

Acast

Interim report

January – March 2024

Acast AB (publ)



About Acast

Since 2014, Acast has been creating the world's most valuable podcast marketplace, building the technology which connects podcast creators, advertisers and listeners. Its marketplace spans nearly 125,000 podcasts, 2,700 advertisers and c. 400 million monthly listens. Crucially, those listens are monetized wherever they happen - across any podcasting app or other listening platform.

The company operates worldwide and is headquartered in Stockholm, Sweden. Acast is listed on the Nasdaq First North Premier Growth Market (ACAST.ST). Certified Adviser is FNCA Sweden AB, info@FNCA.se.

For brilliant podcasters
For smart advertisers
For The Stories

About Acast's reporting

This is Acast's interim report for the period January 1, 2024 – March 31, 2024. The report describes the Group's activities, results and financial position for the period. It concerns the entire group of companies, unless otherwise indicated. Amounts in parentheses are for the corresponding periods in 2023.

This is a translation of the Swedish original. In the event of any discrepancies between the two versions, the Swedish version shall take precedence.

CONTACT INFORMATION

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Emily Villatte, CFO
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investors.acast.com

Financial calendar

Annual general meeting 2024	May 21, 2024
Interim report for the period January 1 - June 30, 2024	July 26, 2024
Interim report for the period January 1 - September 30, 2024	Nov 5, 2024

Q1 2024 Highlights

25%

NET SALES GROWTH

39%

GROSS MARGIN

-4%

ADJ. EBITDA MARGIN

First quarter 2024

- Net sales in the quarter amounted to SEK 412.9 m (333.1), which corresponds to net sales growth of 25% (11%). The growth was primarily driven by our North American region where net sales grew by 48%. Net sales for Europe and Other Markets increased by 16% and 20% respectively.
- Organic net sales growth was 23% (6%).
- Gross margin for the quarter amounted to 39% (36%).
- EBITDA for the quarter was SEK -15.1 m (-60.7), resulting in EBITDA margin of -4% (-18%). The development shows that Acast is on track to reach positive EBITDA in 2024.
- Operating loss amounted to SEK -34.8 m (-78.0).
- The result for the period amounted to SEK 5.2 m (-72.0) and was positively affected by currency translation effects of SEK 27.4 m (2.2).
- Cash flow from operating activities amounted to SEK -15.5 m (-1.7).
- Earnings per share for the period before and after dilution amounted to SEK 0.03 (-0.40).
- The number of listens was 1,124 million (1,283), a decrease of 12% compared to the same period last year. The decline is due to Apple's iOS17 update that changed how podcast listens are measured.
- The Average Revenue Per Listen (ARPL) increased to SEK 0.37 (0.26).

Significant events

- Launch of an update to Predictive Demographics that offers advertisers unprecedented precision in audience targeting for the future cookie-free world. With this update, Predictive Demographics extends its AI-driven prediction model to include more data, thereby enabling more precise targeting across three million English-speaking podcasts globally.
- In February, The Telegraph, one of the world's oldest and most well-respected news organizations, joined Acast to further grow and expand its podcast network. Acast now is home to every major news publisher in the UK, with The Telegraph joining BBC, The Times, The Guardian, The New Statesman, The FT, Tortoise Media and The Economist.
- Higher Ground -Barack Obama and Michelle Obama's media company -launched its new Ways to Win podcast with Acast in March. The show began with a mini-series during March Madness, one of the biggest sporting events of the year, with the premiere starring Barack Obama discussing his NCAA March Madness bracket selections.

Group financial KPIs and alternative performance measures

SEK thousand	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Net sales	412,886	331,297	1,636,371
Cost of content	-253,913	-212,927	-1,115,531
Gross profit	158,973	118,370	520,840
Total operating expenses excl D&A	-174,056	-179,086	-708,136
EBITDA	-15,083	-60,717	-187,296
Depreciation and amortization	-19,709	-17,305	-71,322
EBIT (Operating profit/loss)	-34,792	-78,022	-258,618
Financial items	41,395	7,186	87,711
Income tax expense	-1,407	-1,175	-8,772
Profit/Loss for the period	5,196	-72,010	-179,679
Net sales growth (%)	25%	11%	18%
Organic net sales growth (%)	23%	6%	13%
Gross margin (%)	39%	36%	32%
EBITDA margin (%)	-4%	-18%	-11%
Adj. EBITDA*	-15,083	-60,717	-111,725
Adj. EBITDA margin (%)*	-4%	-18%	-7%
EBIT margin (%)	-8%	-24%	-16%
Adj. EBIT*	-34,792	-78,022	-183,047
Adj. EBIT margin (%)*	-8%	-24%	-11%
Items affecting comparability*	–	–	75,571
Cash flow from operating activities	-15,498	-1,659	-28,135
Basic and diluted earnings per share (SEK)	0.03	-0.40	-0.99
Listens (millions)	1,124	1,283	5,019
Average revenue per listen, ARPL (SEK)	0.37	0.26	0.33

*Items affecting comparability for the full year 2023 relate to costs for revaluation of podcast contracts due to Apple's update to iOS17.

For definitions and purpose see note 8, and for reconciliations see note 9.

Comments from the CEO:

North America drives positive start to the year

Acast's start to the year is characterized by 25% sales growth and additional profitability improvements thanks to a maintained cost control. The growth is primarily driven by North America where we have enjoyed an improved sentiment among advertisers during the period, while also seeing positive returns from our investments in the region.

NORTH AMERICA TAKES LEAD ON GROWTH

The sales growth during the first quarter amounted to 25%, of which 23% was organic growth. The improved growth is primarily thanks to a strong development in North America where sales grew by 48% compared to the same period last year. The favorable development stems from an improved sentiment among advertisers while we also see positive returns on our investments into the region. Our Europe and 'Other Markets' regions, where the advertising markets are subject to higher uncertainty, grew sales by 16% and 20% respectively.

The number of listens decreased by 12% compared to the same period last year, which is explained by the effects of iOS17. We now believe that our listens have reached a new baseline post the iOS17 changes. The Average Revenue Per Listen (ARPL) continues to develop favorably, and amounted to SEK 0.37 in the quarter, corresponding to an increase of 42% compared to last year.

HIGHER GROSS MARGIN AND MAINTAINED COST CONTROL

The gross margin for the period was 39%, corresponding to a 3 percentage point increase compared to last year. The positive development is driven by Podchaser and a favorable product mix. At the same time we have maintained good cost control with operational expenses (excluding D&A) 3% below last year's level.

Thanks to the positive sales development, the higher gross margin and lower costs, we managed to achieve major improvements to our quarterly results compared to a year ago. EBITDA amounted to SEK -15.1 m (-60.7), corresponding to an EBITDA margin of -4%.

PREDICTIVE DEMOGRAPHICS DELIVERS GREATER INSIGHTS FOR ADVERTISERS

With an update to our Predictive Demographics solution in March, we continue to build on Podchaser's leading technology.



The update brings enhancements to our AI-based prediction model that improves podcast advertisers' targeting capabilities. The launch is another important step towards improving audience buying, and thereby scaling sales across ad inventory.

CELEBRATING 10 YEARS AS THE LEADING GLOBAL PODCAST COMPANY

Since our introduction of Dynamic Ad Insertion (DAI) in 2014, we have maintained our position as a pioneer in the podcast industry through innovations including programmatic ad buying in podcasting, our self-serve ad platform and our first-party data targeting solution for advertisers. Our leading technology and investment in local markets has made us now home to nearly 125,000 podcasts globally, with Acast having paid more than USD 350 m directly to creators around the globe since launch.

During the quarter, we welcomed The Telegraph to our stable, meaning that we now have all major UK publishing networks, and the new Higher Ground show "Ways to Win" that launched with a premiere episode starring Barack Obama discussing his March Madness bracket selections.

For the first time ever, we participated in Podtrac's monthly podcast publisher ranking. The results showed that we, by far, have the largest podcast network globally whilst the US ranking revealed that we hold a very strong position (#2 company) in the world's largest podcast advertising market thanks to our reach exceeding 20 million monthly unique listeners in the US.

ON TRACK TO DELIVER POSITIVE EBITDA

Through continuously attracting new advertisers and creators to our platform, entering new partnerships with major industry players and continuing to drive industry innovation, we continue advancing our position as the leading independent podcast company globally. Our development reflects that we are on track to deliver against our goal of reaching positive EBITDA in 2024, which together with our robust balance sheet gives us a solid foundation to keep fortifying our leading position.

ROSS ADAMS
Chief Executive Officer

Financial information

Sales and earnings

NET SALES

Jan-Mar

Net sales for the first quarter amounted to SEK 412.9 m (331.3), an increase of 25%. The organic net sales growth was 23%, adjusted for currency effects. Net sales increased for all segments, Europe's net sales increased by 16%, North America's net sales increased by 48% and Other Markets' by 20%. None of the segments had any material currency impact in the quarter.

Net sales reflect the usual seasonality for the podcast advertising industry where Q4 is the strongest quarter of the year followed by a softer Q1 and where Q2 and Q3 do not see the same level of seasonal variation. The macro-economic situation, with an uncertain advertising market has continued to affect Acast's growth rate on certain markets.

GROSS PROFIT

Jan-Mar

Gross profit for the quarter amounted to SEK 159.0 m (118.4), an improvement of 34%. Gross margin for the quarter amounted to 39% (36%).

OTHER OPERATING EXPENSES

Jan-Mar

Other operating expenses in the first quarter of 2024 amounted to SEK 194.4 m (196.8), which is a decrease of 1% compared to the same period last year. The decrease is due to lower Administration costs which have decreased by 13%, mainly due to increased focus on cost control and fewer employees. Product development costs have increased

by 1% and Sales and marketing costs have increased by 6% compared to the same period last year. The Group's operating expenses include amortizations of SEK 1.6 m attributable to the acquisition of Podchaser.

OPERATING PROFIT/LOSS

Jan-Mar

The operating loss for the first quarter amounted to SEK -34.8 m (-78.0), an improved result of 55% compared to the first quarter last year. The operating margin was -8% (-24%). An improvement compared to last year, due to higher gross profit and lower costs.

FINANCIAL ITEMS

Jan-Mar

Financial items amounted to SEK 41.4 m (7.2) for the quarter, an increased revenue of SEK 34.2 m. Net financial items for the quarter consisted mainly of unrealized currency exchange gains and interest on bank balances.

PROFIT/LOSS FOR THE PERIOD

Jan-Mar

Altogether, the profit for the period was SEK 5.2 m (-72.0), an improved result of SEK 77.2 m compared to the same period last year.

EARNINGS PER SHARE

Jan-Mar

Earnings per share (basic and diluted) amounted to 0.03 SEK for the first quarter 2024 compared to -0.40 SEK for the same period last year.

NUMBER OF OUTSTANDING SHARES AND WARRANTS

At the end of the period Acast had 181,068,106 outstanding shares and an additional 15,222,296 unexercised warrants. A total of 196,290,402 outstanding shares and unexercised warrants.

EMPLOYEES

As at March 31, 2024, Acast had 354 full time employees (366) and an additional 28 full time consultants (34), totaling a combined 382 (400) full time employees and consultants.

Group financial position, equity and cash flow

FINANCIAL POSITION AND EQUITY MOVEMENTS

Jan-Mar

As at March 31, 2024, equity amounted to SEK 1,166.2 m, compared to SEK 1,247.9 m per March 31, 2023. As at March 31, 2024, cash and cash equivalents amounted to SEK 734.0 m, compared to SEK 850.8 m per March 31, 2023.

During the first quarter, the Group opened a cash pool account in USD, and the Group now has cash pool accounts in EUR and in USD. The Parent company is the holder of the Group's cash pool account. The total balance of the cash pool account is reported as cash and cash equivalents in the parent company. The subsidiaries' share of the cash pool account is reported as a receivable/liability to group companies.

CASH FLOW

Jan-Mar

The Group's cash flow from operating activities amounted to SEK -15.5 m during the first quarter 2024, compared to SEK -1.7 m for the same period last year. In the end of 2022 improvements were made to our processes for debt collecting, this had a significant impact in the first quarter of 2023 and the cash flow was positively affected by this to a greater extent than in the first quarter 2024.

The Group's cash flow from investing activities amounted to SEK -15.0 m for the quarter. Cash flow for the same period last year amounted to SEK -11.0 m. The cash flow for the period was primarily related to investments in intangible assets resulting from own development of the Group's proprietary tech platforms.

The Group's cash flow from financing activities amounted to SEK -6.9 m during the first quarter 2024 compared to SEK -6.7 m during the same period last year. The cash flow for the period consisted entirely of amortization of lease liabilities.

Cash and cash equivalents at the beginning of the period were SEK 759.5 m. Cash flow for the period was SEK -37.4 m and the effect from movements in exchange rates on cash and cash equivalents was SEK 11.9 m resulting in cash and cash equivalents at the end of the period of SEK 734.0 m.

Financial information cont.

Parent company

Acast AB is the Parent company of the Group.

Jan-Mar

Net sales of the Parent company for the first quarter 2024 amounted to SEK 117.9 m (91.3).

Total operating expenses for the first quarter amounted to SEK 121.1 m (123.1) including cost of content, sales and marketing costs, administration expenses, product development costs and other income. Cost of content has increased as a result of increased sales and administration costs that have decreased, as a result of increased focus on cost control and fewer employees.

Financial items amounted to SEK 41.9 m for the first quarter 2024 (10.1), and consisted mainly of unrealized exchange gains and interest on bank balances.

The profit for the quarter for the parent company was SEK 38.7 m (-21.7).

Significant events after the end of the reporting period

There are no significant events after the end of the reporting period.

Declaration by the Board and CEO

The Board and CEO confirm that the interim report gives a fair overview of the Group and Parent Company operations, financial position and results and provides a description of the principal risks and uncertainties the Group and Parent Company faces.

This interim report has not been subject to audit or review by the company's auditors.

The interim report includes insider information that Acast is obliged to make public pursuant to the EU Market Abuse Regulation (MAR). The information was submitted for publication at 08:00 a.m. CET on May 7, 2024.

Board and CEO
Our signature has been submitted on the date
for our electronic signature

John Harrobin
Chairman

Leemon Wu
Board member

Björn Jeffery
Board member

Hjalmar Didrikson
Board member

Jonas von Hedenberg
Board member

Samantha Skey
Board member

Ross Adams
CEO

Financial statements

Group financial statement

Condensed consolidated statement of profit or loss

SEK thousand	Note	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Net sales	4	412,886	331,297	1,636,371
Cost of content	6	-253,913	-212,927	-1,115,531
Gross profit		158,973	118,370	520,840
Sales and marketing costs	6	-91,955	-86,848	-386,889
Administration expenses	6	-56,116	-64,182	-214,003
Product development costs	6	-46,374	-45,783	-179,770
Other income		680	421	1,203
EBIT (Operating profit/loss)		-34,792	-78,022	-258,618
Financial items		41,395	7,186	87,711
Profit/Loss before income tax		6,603	-70,835	-170,907
Income tax expense		-1,407	-1,175	-8,772
Profit/Loss for the period		5,196	-72,010	-179,679
Earnings per share, based on loss for the period attributable to Parent Company shareholders:				
Basic earnings per share, SEK		0.03	-0.40	-0.99
Diluted earnings per share, SEK		0.03	-0.40	-0.99
Average number of shares, thousands		181,068	181,068	181,068

Condensed consolidated statement of other comprehensive income

SEK thousand	Note	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Profit/Loss for the period		5,196	-72,010	-179,679
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences		10,397	1,196	-13,007
Total comprehensive income for the period		15,594	-70,814	-192,686

Profit/Loss for the period and total comprehensive income are, in their entirety, attributable to Parent Company shareholders.

Group financial statement

Condensed consolidated statement of financial position

SEK thousand	Note	31 Mar 2024	31 Mar 2023	31 Dec 2023
ASSETS				
Non-current assets				
Goodwill	6	358,557	348,248	337,744
Intangible assets		97,542	90,313	95,851
Tangible assets		2,541	732	763
Right-of-use assets		17,787	38,895	23,412
Financial assets		2,152	2,239	2,073
Deferred tax assets		329	397	375
Total non-current assets		478,908	480,824	460,217
Current assets				
Accounts receivable		440,548	346,670	442,756
Other receivables		12,701	10,586	12,092
Prepaid expenses and accrued income		71,333	48,487	49,737
Cash and cash equivalents		734,032	850,806	759,463
Total current assets		1,258,615	1,256,549	1,264,047
TOTAL ASSETS		1,737,522	1,737,373	1,724,265

SEK thousand	Note	31 Mar 2024	31 Mar 2023	31 Dec 2023
EQUITY AND LIABILITIES				
EQUITY				
Share capital		1,174	1,174	1,174
Other paid in capital		2,337,807	2,337,807	2,337,807
Translation reserves		7,202	11,008	-3,195
Retained earnings (including profit/loss for the period)		-1,180,028	-1,102,062	-1,191,963
Total equity attributable to Parent company shareholders		1,166,155	1,247,927	1,143,823
LIABILITIES				
Non-current liabilities				
Lease liabilities		20	15,008	34
Deferred tax liabilities		21,003	19,305	20,519
Other long-term liabilities		10,318	19,702	9,635
Total non-current liabilities		31,342	54,016	30,189
Current liabilities				
Accounts payable		110,487	92,735	145,161
Other payables		70,545	121,863	78,521
Current tax liabilities		1,078	934	2,663
Lease liabilities		15,945	22,570	21,914
Accrued expenses and prepaid income		341,970	197,328	301,994
Total current liabilities		540,025	435,430	550,252
TOTAL EQUITY AND LIABILITIES		1,737,522	1,737,373	1,724,265

Condensed consolidated statement of changes in equity

	Equity attributable to the equity holders of the parent company					
Note	Share capital	Other paid in capital	Translation reserves	Retained earnings (including loss for the period)	Total equity	
Opening balance at 1 January 2023	1,174	2,337,808	9,812	-1,040,914	1,307,880	
Profit/Loss for the period	-	-	-	-72,010	-72,010	
Other comprehensive income	-	-	1,196	-	1,196	
Total comprehensive income for the period	-	-	1,196	-72,010	-70,814	
Transactions with owners						
Employee share schemes - value of employee services	-	-	-	10,861	10,861	
Total transactions with owners	-	-	-	10,861	10,861	
Closing balance at 31 March 2023	1,174	2,337,808	11,008	-1,102,062	1,247,927	
Opening balance at 1 April 2023						
	1,174	2,337,808	11,008	-1,102,062	1,247,927	
Profit/Loss for the period	-	-	-	-107,669	-107,669	
Other comprehensive income	-	-	-14,203	-	-14,203	
Total comprehensive income for the period	-	-	-14,203	-107,669	-121,871	
Transactions with owners						
Employee share schemes - value of employee services	-	-	-	17,768	17,768	
Total transactions with owners	-	-	-	17,768	17,768	
Closing balance at 31 December 2023	1,174	2,337,808	-3,195	-1,191,964	1,143,823	

Group financial statement

Condensed consolidated statement of changes in equity

	Equity attributable to the equity holders of the parent company					
Note	Share capital	Other paid in capital	Translation reserves	Retained earnings (including loss for the period)	Total equity	
Opening balance at 1 January 2024	1,174	2,337,808	-3,195	-1,191,964	1,143,823	
Profit/Loss for the period	-	-	-	5,196	5,196	
Other comprehensive income	-	-	10,397	-	10,397	
Total comprehensive income for the period	-	-	10,397	5,196	15,594	
Transactions with owners						
Employee share schemes - value of employee services	-	-	-	6,740	6,740	
Total transactions with owners	-	-	-	6,740	6,740	
Closing balance at 31 March 2024	1,174	2,337,808	7,202	-1,180,028	1,166,155	

Group financial statement

Condensed consolidated statement of cash flows

SEK thousand	Note	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Operating activities				
EBIT (Operating profit/loss)		-34,792	-78,022	-258,618
Adjustments for non-cash items		25,301	31,351	173,243
Interest received		6,367	2,805	24,732
Interest paid		-312	-491	-2,702
Income taxes paid		-3,098	-718	-4,665
		-6,533	-45,075	-68,010
Changes in working capital				
Accounts receivable (increase - / decrease +)		21,336	101,293	1,301
Other current receivables (increase - / decrease +)		-21,406	16,955	14,065
Accounts payable (increase + / decrease -)		-34,891	-29,310	23,171
Other current liabilities (increase + / decrease -)		25,996	-45,522	1,339
Total change in working capital		-8,965	43,417	39,875
Cash flows from operating activities		-15,498	-1,659	-28,135

SEK thousand	Note	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Investing activities				
Investment in equipment		-1,815	-	-281
Investment in intangible assets		-13,227	-11,045	-52,876
Long-term asset (increase - / decrease +)		25	69	-141
Cash flows from investing activities		-15,017	-10,976	-53,298
Financing activities				
Principal elements of lease payments		-6,856	-6,735	-25,023
Cash flows from financing activities		-6,856	-6,735	-25,023
Cash flows for the period		-37,371	-19,370	-106,456
Cash and cash equivalents at the beginning of the period		759,463	867,757	867,757
Effect from movements in exchange rates on cash and cash equivalents		-11,941	2,419	-1,837
Cash and cash equivalents at the end of the period		734,032	850,806	759,463

Parent company financial statement

Condensed parent company income statement

SEK thousand	Note	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Net sales		117,855	91,271	339,570
Cost of content		-32,110	-20,968	-111,773
Gross profit		85,746	70,303	227,797
Sales and marketing costs		-9,370	-11,995	-70,427
Administration expenses		-27,254	-44,659	-108,094
Product development costs		-42,996	-45,933	-182,081
Other income		637	418	1,121
EBIT (Operating profit/loss)		-3,238	-31,866	-131,683
Financial items		41,890	10,143	19,664
Profit/loss before income tax		38,651	-21,723	-112,019
Income tax expense		-	-	-
Profit/loss for the period		38,651	-21,723	-112,019

Condensed parent company statement of financial position

SEK thousand	Note	31 Mar 2024	31 Mar 2023	31 Dec 2023
ASSETS				
Non-current assets				
Intangible assets		2,856	4,838	3,342
Tangible assets		1,796	497	314
Financial assets				
Participations in group companies		694,720	674,286	689,842
Receivables from group companies		196,084	192,381	184,684
Total non-current assets		895,456	872,003	878,182
Current assets				
Accounts receivable		70,671	52,529	67,777
Receivables from group companies		685,919	1,443,720	619,945
Other receivables		4,984	6,750	6,992
Prepaid expenses and accrued income		69,255	49,150	47,751
Other short-term investments		–	304,192	–
Cash and bank		638,914	127,499	585,357
Total current assets		1,469,744	1,983,840	1,327,822
TOTAL ASSETS		2,365,200	2,855,842	2,206,004

SEK thousand	Note	31 Mar 2024	31 Mar 2023	31 Dec 2023
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity				
Share capital		1,174	1,174	1,174
Non-restricted equity				
Other paid in capital		2,337,807	2,337,807	2,337,807
Retained earnings		-734,001	-646,490	-628,722
Profit/loss for the period		38,651	-21,723	-112,019
Total equity		1,643,631	1,670,768	1,598,240
LIABILITIES				
Non-current liabilities				
Other long-term liabilities		2,064	3,940	1,927
Total non-current liabilities		2,064	3,940	1,927
Current liabilities				
Accounts payable		106,863	88,309	143,321
Liabilities to group companies		318,272	920,711	196,630
Other payables		18,009	21,476	17,180
Accrued expenses and prepaid income		276,361	150,637	248,706
Total current liabilities		719,505	1,181,134	605,837
TOTAL EQUITY AND LIABILITIES		2,365,200	2,855,842	2,206,004

Notes

NOTE 1. GENERAL INFORMATION

Acast AB (publ) ("Acast" or "the Company"), Corp. Reg. No. 556946-8498 is a parent company registered in Sweden with its registered office in Stockholm at Kungsgatan 28, 111 35 Stockholm, Sweden.

Unless otherwise stated, all amounts are in thousands of SEK. Data in parentheses pertain to the comparative period.

This interim report was authorized for issue by the board of directors on May 7, 2024.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting policies applied agree with those described in the annual report for Acast AB (publ) for 2023.

The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act chapter 9, Interim reporting and RFR2, Accounting principles for legal entities. The same accounting principles and calculation bases have been applied as per the prior Annual Report.

Disclosures under IAS 34.16A are presented in the financial reports and notes as well as in other parts of the interim report.

For financial instruments reported at amortized cost; trade receivables, other current receivables, cash and cash equivalents, trade payables and other current liabilities, the carrying amount is deemed a reasonable approximation of fair value.

Total amounts presented in tables do not always match the calculated sum of the separate sub-components due to rounding differences. The aim is for each sub-component to be consistent with its original source and therefore rounding differences may affect the total when all sub-components are summed up.

NOTE 3. RISKS AND UNCERTAINTIES

Acast is exposed to numerous risks and opportunities arising from both its' own operations and the changing operating environment. The main operational risks for the group and the parent company are:

- a prolonged ad-market downturn affecting company performance
- changes to the competitive landscape including strategic partners
- recruitment, retention and succession of key staff
- IT infrastructure failure

The advertising market remains uncertain in many countries due to the current macroeconomic situation. Acast is closely monitoring this development and continues in line with our communicated target to be profitable in 2024.

The group and parent company's primary financial risks are:

- currency exchange risk resulting from exposure to movement in currency exchange rates for foreign currency revenue transactions and the translation of the net assets and profit and loss accounts of overseas subsidiaries
- money laundering, fraud and bribery
- credit/counterparty risk i.e. the risk that a counterparty is not able to fulfil its contractual obligations including both commercial credit risk and financial credit risk

The financial risks in the group remain the same as in the previous quarter.

NOTE 4. OPERATING SEGMENTS AND DISAGGREGATION OF REVENUES

The CEO is the chief operating decision maker of the Group. The CEO evaluates the financial performance and makes strategic decisions. The CEO makes decisions on the allocation of resources and examines the Group's performance from a geographical perspective and the Group has identified three operating segments, Europe, North America and Other Markets that constitutes "rest of the world".

SEGMENT INFORMATION, SEK THOUSAND

2024 Jan-Mar	Europe	North America	Other Markets	Total
Net sales from external customers	252,492	122,580	37,814	412,886
Total segment net sales	252,492	122,580	37,814	412,886
Contribution profit*	60,670	-1,522	2,226	61,374
Global costs*				-96,166
EBIT				-34,792
Financial items				41,395
Profit/Loss before income tax				6,603

2023 Jan-Mar	Europe	North America	Other Markets	Total
Net sales from external customers	216,846	82,977	31,474	331,297
Total segment net sales	216,846	82,977	31,474	331,297
Contribution profit*	37,634	-15,881	791	22,544
Global costs*				-100,566
EBIT				-78,022
Financial items				7,186
Profit/Loss before income tax				-70,835

See note 8 for definitions.

Notes

2023 Jan-Dec	Europe	North America	Other Markets	Total
Net sales from external customers	1,027,329	453,788	155,254	1,636,371
Total segment net sales	1,027,329	453,788	155,254	1,636,371
Contribution profit*	182,195	-69,082	11,497	124,610
Global costs*				-383,228
EBIT				-258,618
Financial items				87,711
Profit/Loss before income tax				-170,907

See note 8 for definitions.

Acast's net sales are mainly generated from advertising revenue recognized over time. Just over 6% of Acast net sales are generated by SaaS and subscription revenue, for the reporting period presented.

Seasonal variation within podcast advertising typically manifests in Q4 which is the strongest quarter in the year followed by lower net sales in Q1. Q2 and Q3 see less impact from seasonal variation.

NOTE 5. TRANSACTIONS WITH RELATED PARTIES

Related party transactions within the group consist of internal trading of services and are carried out on market terms. In addition, Acast has identified one related party where transactions have taken place. From January 2024, part of the office in Stockholm is sublet. The sublease is made according to market terms.

SEK thousand	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Subletting of premises	604	-	-
Total rental income	604	-	-

NOTE 6. ITEMS AFFECTING COMPARABILITY

There are no items affecting comparability for Q1 2024. Items affecting comparability for the full year 2023 refer to the revaluation of podcast contracts. As a consequence of Apple's update to iOS17, the number of counted listens are lowered near term across the industry. As a result, we have made a revaluation of podcast contracts.

SEK thousand	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Revaluation of podcast contracts due to iOS17	-	-	-75,571
Total	-	-	-75,571

CLASSIFICATION BY FUNCTION IN THE INCOME STATEMENT

SEK thousand	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Cost of content	-	-	-75,571
Total	-	-	-75,571

NOTE 7. GOODWILL

SEK thousand	31 Mar 2024	31 Dec 2023
Opening balance, January 1	337,744	351,046
Exchange difference	20,813	-13,302
Closing balance, end of period	358,557	337,744

Notes

NOTE 8. DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES AND OPERATIONAL MEASURES

Certain information in this report that management and analysts use to assess the Group's development is not defined in IFRS Accounting standards. Management believes that this information makes it easier for investors to analyze the Group's earnings trend and financial position. Investors should consider this information as a supplement to, rather than a replacement of, the financial reporting in accordance with IFRS Accounting standards.

Alternative performance measurements not defined under IFRS Accounting standards	Definition	Purpose
Net sales growth (%)	Change in net sales compared to same period previous year.	The measure shows growth in net sales compared to the same period previous year. It is a relevant performance measure for a company within a high growth industry.
Organic net sales growth (%)	Change in net sales compared to the same period previous year adjusted for translational currency effects, acquisition and divestment effects.	Organic net sales growth facilitates a comparison of net sales over time excluding impact from currency translation, acquisitions and divestments.
Gross profit	Net sales for the period reduced by cost of content.	Gross profit is used to measure the residual profit that remains after deducting the cost of content. It gives an indication of the Group's ability to cover its Other operating expenses.
Gross margin (%)	Gross profit in relation to net sales.	Gross margin is used to measure the residual profit that remains after deducting the cost of content. It gives an indication of the Group's ability to cover Other operating expenses.
Other operating expenses	The sum of sales and marketing costs, administration expenses and product development costs.	Other operating expenses is used to assess the amount of operating expenses excluding cost of content and excluding other income.
Total operating expenses	The sum of sales and marketing costs, administration expenses, product development costs and other income	Total operating expenses is used to assess the amount of operating expenses excluding cost of content, including other income.
Total operating expenses excl D&A	The sum of sales and marketing costs, administration expenses product development costs and other income, excluding depreciation and amortization	Total operating expenses excl D&A is used to assess the amount of operating expenses excluding cost of content, depreciation, amortization and including other income.
EBITDA	EBIT (Operating profit/loss) before depreciation and amortization.	EBITDA is a measure of operating profit/loss before depreciation and amortization and is used to monitor the operations.
EBITDA margin (%)	EBITDA in relation to net sales.	EBITDA in relation to net sales is used to measure the profitability of operations and shows cost effectiveness.

Alternative performance measurements not defined under IFRS Accounting standards	Definition	Purpose
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA is a measure of operating profit/loss before depreciation and amortization and is used to monitor the operating activities. The purpose is to facilitate a fair comparison between two comparable periods and to show the underlying trend in operating activities excluding non-recurring items.
Adjusted EBITDA margin (%)	Adjusted EBITDA in relation to net sales.	Adjusted EBITDA in relation to net sales is used to measure the profitability of operations and shows the Group's cost effectiveness.
EBIT (Operating profit/loss)	Profit/loss before financial items and tax.	EBIT is used to evaluate the Group's profitability.
EBIT margin (%)	EBIT in relation to net sales.	EBIT in relation to the Group's net sales is an indicator of the Group's profitability.
Adjusted EBIT	EBIT adjusted for items affecting comparability.	Adjusted EBIT is a supplement to EBIT and the purpose is to show the operating profit/loss excluding items that affect comparability to facilitate a fair comparison between two comparable periods and show the underlying trend in operating activities excluding non-recurring items.
Adjusted EBIT margin (%)	Adjusted EBIT in relation to net sales.	Adjusted EBIT in relation to net sales is an indicator of the Group's profitability.
Items affecting comparability	Items affecting comparability means items that are reported separately due to their character and amount and that complicate the comparability between two given periods.	Items affecting comparability is used by management to explain variations in historical profitability. Separate reporting and specification of Items affecting comparability enables the users of the financial statements to understand and evaluate the adjustments performed by management when presenting Adjusted EBIT and Adjusted EBITDA.
Cash flows from operating activities	Cash flows for the period excluding cash flows from financing activities and cash flows from investing activities.	Cash flow from operating activities indicates the amount of cash generated from (or spent on) its ongoing operations.

Notes

Alternative performance measurements not defined under IFRS Accounting standards	Definition	Purpose
Contribution profit (previously CBIT)	Operating segments contribution to the Group's EBIT before allocation of Global costs.	Contribution profit is used in the assessment of the Group's operating segments, i.e. local market operations. It shows the operating segments contribution to the Group's Operating profit/loss before allocation of Global costs.
Contribution margin (%)	Contribution profit in relation to net sales.	Contribution profit in relation to net sales of a segment is an indicator of the segment's profitability.

Operational measures	Definition	Purpose
Listens*	Number of listens per year based on Acast's IAB 2.0 certified measurement**	Used to identify number of listens during a specified period.
Average net sales per listen (ARPL)	Net sales divided by number of listens for the same period.	Used to measure average net sales per listens as defined above.

*Number of listens per year based on Acast's IAB 2.0 certified measurement. A listen is defined as a minimum download of at least 60 seconds of the episode and Acast only count one listen per listener per episode within 24 hours.

**The IAB 2.0 measurement came into effect in Q4 2019 for Acast. Historical listens preceding this date have been recalculated by Acast management to retroactively seek to align with the IAB 2.0 measurement. Listens figures have not been audited by any third party.

NOTE 9. RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED UNDER IFRS ACCOUNTING STANDARDS AND OTHER OPERATIONAL MEASURES

SEK thousand (unless stated otherwise)	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Alternative performance measures not defined under IFRS Accounting standards			
Net sales	412,886	331,297	1,636,371
Net sales growth (%)*	25%	11%	18%
Net sales	412,886	331,297	1,636,371
Translational currency effects on Net sales (a positive amount represents a negative effect on net sales in current period, a negative amount represents the opposite)	-4,179	-9,598	-51,458
Impact from acquisitions	-	-6 146	-15 466
Organic net sales	408,707	315,553	1,569,446
Net sales growth (%)	25%	11%	18%
Translational currency effects on Net sales growth (%) (a positive percentage represents a negative effect on growth in current period, a negative percentage represents the opposite)	-1%	-3%	-4%
Impact from acquisitions on Net sales growth (%)	-	-2%	-1%
Organic net sales growth (%)	23%	6%	13%

* Net sales growth compared to same period previous year.

SEK thousand (unless stated otherwise)	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Net sales	412,886	331,297	1,636,371
Cost of content	-253,913	-212,927	-1,115,531
Gross profit	158,973	118,370	520,840
Net sales	412,886	331,297	1,636,371
Gross margin (%)	39%	36%	32%
Sales and marketing costs	-91,955	-86,848	-386,889
Administration costs	-56,116	-64,182	-214,003
Product development costs	-46,374	-45,783	-179,770
Other operating expenses	-194,445	-196,813	-780,661
Other operating expenses	-194,445	-196,813	-780,661
Other income	680	421	1,203
Total operating expenses	-193,765	-196,392	-779,458
Total operating expenses	-193,765	-196,392	-779,458
Depreciation and amortization	19,709	17,305	71,322
Total operating expenses excl D&A	-174,056	-179,086	-708,136

Notes

SEK thousand (unless stated otherwise)	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec
Profit/Loss for the period	5,196	-72,010	-179,679
Income tax expense	-1,407	-1,175	-8,772
Financial items	41,395	7,186	87,711
EBIT (Operating profit/loss)	-34,792	-78,022	-258,618
Net sales	412,886	331,297	1,636,371
EBIT margin (%)	-8%	-24%	-16%
EBIT (Operating profit/loss)	-34,792	-78,022	-258,618
Items affecting comparability*	-	-	75,571
Adj. EBIT	-34,792	-78,022	-183,047
Net sales	412,886	331,297	1,636,371
Adj. EBIT margin (%)	-8%	-24%	-11%
EBIT (Operating profit/loss)	-34,792	-78,022	-258,618
Depreciation and amortization	19,709	17,305	71,322
EBITDA	-15,083	-60,717	-187,296
Net sales	412,886	331,297	1,636,371
EBITDA margin (%)	-4%	-18%	-11%
EBITDA	-15,083	-60,717	-187,296
Items affecting comparability*	-	-	75,571
Adj. EBITDA	-15,083	-60,717	-111,725
Net sales	412,886	331,297	1,636,371
Adj. EBITDA margin (%)	-4%	-18%	-7%
Operational measures			
Listens (millions)	1,124	1,283	5,019
Net sales	412,886	331,297	1,636,371
Average revenue per listen, ARPL (SEK)	0.37	0.26	0.33

* Items affecting comparability for the full year 2023 consists of revaluation of podcast contracts, due to Apple's update to iOS17.

Group financial KPIs and alternative performance measures

SEK thousand (unless stated otherwise)	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2023 Jan-Dec	2022 Jan-Dec
Net Sales	412,886	494,225	424,549	386,301	331,297	454,297	321,950	315,826	298,293	1,636,371	1,390,366
Cost of content	-235,913	-375,611	-277,898	-249,095	-212,927	-297,281	-209,399	-221,823	-192,008	-1,115,531	-920,511
Gross profit	158,973	118,614	146,651	137,205	118,370	157,016	112,551	94,003	106,285	520,840	469,856
Total operating expenses excl D&A	-174,056	-177,845	-172,333	-178,871	-179,086	-199,447	-198,668	-192,573	-174,117	-708,136	-764,805
EBITDA	-15,083	-59,231	-25,683	-41,666	-60,717	-42,431	-86,117	-98,570	-67,832	-187,296	-294,949
Depreciation and amortization	-19,709	-18,407	-17,948	-17,662	-17,305	-16,205	-15,869	-13,389	-12,231	-71,322	-57,694
EBIT (Operating profit/loss)	-34,792	-77,638	-43,631	-59,328	-78,022	-58,636	-101,986	-111,959	-80,063	-258,618	-352,643
Financial items	41,395	-35,293	68,842	46,976	7,186	-14,414	35,490	42,227	9,074	87,711	72,377
Income tax expense	-1,407	-4,601	-1,126	-1,870	-1,175	-947	-2,047	-903	-2,212	-8,772	-6,109
Profit/Loss for the period	5,196	-117,533	24,085	-14,221	-72,010	-73,997	-68,543	-70,635	-73,201	-179,679	-286,375
Net Sales growth (%)	25%	9%	32%	22%	11%	35%	21%	39%	51%	18%	36%
Organic net sales growth (%)	23%	7%	26%	15%	6%	24%	7%	28%	40%	13%	26%
Gross margin (%)	39%	24%	35%	36%	36%	35%	35%	30%	36%	32%	34%
EBITDA margin (%)	-4%	-12%	-6%	-11%	-18%	-9%	-27%	-31%	-23%	-11%	-21%
Adj. EBITDA*	-15,083	16,340	-25,683	-41,666	-60,717	-31,109	-75,144	-98,253	-67,832	-111,725	-272,337
Adj. EBITDA margin (%)*	-4%	3%	-6%	-11%	-18%	-7%	-23%	-31%	-23%	-7%	-20%
EBIT margin (%)	-8%	-16%	-10%	-15%	-24%	-13%	-32%	-35%	-27%	-16%	-25%
Adj. EBIT*	-34,792	-2,067	-43,631	-59,328	-78,022	-47,314	-91,013	-111,642	-80,063	-183,047	-330,031
Adj. EBIT margin (%)*	-8%	0%	-10%	-15%	-24%	-10%	-28%	-35%	-27%	-11%	-24%
Items affecting comparability*	-	75,571	-	-	-	11,322	10,973	317	-	75,571	22,612
Cash flow from operating activities	-15,498	50,330	-19,266	-57,542	-1,659	-12,314	-96,707	-97,629	-87,633	-28,135	-294,284
Basic and diluted earnings per share (SEK)	0.03	-0.65	0.13	-0.08	-0.40	-0.41	-0.38	-0.40	-0.41	-0.99	-1.59
Listens (millions)	1,124	1,162	1,280	1,294	1,283	1,327	1,318	1,238	1,256	5,019	5,139
Average revenue per listen, ARPL (SEK)	0.37	0.43	0.33	0.30	0.26	0.34	0.24	0.26	0.24	0.33	0.27

* Items affecting comparability for Q2-22 are costs for the acquisition of Podchaser. Items affecting comparability for Q3 and Q4 2022 are costs for restructuring and for the acquisition of Podchaser. Items affecting comparability for Q4 2023 consists of revaluation of podcast contracts, due to Apple's update to iOS17.

For definitions and purpose see note 8, and for reconciliations see note 9.

Acast

For The Stories.