

Q3



Continued revenue growth and on track for long-term profitability

1 JULY–30 SEPTEMBER 2023

- Revenue for the period totalled SEK 173.9 million (147.1), an increase of 18.2 per cent compared with the year-earlier period.
- The number of full-paying subscribers (FPS) increased 3.1 per cent to 460,686 (446,861) at the end of the quarter.
- Gross profit increased 45 per cent to SEK 69.7 million (48.1), corresponding to a gross profit margin of 40.1 per cent (32.7).
- The gross contribution margin for the period was 30.1 per cent (17.2).
- Adjusted operating result (EBITDA, excl. IAC) was SEK 12.0 million (-14.3), corresponding to an EBITDA margin of 6.9 per cent (-9.7).
- Adjusted operating result (EBIT, excl. IAC) was SEK -2.5 million (-20.5), corresponding to an adjusted operating margin of -1.5 per cent (-13.9).
- Operating result (EBIT) was SEK -3.6 million (-20.6), corresponding to an operating margin of -2.1 per cent (-14.0).
- Earnings per share were SEK -0.1 (-0.5) before and after dilution.

1 JANUARY–30 SEPTEMBER 2023

- Revenue for the period totalled SEK 502.8 million (435.0), an increase of 15.6 per cent compared with the year-earlier period.
- The number of full-paying subscribers (FPS) increased 3.1 per cent to 460,686 (446,861) at the end of the quarter.
- Gross profit increased 33.4 per cent to SEK 194.3 million (145.7), corresponding to a gross profit margin of 38.7 per cent (33.5).
- The gross contribution margin for the period was 26.1 per cent (16.9).
- Adjusted operating result (EBITDA, excl. IAC) was SEK 2.4 million (-65.6), corresponding to an EBITDA margin of 0.5 per cent (-15.1).
- Adjusted operating result (EBIT, excl. IAC) was SEK -37.4 million (-83.5), corresponding to an adjusted operating margin of -7.4 per cent (-19.2).
- Operating result (EBIT) was SEK -57.9 million (-93.2), corresponding to an operating margin of -11.5 per cent (-21.4).
- Earnings per share were SEK -1.5 (-2.4) before and after dilution.

KEY DATA

SEKt, unless stated otherwise	Jul–Sep 2023	Jul–Sep 2022	YoY change, %	Jan–Sep 2023	Jan–Sep 2022	YoY change, %	Jan–Dec 2022
FPS (Full-paying subscribers), number	460,686	446,861	3.1	460,686	446,861	3.1	452,466
Total revenue	173,949	147,132	18.2	502,759	435,047	15.6	591,613
ARPU (Average revenue per user), SEK	120	103	17.1	116	99	16.9	102
Gross profit	69,693	48,060	45.0	194,344	145,661	33.4	203,191
Gross profit margin, %	40.1	32.7	–	38.7	33.5	–	34.3
Gross contribution	52,279	25,330	106.4	131,078	73,475	78.4	106,416
Gross contribution margin, %	30.1	17.2	–	26.1	16.9	–	18.0
Operating result (EBIT)	-3,572	-20,604	82.7	-57,920	-93,207	37.9	-142,471
Operating margin, %	-2.1	-14.0	–	-11.5	-21.4	–	-24.1
Adjusted operating result (EBIT)	-2,527	-20,490	87.7	-37,426	-83,514	55.2	-104,823
Adjusted operating margin, %	-1.5	-13.9	–	-7.4	-19.2	–	-17.7
Net result for the period	-4,541	-19,021	76.1	-56,799	-91,055	37.6	-119,960
Basic and diluted earnings per share, SEK	-0.1	-0.5	76.1	-1.5	-2.4	37.6	-3.2

European leader in digital subscriptions

Readly is a digital subscription service that offers users unlimited access to more than 7,600 national and international magazines and daily newspapers.

We are currently the European leader in “all-you-can-read” subscriptions for digital magazines and daily newspapers with subscribers in more than 50 countries. In collaboration with 1,200 publishers worldwide, Readly is digitalising the industry. 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.

460,686

Number of full-paying subscribers
During the quarter, the number of subscribers rose 3 per cent year-on-year.

120m

Number of issues read
The total amount of magazine and newspaper issues on Readly have been read approximately 120 million times during the nine-month period.

7,600

Number of titles
During the nine-month period Readly added 769 new magazines and 91 daily newspapers.

1,200

Number of publishers
Readly signed 46 new publishers in the nine-month period and now collaborates with a total of 1,200 publishers in 28 countries.

4.7



App rating
Continued high rating from users.

Continued revenue growth and on track for long-term profitability

We report a quarter with good revenue growth and continued profit improvement. Revenues increased by 18.2 per cent to SEK 173.9 (147.1) million. Positive currency effects and the price adjustments we have introduced continue to affect ARPU, which rose to SEK 120 (103), corresponding to an increase of 17 per cent. The number of fully paying subscribers increased by 3.1 per cent to 460,686 (446,861) compared to last year and increased by 1.3 per cent compared to the previous quarter. This is the fourth consecutive quarter of growth in paying subscribers despite lower investment in marketing. The improved gross margin, which amounted to 40.1 (32.7) per cent, is a step on the way to long-term profitability.

The contribution margin improved to 30.1 (17.2) per cent, which is higher than any previously reported quarter. The adjusted EBITDA margin improved to 6.9 (-9.7) per cent. The third quarter of the year is seasonally our strongest period and this is the tenth consecutive quarter with an improved adjusted EBITDA margin. This means that we are now reporting the first quarter with profitability at EBITDA level.

Launch of web articles to supplement magazine and newspaper content

As mentioned in the previous quarter, we welcomed 35 titles from Swedish publisher Bonnier News and Bonnier Publications onboard the platform at the beginning of August. Titles like the daily newspapers Expressen, its interior design supplement Leva & Bo and lifestyle magazine M-magasinet have quickly gained a significant readership.

We are strengthening our content offering by supplementing magazines and newspapers with web articles from our publishing partners. The first phase, initiated in early September, is in collaboration with Kelsey Publishing, Immediate Media and Future Publishing. Readly's feed of web articles, from 58 publications, is updated from sites such as radiotimes.com, pcgamer.com and bbcgoodfood.com. This gives our subscribers access to more current content and thus a reason to visit the Readly app more often.

Enhanced user experience through personalisation

We continue to increase our portfolio of mobile optimised content which, besides web articles, includes unbundled magazine and newspaper articles in a mobile friendly format. This opens up for new personalisation features, such as a custom article feed, and more advanced recommendations. We are in the process of testing these new features in Sweden and in the UK.

Continued traction for multinational partnerships

In Q3, partnerships continued to serve as an important acquisition channel and account for a significant share of our new subscriber intake. We carry on expanding partnerships across markets, where our collaboration with McDonald's in the UK and Ireland is a good example. After positive results, the McDonald's Monopoly campaign has now expanded into Germany, New Zealand and Australia.

In conclusion, we are pleased to present an isolated quarter with profitability at EBITDA level. At the same time, we have solid work ahead of us to achieve robust margins and thereby enable continued investments in product development.

Philip Lindqvist
CEO and President
Readly



Revenue and result

+18.2%

increase in total revenue compared with the year-earlier quarter.

+8.2%

increase in total revenue. (Currency-adjusted)

69.7 SEKm

in gross profit representing a gross profit margin of 40.1 per cent.

Percentage share of net sales broken down by geographic market for the period July–September 2023



41.1%

Germany

19.5%

UK

14.7%

Sweden

9.1%

France

15.6%

Other markets

Total revenue for the third quarter amounted to SEK 173.9 million (147.1), an increase of 18.2 per cent over the year-earlier quarter. Total revenue increased 8.2 per cent, adjusted for currency effects. The increase was primarily due to increased average revenue per user (ARPU) and continued good growth in Germany. The number of full-paying subscribers (FPS) increased 3.1 per cent to 460,686 (446,861). The number of full-paying subscribers increased 1.3 per cent quarter-on-quarter.

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 34.9 per cent to SEK 69.7 million (51.7). Adjusted for currency effects, growth in Germany was 21.8 per cent. Growth in Germany was driven primarily by price increases and growth in the number of FPS. In the UK, revenue increased 11.1 per cent to SEK 33.0 million (29.7). Adjusted for currency effects, growth in the UK was 0.7 per cent.

In Sweden, revenue increased 3.0 per cent to SEK 24.9 million (24.2). Growth in Sweden was primarily driven by price hikes implemented in the preceding quarter with full effect in the second quarter. Revenue from France increased 0.3 per cent, totalling SEK 15.4 million (15.4) and accounted for 9.1 per cent of net sales. Other markets grew 14.3 per cent, totalling SEK 26.4 million (23.1) during the quarter and accounted for 15.6 per cent of net sales. Of the other markets, it was mainly Switzerland and Austria that contributed to the increase. Revenue in Switzerland increased 27.5 per cent and revenue in Austria rose 31.3 per cent.

Gross profit improved 45.0 per cent to SEK 69.7 million (48.1), corresponding to a gross profit margin of 40.1 per cent (32.7). 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 52.3 million (25.3), corresponding to a gross contribution margin of 30.1 per cent (17.2).

Publisher costs increased 5.2 per cent in the third quarter and totalled SEK -104.3 million (-99.1). The increase in publisher costs was driven by revenue growth. Personnel costs increased 9.2 per cent and totalled SEK -27.0 million (-24.8). Other external costs declined -17.2 per cent and totalled SEK -29.2 million (-35.2). The main reason for the decline in other external costs was that external consultants were, as planned, replaced with regular staff. The third quarter included extraordinary operating expenses of SEK -1.0 million, which pertained to severance pay for employees and costs for the delisting and relisting processes. Total operating expenses increased 5.8 per cent to SEK -177.5 million (-167.7).

Adjusted operating result (EBITDA, excl. IAC) was SEK 12.0 million (-14.3), corresponding to an adjusted EBITDA margin of 6.9 per cent (-9.7). The third quarter was the tenth consecutive quarter with an improved adjusted operating result (EBITDA). The operating result (EBIT) improved 82.7 per cent to SEK -3.6 million (-20.6), corresponding to an operating margin of -2.1 per cent (-14.0).

Financial items

Net financial items for the quarter totalled SEK -1.5 million (1.1), which comprised discounting of the earn-out consideration and exchange rate effects, which had a positive impact on cash and cash equivalents, and on net financial items.

Income tax

Tax revenue for the period amounted to SEK 0.5 million (0.5) and comprised deferred tax related to acquisitions. The Group has unutilised loss carryforwards of SEK 1,134 million (1,028) 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 -4.5 million (-19.0), corresponding to earnings per share of SEK -0.1 (-0.5) before and after dilution.

Number of employees

The average number of staff including consultants was 136 (141) during the third quarter, of which the average number of employees was 109 (112).

Revenue and result

+15.6%

increase in total revenue compared with the year-earlier quarter.

+8.1%

increase in total revenue. (Currency-adjusted)

194.3 SEKm

in gross profit representing a gross profit margin of 38.7 per cent.

Percentage share of net sales broken down by geographic market for the period January-September 2023



39.6%

Germany

19.3%

UK

15.1%

Sweden

10.4%

France

15.6%

Other markets

Total revenue amounted to SEK 502.8 million (435.0), an increase of 15.6 per cent compared with the year-earlier period. Total revenue increased 8.1 per cent, adjusted for currency effects. The increase was primarily due to increased average revenue per user (ARPU) and continued good growth in Germany. The number of full-paying subscribers (FPS) increased 3.1 per cent to 460,686 (446,861) despite lower investments in marketing.

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 29.1 per cent to SEK 194.8 million (150.9). Adjusted for currency effects, growth in Germany was 18.4 per cent. Growth in Germany was driven primarily by price increases and growth in the number of FPS. In the UK, revenue increased 12.4 per cent to SEK 95.2 million (84.7). Adjusted for currency effects, growth in the UK was 6.0 per cent.

JANUARY–SEPTEMBER 2023 (JANUARY–SEPTEMBER 2022)

In Sweden, revenue increased 0.8 per cent to SEK 74.4 million (73.8). Increased growth in Sweden was primarily driven by price hikes implemented in the preceding quarter with full effect in the second quarter.

Revenue from France increased 5.7 per cent, totalling SEK 51.3 million (48.6) and accounted for 10.4 per cent of net sales. Other markets grew 14.3 per cent, totalling SEK 76.7 million (67.4) and accounted for 15.6 per cent of net sales in the period. Of the other markets, it was mainly Switzerland and Austria that contributed to the increase. Revenue in Switzerland increased 35.9 per cent and revenue in Austria rose 23.6 per cent.

Gross profit improved 33.4 per cent to SEK 194.3 million (145.7), corresponding to a gross profit margin of 38.7 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 131.1 million (73.5), corresponding to a gross contribution margin of 26.1 per cent (16.9). The improved gross contribution margin was due primarily to a decrease in marketing costs compared with the year-earlier period.

Publisher costs during the nine-month period increased 6.6 per cent and totalled SEK -308.4 million (-289.4). The increase in publisher costs was driven by revenue growth. Personnel costs increased 8.2 per cent and totalled SEK -92.5 million (-85.5). Other external costs declined -13.6 per cent and totalled SEK -110.4 million (-127.9). The main reason for the decline in other external costs was that external consultants were, as planned, replaced with regular staff. The nine-month period included extraordinary operating expenses of SEK -20.5 million, which pertained to transaction costs in connection with the public

cash offer, severance pay for the CEO and other employees and costs for the delisting and relisting processes. Total operating expenses increased 6.1 per cent to SEK -560.7 million (-528.3).

Adjusted operating result (EBITDA, excl. IAC) was SEK 2.4 million (-65.6), corresponding to an adjusted EBITDA margin of 0.5 per cent (-15.1). The operating result (EBIT) improved 37.9 per cent to SEK -57.9 million (-93.2), corresponding to an operating margin of -11.5 per cent (-21.4).

Financial items

Net financial items totalled SEK -0.4 million (0.7), which comprised discounting of the earn-out consideration and exchange rate effects, which had a positive impact on cash and cash equivalents, and on net financial items.

Income tax

Tax revenue for the period amounted to SEK 1.5 million (1.5) and comprised deferred tax related to acquisitions. The Group has unutilised loss carryforwards of SEK 1,134 million (1,028) 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 -56.8 million (-91.1), corresponding to earnings per share of SEK -1.5 (-2.4) before and after dilution.

Number of employees

The average number of staff including consultants was 138 (150) during the period, of which the average number of employees was 113 (113).

Cash flow

Cash flow from operating activities before changes in working capital was SEK -17.6 million (-79.6), primarily due to improved results. Cash flow from operating activities amounted to SEK -30.6 million (-50.8). The change in working capital was mainly attributable to lower trade payables and higher trade receivables.

Cash flow from investing activities was SEK -41.1 million (-22.5), of which SEK -26.0 million (-22.9) pertained to capitalised product development costs. Settlement of earn-out considerations during the nine-month period amounted to SEK -16.1 million (-).

Cash flow from financing activities was SEK -8.9 million (-22.5). During the nine-month period, amortisation of loans totalled SEK -5.2 million (-18.9) and lease liabilities SEK -2.1 million (-2.8). The repurchase of warrants totalled SEK -1.6 million (-).

30 SEPTEMBER 2023 (31 DECEMBER 2022)

Financial position

Cash and cash equivalents on 30 September 2023 amounted to SEK 108.7 million (188.7).

Capitalised development expenditure amounted to SEK 53.4 million (58.3), and other intangible assets, identified surplus value linked to acquisitions, totalled SEK 29.9 million (35.2). As of 30 September 2023, the Group recognised goodwill of SEK 52.5 million (50.0). Recognised goodwill relates to the acquisition of Readly France SA in 2021.

The Group's shareholders' equity as per 30 September 2023 amounted to SEK 36.6 million (90.6), which represented equity per share of SEK 1.0 (2.4). The change in equity was mainly due to the net result for the period of SEK -56.8 million (-91.1) and exchange rate effects when translating foreign subsidiaries of SEK 4.1 million (7.0).

Total liabilities amounted to SEK 263.4 million (292.5) as per 30 September 2023. The Group recognised an earn-out consideration of SEK 11.4 million (26.2). The decrease pertains to settlement of earn-out considerations during the nine-month period. Deferred tax liabilities amounted to SEK 7.9 million (9.3) and have arisen in connection with acquisitions. Other liabilities mainly comprised publisher payables and lease liabilities.

Total credit facilities amounted to SEK 13.6 million (18.2). The credit facility is entirely attributable to Readly France SA. Amortisation during the year totalled SEK 5.2 million.

Readly's primary strategic priority has historically been revenue growth. As a result of this, Readly reports negative earnings and cash flows for earlier periods. The company's updated strategy, announced in 2022, is focused on profitability and organic growth.

For further information, see the section Risks and uncertainties on page 12.

Market overview

A new term, “streamflation,” has emerged

Streamflation is a word that reflects how major services like Amazon, Disney+, Netflix, and Spotify have raised their prices, often multiple times, in the past year¹. These price increases, combined with reductions in content spending and marketing efforts, serve as vital strategies for streaming companies to mitigate the risk of financial losses. Many industry experts now question how consumers will react. The typical consumer response to higher prices is a decrease in demand, influenced by factors such as consumers’ willingness to pay, the essentiality of the service, and the availability of cheaper substitutes. Readly has also increased subscription prices but the demand is not showing particular decline. It has been well-received in various markets like Germany, the UK, and Sweden.

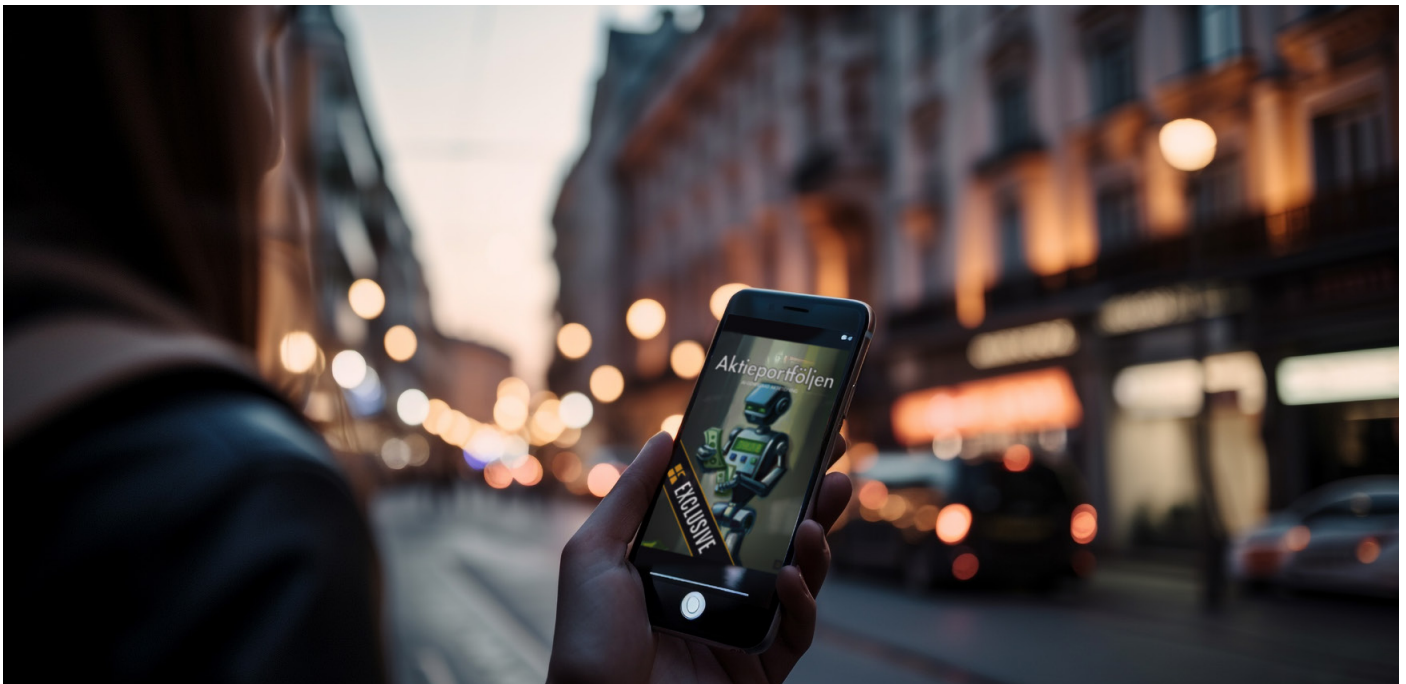
Facebook’s news section removed in the UK, Germany and France

Meta (Facebook’s parent company) is discontinuing the “news” tag in the UK, France, and Germany ahead of potential regulations requiring payment for journalistic content². This follows earlier conflicts in Australia and Canada over news payments and Meta’s decision to remove the News tab in the US. Meta will end the News tab in these European countries by December, halting

the payments to participating news outlets. Existing agreements will be honored but not renewed. Publishers are accusing Meta of reducing news visibility on its platform, leading to a drop in page views and a decline in digital revenues^{3,4}.

Google Tests AI-Driven News Article Generation Tool

Google is experimenting with a new product named Genesis, utilizing artificial intelligence (AI) technology to generate news articles⁵. The tool can process current events and information and autonomously produce news content. While Google sees Genesis as a potential tool to assist journalists by automating certain tasks, critics voice concerns about AI companies using publishers’ articles and data to train these systems without compensation. While being debated, news organizations like NPR and The New York Times are exploring a responsible integration of AI tools in their newsrooms, recognizing the significance of accuracy in journalism. The Swedish organization Young Shareholders (Unga Aktiesparare) has for the first time created an AI-generated edition of the financial magazine Aktieportföljen where the majority of texts, layout and images are created with the help of AI. The issue, which focuses on financial news and fund saving, is only available on Readly.



1 <https://www.pourleco.com/consommation/streamflation-et-elasticite-prix-la-hausse-des-prix-de-netflix-ou-disney-fera-t-elle>

2 <https://www.wired.com/story/facebook-is-giving-up-on-news-again/>

3 https://pressgazette.co.uk/media_business/reach-half-year-results-2023/

4 <https://mediamakersmeet.com/publishers-why-facebook-traffic-is-falling-and-how-to-combat-the-decline/>

5 <https://www.nytimes.com/2023/07/19/business/google-artificial-intelligence-news-articles.html>

Other

Significant events during the period

On 17 July 2023, the Board issued a notice for an extraordinary general meeting (EGM) to be held on 10 August 2023, with the primary agenda item to approve a publisher agreement with Bonnier News AB and Bonnier Publications International AS as well as an advertising agreement with Bonnier News AB.

The EGM held on 10 August approved a publisher agreement with Bonnier News AB and Bonnier Publications International AS as well as an advertising agreement with Bonnier News AB.

Significant events after the end of the period

On 2 October 2023, the Board decided to apply to delist the company's shares from Nasdaq Stockholm and to list the company's shares on Nasdaq First North Growth Market.

On 3 October 2023, Readly received conditional approval to delist the company's shares from Nasdaq Stockholm in conjunction with the change of list to Nasdaq First North Growth Market.

On October 25, a reorganization was carried out, which means that the product and tech departments will be merged. In connection with the reorganization, Chief Product Officer Tomas Montan is leaving the company and Matti Zemack, former Chief Technology Officer, will take the role as Chief Product and Technology Officer and will have the responsibility for the merged organization. The reorganization also means that around 17 employees and consultants will leave the company.

Nasdaq Stockholm AB has on 31 October made the assessment that Readly fulfills the requirements for admission to trading on Nasdaq First North Growth Market and will approve the application for admission to trading subject to customary conditions. Provided that Readly's share is approved for admission to trading on Nasdaq First North Growth Market, the last day of trading on Nasdaq Stockholm is expected to be 17 November 2023 and the first day of trading on Nasdaq First North Growth Market is expected to be 20 November 2023.

Other

On 25 July 2023, the founders of Readly France SA (former Toutabo SA) filed a lawsuit against Readly International AB (publ), on October 11th 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 was correct, why no further provision has been accounted for in the Group's financial statements.

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 AB, a subsidiary of Readly International AB (publ), entered into a publisher agreement with Bonnier News AB and Bonnier Publications International AS as well as an advertising agreement with Bonnier News AB during the period. The estimated annual value of the publisher agreement with Bonnier News AB is SEK 14 million, and SEK 2 million for the agreement with Bonner Publications AS. The estimated annual value of the advertising agreement is approximately SEK 2 to 5 million.

Readly has not had any material related-party transactions other than above and what is stated in Note 7 on pages 87–90, and Note 27 on page 102, of the 2022 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 period.

Risks and uncertainties

Readly has a global service offering and is exposed to a number of risks and uncertainties. Readly categorises its risks and uncertainties 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 Readly's activities, such as outcomes and profitability. Legal and compliance risks comprise risks related to compliance with laws and regulations. Strategic risks are associated with the over-arching goals, which are coordinated with and provide support to Readly's mission and vision. The main risks and uncertainties are the business and financial risks, which are described in more detail below. A more detailed analysis of Readly's risks and uncertainties, and how Readly manages these, is provided in Readly's most recent annual report. See also the paragraph on continued operations under the section Significant estimations and assessments on page 22.

Business risks

Readly is dependent on and exposed to risks related to its ability to attract and retain subscribers to use and pay for the company's services, the ability to attract and retain publishers that publish their magazines on the company's service, the ability to continuously innovate and ensure that the service product is appealing to users, the ability to remain competitive with other companies that provide the market with similar services, and risks associated with expansion into new markets. Readly works continuously with development of the offering to subscribers and magazine publishers and with optimisation of marketing costs, among other things.

Financial risks

Readly has reported sizeable losses and negative cash flows as a consequence of continued investments in product development and marketing activities aimed at achieving growth. Meticulous planning and control of Readly's need for capital is required.

If the company does not succeed with its strategy, a need for capital may arise that would require an ownership circle with available financial resources. Should new share capital or external borrowing not be available for Readly in connection with a possible future need, this could affect growth and the company's ability to meet its obligations and strategy. Cash flow forecasts are prepared by the company's finance function, which closely monitors rolling forecasts of Readly's cash position to ensure that the company has sufficient liquidity to meet its operational needs. Readly has large shareholders that are financially strong and which conduct long-term planning for their investments.

Legal risks

Entities in the Group may from time to time be involved in litigations that are not considered to have a material impact on the Group. Disclosure of disputes, tax audits and legal proceedings is subject to critical estimates and judgements.

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 January–September 2023 (January–September 2022)

Revenue for the year totalled SEK 24.5 million (28.8) and pertained entirely to services provided to subsidiaries as well as to brands. The Parent Company reported a loss for the period of SEK -8.8 million (-130.9), of which net financial items totalled SEK -1.1 million (-131.7). Net financial items for the period comprised currency effects and discounting of the earn-out consideration. The comparison period included the impairment of shares of subsidiaries totalling SEK 127 million.

Financial position as of 30 September 2023 (31 December 2022)

Cash and cash equivalents as of 30 September 2023 amounted to SEK 1.6 million (2.2).

Shares in subsidiaries amounted to SEK 530.2 million (530.0) as per 30 September 2023.

Equity in the Parent Company amounted to SEK 399.2 million (409.3). The change was due to the net result for the period and the repurchase of bonds.

Ready International AB (publ) shares for the period January–September 2023 (31 December 2022)

As per 30 September 2023, the Parent Company's share capital amounted to SEK 1,137,142, apportioned among 37,904,738 shares. Employee stock options outstanding as per 30 September 2023 totalled 87,675 (229,333), where option programmes subscribed for prior to the share split entitled subscription for ordinary shares at a ratio of 1:5. Warrants outstanding as per 30 September 2023 totalled 179,800 (947,133), where option programmes subscribed for prior to the share split entitled 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 International AB (publ) has not had any material related-party transactions other than what is stated in Note 7 on pages 87–90, and Note 27 on page 102, of the 2022 Annual Report.

Consolidated Income Statement

SEKt	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	2	169,512	144,107	492,475	425,403	580,740
Other revenue		4,436	3,025	10,284	9,644	10,873
Total revenue		173,949	147,132	502,759	435,047	591,613
OPERATING EXPENSES						
Publisher costs		-104,256	-99,072	-308,415	-289,386	-388,422
Other external costs		-29,161 ⁴	-35,220 ³	-110,417 ^{1,4}	-127,852 ³	-164,182 ³
Personnel costs		-27,039 ⁴	-24,762	-92,521 ^{2,4}	-85,520 ³	-117,314 ³
Depreciation and amortisation		-14,494	-6,218	-39,844	-17,933	-54,126
Other operating expenses		-2,571	-2,463	-9,481	-7,563	-10,040
Operating result		-3,572	-20,604	-57,920	-93,207	-142,471
Net financial items		-1,491	1,104	-420	702	20,833
Result before tax		-5,063	-19,500	-58,340	-92,505	-121,638
Income tax		522	479	1,541	1,450	1,678
Net result for the period		-4,541	-19,021	-56,799	-91,055	-119,960
Net result for the period attributable to the Parent Company shareholders		-4,513	-19,010	-56,724	-90,955	-119,883
Attributable to non-controlling interests		-28	-12	-75	-60	-77
Basic and diluted earnings per share		-0.1	-0.5	-1.5	-2.4	-3.2
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 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 associated with the Group restructuring and integration of Toutabo SA amount to SEK 9.6 million, whereof SEK 2.6 million in the second quarter.
- 4) Items affecting comparability attributable to severance pay to personnel and for the delisting and relisting processes amount to SEK 1 million.

Consolidated Statement of Comprehensive Income

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net result for the period	-4,541	-19,021	-56,799	-91,055	-119,960
Items that may be reclassified to profit or loss					
Exchange rate differences on translating foreign operations	-3,231	2,272	4,138	7,043	9,215
Other comprehensive income for the period	-3,231	2,272	4,138	7,043	9,215
Total comprehensive income for the period	-7,773	-16,750	-52,661	-84,012	-110,745
Total comprehensive income attributable to the Parent Company shareholders	-7,747	-16,736	-52,666	-84,000	-110,717
Total comprehensive income attributable to non-controlling interests	-26	-14	5	-12	-29

Consolidated Statement of Changes in Financial Position

SEKt	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS				
Non-current assets				
Goodwill		52,503	75,524	49,982
Other intangible assets		83,798	91,476	93,501
Property, plant and equipment		268	701	580
Right-of-use assets		2,830	8,759	7,973
Other non-current assets	3	9,240	9,473	9,874
Total non-current assets		148,640	185,934	161,910
Current assets				
Trade receivables		13,016	8,899	7,673
Other current assets		29,704	20,409	24,797
Cash and cash equivalents		108,672	219,146	188,706
Total current assets		151,391	248,454	221,176
TOTAL ASSETS		300,031	434,388	383,086
EQUITY AND LIABILITIES				
Equity				
Equity attributable to the Parent Company shareholders	4	36,623	117,229	90,552
Equity attributable to non-controlling interests		10	21	5
Total equity		36,634	117,250	90,557
Non-current liabilities				
Lease liabilities		2,034	5,414	4,833
Other financial liabilities	3	-	9,567	-
Deferred tax liabilities		7,926	9,712	9,343
Long-term borrowings		6,630	12,628	11,197
Provisions		2,607	2,787	2,558
Total non-current liabilities		19,196	40,108	27,930
Current liabilities				
Other financial liabilities	3	11,444	36,301	26,170
Trade payables		43,543	44,160	44,569
Lease liabilities		851	2,701	2,701
Short-term borrowings		6,956	11,324	6,988
Other current liabilities		181,407	182,543	184,169
Total current liabilities		244,201	277,029	264,598
TOTAL EQUITY AND LIABILITIES		300,031	434,388	383,086

Consolidated Statement of Changes in Equity

SEKt	Share capital	Other contributed capital	Translation difference	Retained earnings (including net result for the year)	Total	Non-controlling interests	Total equity
Opening balance 1 January 2023	1,137	1,182,624	12,244	-1,105,453	90,552	5	90,557
Net result for the period	-	-	-	-56,724	-56,724	-75	-56,799
Other comprehensive income	-	-	4,058	-	4,058	80	4,138
Total comprehensive income	-	-	4,058	-56,724	-52,666	5	-52,661
Transactions with owners							
Share-based remuneration	-	-498	-	-	-498	-	-498
Repurchased warrants	-	-764	-	-	-764	-	-764
Total transactions with owners	-	-1,263	-	-	-1,263	-	-1,263
Closing balance 30 September 2023	1,137	1,181,361	16,302	-1,162,177	36,623	10	36,634

SEKt	Share capital	Other contributed capital	Translation difference	Retained earnings (including net result for the year)	Total	Non-controlling interests	Total equity
Opening balance 1 January 2022	1,137	1,182,091	3,080	-986,295	200,013	1,704	201,714
Net result for the period	-	-	-	-90,995	-90,995	-60	-91,055
Other comprehensive income	-	-	6,995	-	6,995	48	7,043
Total comprehensive income	-	-	6,995	-90,995	-84,000	-12	-84,012
Transactions with owners							
Transaction costs for issues	-	-14	-	-	-14	-	-14
Share-based remuneration	-	204	-	-	204	-	204
Warrants	-	300	-	-	300	-	300
Transactions with non-controlling interests	-	-	-	725	725	-1,670	-945
Total transactions with owners	-	490	-	725	1,216	-1,670	-454
Closing balance 30 September 2022	1,137	1,182,581	10,075	-1,076,564	117,229	21	117,250

Consolidated Statement of Cash Flows

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating result (EBIT)	-3,572	-20,604	-57,920	-93,207	-142,471
Depreciation and amortisation	14,493	6,218	39,844	17,933	54,126
Other items not affecting liquidity	-732	458	1,379	22	222
Interest received	314	-	610	-	92
Interest paid	-113	-1,470	-1,011	-4,187	-2,713
Paid tax	-275	261	-549	-185	-509
Cash flow from operating activities before changes in working capital	10,115	-15,136	-17,647	-79,625	-91,254
Change in working capital	-6,429	-5,362	-12,938	28,850	28,529
Cash flow from operating activities	3,686	-20,498	-30,585	-50,775	-62,725
Investments in intangible and tangible assets	-6,365	-7,315	-25,985	-22,941	-32,861
Investments in financial assets	51	-15	940	402	192
Settlement of earn-out considerations	-	-	-16,074	-	-
Cash flow from investing activities	-6,314	-7,330	-41,119	-22,539	-32,669
Transactions with non-controlling interests	-	-	-	-945	-945
Transaction costs for issues	-	-	-	-14	-14
Warrants	-	41	-	300	300
Repurchased employee stock options	-643	-	-764	-	-
Repurchased warrants	-863	-	-863	-	-
Repayment of lease liabilities	-706	-893	-2,105	-2,812	-3,706
Repayment of loans	-1,643	-6,819	-5,192	-18,903	-26,808
Cash flow from financing activities	-3,855	-7,671	-8,924	-22,374	-31,172
Total cash flow	-6,484	-35,498	-80,629	-95,687	-126,556
Cash and cash equivalents at the beginning of the period	116,439	251,672	188,706	306,209	306,209
Exchange rate differences related to cash and cash equivalents	-1,283	2,973	594	8,624	9,063
Cash and cash equivalents at the end of the period	108,672	219,146	108,672	219,146	188,706

Condensed Parent Company Income Statement and Statement of Comprehensive Income

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
OPERATING REVENUE					
Net sales	8,485	9,768	24,492	28,782	35,370
OPERATING EXPENSES					
Other external costs	-966	-10,029	-15,150	-14,380	-16,625
Personnel costs	-4,029 ¹	-8,786	-16,773 ¹	-13,297	-19,149
Depreciation and amortisation	-82	-164	-246	-246	-327
Other operating expenses	-9	-45	-17	-50	-70
Operating result	3,400	-294	-7,694	810	-802
Net financial items	-151	-129,819	-1,117	-131,753	-157,721
Result after financial items	3,248	-130,113	-8,810	-130,942	-158,523
Result before tax	3,248	-130,113	-8,810	-130,942	-158,523
Income tax	-	-	-	-	-
Net result for the period	3,248	-130,113	-8,810	-130,942	-158,523

1) Items affecting comparability attributable to severance pay to the former CEO amount to SEK 6.3 million.
 Net result for the period corresponds to the Parent Company's comprehensive income for the period.

Condensed Parent Company Balance Sheet

SEKt	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS				
Non-current assets				
Intangible assets		491	819	737
Participations in Group companies		530,235	576,092	530,035
Receivables from Group companies		1,509	1,347	1,454
Total non-current assets		532,234	578,258	532,225
Current assets				
Receivables from Group companies		3,938	5,338	4,083
Tax receivables		195	417	100
Other receivables		322	240	398
Cash and cash equivalents		1,599	5,569	2,243
Total current assets		6,055	11,563	6,823
TOTAL ASSETS		538,289	589,821	539,048
EQUITY AND LIABILITIES				
Restricted equity		1,137	1,137	1,137
Unrestricted equity		398,081	435,693	408,154
Equity		399,218	436,830	409,291
Non-current liabilities				
Non-current liabilities to Group companies		51	96	51
Other non-current liabilities	3	-	9,567	-
Total non-current liabilities		51	9,664	51
Current liabilities				
Trade payables		663	359	1,289
Liabilities to Group companies		114,066	88,973	90,034
Other current liabilities	3	24,291	53,997	38,383
Total current liabilities		139,020	143,328	129,706
TOTAL EQUITY AND LIABILITIES		538,289	589,821	539,048

Notes

NOTE 1 Accounting policies

Readyly 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 2022 Annual Report. The most significant accounting policies used in preparing this report are described in Note 1 on pages 76–82 of the 2022 Annual Report.

Changes in IFRS and amendments and interpretations of existing standards that took effect on 1 January 2023 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 2022 Annual Report have been applied in preparing the financial statements in this report, except as stated below.

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2 Accounting for legal entities.

NOTE 2 Revenue from contracts with customers

Distribution of net sales by service

SEKt	Jul–Sep 2023	Jul–Sep 2022	Jan–Sep 2023	Jan–Sep 2022	Jan–Dec 2022
Readyly's digital magazine service	164,301	138,233	471,575	406,069	553,576
Other sales revenue	5,212	5,874	20,900	19,334	27,164
Total	169,512	144,107	492,475	425,403	580,740

Net sales by geographic region

SEKt	Jul–Sep 2023	Jul–Sep 2022	Jan–Sep 2023	Jan–Sep 2022	Jan–Dec 2022
Germany	69,748	51,712	194,790	150,899	210,910
Sweden	24,935	24,205	74,410	73,791	96,842
UK	32,981	26,691	95,195	84,721	114,067
France	15,403	15,363	51,335	48,570	66,250
Rest of world	26,445	23,136	76,745	67,422	92,670
Total	169,512	144,107	492,475	425,403	580,740

SEKt	Jul–Sep 2023	Jul–Sep 2022	Jan–Sep 2023	Jan–Sep 2022	Jan–Dec 2022
Total revenue	173,949	147,132	502,759	435,047	591,613
YoY change, %	18.2	23.8	15.6	31.2	26.9
of which:					
– organic growth, %	8.2	6.6	8.1	10.7	9.9
– currency effects & VAT, %	10.0	4.3	7.4	5.9	5.7
– acquisitions, %	0.0	12.9	0.0	14.6	11.2

NOTE 3 Fair value of financial instruments

Readly has a financial liability relating to the earn-out consideration attributable to the acquisition of Readly France SA 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.

SEKm	
Opening balance 1 January 2023	26.2
Value adjustment	0.8
Restatement effect	0.5
Settled during the year	-16.1
Closing balance 30 September 2023	11.4

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 2022 Annual Report.

NOTE 4 Equity

As per 30 September 2023, the Group’s share capital amounted to SEK 1,137,142, apportioned among 37,904,738 shares.

Employee stock options as per 30 September 2023 totalled 87,675 (478,333), where option programmes subscribed for prior to September 2020 entitled subscription for ordinary shares at a ratio of 1:5. Warrants outstanding as per 30 September 2023 totalled 179,800 (947,133), where option programmes subscribed for prior to September 2020 entitled subscription for ordinary shares at a ratio of 1:5.

Changes in share capital

The following table illustrates the changes in share capital of Readly International AB (publ) for the 2021–2023 financial years.

Date	Transaction	Change in No. of shares	Total No. of shares	Change in share capital, SEK	Total share capital, SEK
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 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.

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 30 September 2023. 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.

Fair value measurement of earn-out considerations

The fair value of earn-out considerations are calculated based on the terms and conditions of the agreements contracted in connection with acquisitions. The earn-out consideration is subject to certain targets being met in terms of number of users, publisher agreements and commercial partnership agreements. Outcomes may differ from estimates and could thus affect valuations. This could affect the company’s future performance and financial position.

For further information on estimations and assessments, please refer to Readly’s 2022 Annual Report, Note 3 on page 85.

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 25 of this report.

SEKt, unless stated otherwise	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
FPS (Full-paying subscribers), number	460,686	446,861	460,686	446,861	452,466
Total revenue	173,949	147,132	502,759	435,047	591,613
Total revenue growth, %	18.2	23.8	15.6	31.2	26.9
ARPU ¹ (Average revenue per user), SEK	120	103	116	99	102
Gross profit ¹	69,693	48,060	194,344	145,661	203,191
Gross profit margin ¹ , %	40.1	32.7	38.7	33.5	34.3
Gross contribution ¹	52,279	25,330	131,078	73,475	131,005
Gross contribution margin ¹ , %	30.1	17.2	26.1	16.9	22.1
EBITDA ¹	10,922	-14,386	-18,076	-75,274	-88,345
EBITDA margin ¹ , %	6.3	-9.8	-3.6	-17.3	-14.9
Operating result	-3,572	-20,604	-57,920	-93,207	-142,471
Operating margin, %	-2.1	-14.0	-11.5	-21.4	-24.1
Adjusted operating result (EBITDA) (excl. IAC) ¹	11,967	-14,272	2,418	-65,581	-77.7
Adjusted operating margin (EBITDA) (excl. IAC) ¹ , %	6.9	-9.7	0.5	-15.1	-13.1
Adjusted operating result (excl. IAC) ¹	-2,527	-20,490	-37,426	-83,514	-104,823
Adjusted operating margin (excl. IAC) ¹ , %	-1.5	-13.9	-7.4	-19.2	-17.7
Total operating expenses	-177,521	-167,736	-560,679	-528,254	-734,084
Net result for the period	-4,541	-19,021	-56,799	-91,055	-119,960
Items affecting comparability	-1,045	-114	-20,494	-9,693	-10,648
Net margin, %	-2.6	-12.9	-11.3	-20.9	-20.3
Cash flow from operating activities	3,686	-20,498	-30,585	-50,775	-62,725
Average number of employees	136	112	134	113	144
KPI data per share					
Basic and diluted earnings per share, SEK	-0.1	-0.5	-1.5	-2.4	-3.2
Basic and diluted equity per share, SEK	1.0	3.1	1.0	3.1	2.4
Weighted number of shares outstanding, basic and diluted	37,904,738	37,904,738	37,904,738	37,904,738	37,904,738
Number of shares outstanding at end of the period	37,904,738	37,904,738	37,904,738	37,904,738	37,904,738

1) For reconciliation of APMs, see pages 26-27.

Key Performance Indicator development

SEKt, unless stated otherwise	2023			2022				2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
FPS (Full-paying subscribers), number	460,686	454,745	453,631	452,466	446,861	447,196	465,456	478,362	435,372	420,135	397,071
Total revenue	173,949	167,428	161,382	156,566	147,132	144,099	143,816	134,751	118,861	110,813	101,883
Total revenue growth, %	18.2	16.2	12.2	16.2	23.8	30.0	41.2	36.6	27.3	32.8	32.0
ARPU, SEK	120	115	112	109	103	97	97	95	93	91	91
Gross profit	69,693	66,121	58,530	57,530	48,060	48,771	48,830	45,138	39,829	37,292	33,868
Gross profit margin, %	40.1	39.5	36.3	36.7	32.7	33.8	34.0	33.5	33.5	33.7	33.2
Gross contribution	52,279	44,774	34,025	34,800	25,330	28,971	19,174	5,576	-11,449	-11,539	-16,367
Gross contribution margin, %	30.1	26.7	21.1	22.2	17.2	20.1	13.3	4.1	-9.6	-10.4	-16.1
Operating result	-3,572	-20,867	-33,481	-49,264	-20,604	-28,182	-44,421	-50,341	-47,993	-54,285	-56,908
Operating margin, %	-2.1	-12.5	-20.7	-31.5	-14.0	-19.6	-30.9	-37.4	-40.4	-49.0	-55.9
Adjusted operating result	-2,527	-14,557	-20,342	-21,309	-20,490	-25,650	-37,375	-45,755	-47,993	-54,285	-56,908
Adjusted operating margin, %	-1.5	-8.7	-12.6	-13.6	-13.9	-17.8	-26.0	-34.0	-40.4	-49.0	-55.9
Net result for the period	-4,541	-18,464	-33,794	-28,905	-19,021	-26,840	-45,193	-49,443	-52,500	-58,193	-59,465

Definitions of Key Performance Indicators and calculations

KPI	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 a monthly basis divided by the outgoing number of FPSs in the corresponding month.	This measure is used to identify the share of total revenue that is attributable to each full-paying subscriber.
Items affecting comparability	Non-recurring significant items and events attributable to the Group's strategy or structure. These are relevant for understanding the Group's performance and year-on-year comparisons.	Used to inform about items that affect comparability between different periods.
Marketing costs	External marketing costs related to customer acquisition, campaigns and similar marketing activities.	Used as a measure of marketing costs, regardless of the effect of other operations, items affecting comparability between periods, and financing and company tax.
Net margin	Net result for the period divided by total revenue for the period.	Used as an alternative measure of the business's profitability.
Organic growth	Growth that the company achieves itself through its own sales, i.e., not through acquisitions.	Used as a measure of growth in the company's total revenue.
Earnings per share	Net result for the period after tax in relation to the average number of shares outstanding during the period.	A measure used by investors, analysts and company management to evaluate the value of the company's shares outstanding.
Operating result (EBIT)	Operating revenue less operating expenses.	A measure of the company's operating result before interest and tax that is used by investors, analysts and company management to evaluate the company's profitability.
Operating margin	Operating result in relation to operating expenses.	A profitability measure that is used by investors, analysts and company management to evaluate the company's profitability.
Growth in total revenue	Increase in total revenue compared with the preceding period.	Used as a measure of growth in the company's total revenue.
Total operating expenses	Total expenses excluding interest expenses and tax costs.	Used as a measure of the Group's total expenses regardless of the effect of other operations, items affecting comparability between periods, and financing and company tax.
Gross contribution	Gross profit excluding marketing costs.	A measure of the company's gross profit after marketing costs used by investors, analysts and company management to evaluate the company's profitability.
Gross contribution margin	Gross contribution divided by operating revenue.	A profitability measure that is used by investors, analysts and company management to evaluate the company's profitability.

Reconciliation of KPIs

Gross profit & Gross profit margin

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Total revenue	173,949	147,132	502,759	435,047	591,613
Publisher costs	-104,256	-99,072	-308,415	-289,386	-388,422
Gross profit	69,693	48,060	194,344	145,661	203,191
Gross profit margin, %	40.1	32.7	38.7	33.5	34.3

EBITDA and EBITDA margin

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
EBITDA	10,922	-14,386	-18,076	-75,274	-88,345
Total revenue	173,949	147,132	502,759	435,047	591,613
EBITDA margin, %	6.3	-9.8	-3.6	-17.3	-14.9

Equity per share

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Weighted number of shares outstanding	37,904,738	37,904,738	37,904,738	37,904,738	37,904,738
Total equity	36,634	117,250	36,634	117,250	90,557
Equity per share (SEK)	1.0	3.1	1.0	3.1	2.4

Net margin

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net result for the period	-4,541	-19,021	-56,799	-91,055	-119,960
Total revenue	173,949	147,132	502,759	435,047	591,613
Net margin, %	-2.6	-12.9	-11.3	-20.9	-20.3

Operating result and operating margin

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Total revenue	173,949	147,132	502,759	435,047	591,613
Total operating expenses	-177,521	-167,736	-560,679	-528,254	-734,084
Operating result	-3,572	-20,604	-57,920	-93,207	-142,471
Operating margin, %	-2.1	-14.0	-11.5	-21.4	-24.1

Adjusted operating result (EBITDA) (excl. IAC)

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Adjusted operating result (EBITDA)	10,921	-14,386	-18,076	-75,274	-88,345
Items affecting comparability					
Restructuring costs	457	-	6,737	7,640	7,640
Transaction and integration costs upon acquisition of Readly France SA	89	114	318	2,053	2,053
Transaction costs for the public cash offer	-	-	12,938	-	955
Transaction costs for the delisting and relisting processes	500	-	500	-	-
Adjusted operating result (EBITDA) (excl. IAC)	11,967	-14,272	2,418	-65,581	-77,697
Total revenue	173,949	147,132	502,759	435,047	591,613
Adjusted operating margin (EBITDA) (excl. IAC), %	6.9	-9.7	0.5	-15.1	-13.1

Adjusted operating result (excl IAC)

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating result (EBIT)	-3,572	-20,604	-57,920	-93,207	-142,471
Items affecting comparability					
Restructuring costs	457	-	6,737	7,640	7,640
Transaction and integration costs upon acquisition of Readly France SA	89	114	318	2,053	2,053
Transaction costs for the public cash offer	-	-	12,938	-	955
Transaction costs for the delisting and relisting processes	500	-	500	-	-
Impairment of goodwill	-	-	-	-	27,000
Adjusted operating result (excl IAC)	-2,527	-20,490	-37,426	-83,514	-104,823
Total revenue	173,949	147,132	502,759	435,047	591,613
Adjusted operating margin (excl. IAC), %	-1.5	-13.9	-7.4	-19.2	-17.7

Growth in total revenue

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Total revenue	173,949	147,132	502,759	435,047	591,613
Total revenue growth, %	18.2	23.8	15.6	31.2	26.9

Total operating expenses

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Publisher costs	-104,256	-99,072	-308,415	-289,386	-388,422
Marketing costs	-17,414	-22,730	-63,266	-72,186	-96,774
Other external costs	-11,747	-12,491	-47,151	-55,667	-91,996
Personnel costs	-27,039	-24,762	-92,521	-85,520	-117,314
Depreciation and amortisation	-14,494	-6,218	-39,844	-17,933	-54,126
Other operating expenses	-2,571	-2,463	-9,481	-7,563	-10,040
Total operating expenses	-177,521	-167,736	-560,679	-528,254	-734,084

Gross contribution & Gross contribution margin

SEKt	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Total revenue	173,949	147,132	502,759	435,047	591,613
Publisher costs	-104,256	-99,072	-308,415	-289,386	-388,422
Marketing costs	-17,414	-22,730	-63,266	-72,186	-96,774
Gross contribution	52,279	25,330	131,078	73,475	131,005
Gross contribution margin, %	30.1	17.2	26.1	16.9	22.1

Supplementary information

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Financial calendar

Financial reports, press releases and other information are available from the date of publication on Readly's website: www.readly.com.

This information is information that Readly International AB (publ) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by agency of the contact persons above at 7:30 a.m. CET on 9 November 2023.

Year-end report and fourth quarter interim report 2023
8 February 2024

2024 Annual general meeting
15 May 2024

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 2022 Annual Report, pages 45–51.

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, 9 November 2023

Philip Lindqvist
President and CEO

Auditor's review report

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

Introduction

We have reviewed the condensed interim financial information (interim report) for Ready International AB as per 30 September 2023 and the nine-month period ending on this date. The Board of Directors and the CEO are responsible for preparing and presenting this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

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

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

Conclusion

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

Stockholm, 9 November 2023

Öhrlings PricewaterhouseCoopers AB

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