, “should”, “could”, “aim” or “might”, or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq Stockholm rule book for issuers.

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission

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Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Readly have been subject to a product approval process, which has determined that the shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Readly may decline and investors could lose all or part of their investment; the shares in Readly offer no guaranteed income and no capital protection; and an investment in the shares in Readly is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Readly.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Readly and determining appropriate distribution channels.