

Acast

**Interim report
January – March 2023
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 100,000 podcasts, 2,300 advertisers and more than 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).

For brilliant podcasters
For smart advertisers
For The Stories

About Acast's reporting

This is Acast's interim report for the period January 1, 2023 – March 31, 2023. 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 2022.

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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Financial calendar

Interim report for the period January 1 - June 30, 2023	Aug 3, 2023
Interim report for the period January 1 - September 30, 2023	Nov 7, 2023

Q1 2023 Highlights

11%

NET SALES GROWTH

36%

GROSS MARGIN

-18%

ADJ. EBITDA MARGIN

Q1 2023

- Net sales in the quarter amounted to SEK 331.3 M (298.3), which corresponds to net sales growth of 11% (51%)
- Organic net sales growth amounted to 6% (40%), compared to a very strong first quarter of 2022
- The gross margin for the quarter was 36% (36%)
- EBITDA for the quarter amounted to SEK -60.7 M (-67.8) and the EBITDA margin was -18% (-23%). The improvement in the EBITDA result means that Acast is following the plan to reach a positive EBITDA in 2024
- Operating loss amounted to SEK -78.0 M (-80.1)
- The period's result was positively affected by currency translation effects and amounted to SEK -72.0 M (-73.2)
- Cash flow from operating activities amounted to SEK -1.7 M (-87.6)
- Earnings per share for the period before and after dilution amounted to SEK -0.40 (-0.41)
- The number of listens amounted to 1,283 million (1,256), an increase of 2% compared to the same period as year, and Average Revenue Per Listen (ARPL) amounted to SEK 0.26 (0.24), a consequence of our strategy to increase revenues from existing content

Significant events

- Acast introduced a new method for ad delivery, Interchangeable Ad Slots, which increases the volume of sellable ad space of our platform Acast Marketplace. This innovative solution for automated ad delivery increases the ad inventory by more than 10 percent
- Acast published the "Big Fat Podcast Report 2023", a study focused on the Nordic podcast market. The report highlights an increasing interest in listening to podcasts, but also the strength of podcasts as an advertising medium with a higher return on investment (ROAS*) than other advertising channels
- In January Acast conducted an industry study which surveyed the knowledge and thoughts about programmatic advertising in podcasting among US marketers, indicating a high interest and demand from advertisers but also a need for further education in how programmatic advertising can benefit and support marketers in reaching their target audiences
- The Bill & Melinda Gates Foundation announced a new podcast series called, Make Me Care About, hosted by award-winning podcast host and New York Times bestselling author Jen Hatmaker. Produced by Magnificent Noise, Make Me Care About will be distributed by Acast across all podcast platforms and listening apps
- Acast initiated a partnership with Tonny Media, one of The Netherlands' most significant independent podcast production companies, improving podcasting content in the region even further after the market launch at the end of last year

*ROAS = Return On Ad Spend

Group financial KPIs and alternative performance measures

SEK thousand	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Net sales	331,297	298,293	1,390,366
Net sales growth (%)	11%	51%	36%
Organic net sales growth (%)	6%	40%	26%
Gross profit	118,370	106,285	469,856
Gross margin (%)	36%	36%	34%
EBITDA	-60,717	-67,832	-294,949
EBITDA margin (%)	-18%	-23%	-21%
Adj. EBITDA*	-60,717	-67,832	-272,337
Adj. EBITDA margin (%)*	-18%	-23%	-20%
Operating loss	-78,022	-80,063	-352,643
Operating margin (%)	-24%	-27%	-25%
Adj. operating loss*	-78,022	-80,063	-330,031
Adj. operating margin (%)*	-24%	-27%	-24%
Items affecting comparability*	–	–	22,612
Loss for the period	-72,010	-73,201	-286,375
Cash flow from operating activities	-1,659	-87,633**	-294,284
Basic and diluted earnings per share (SEK)***	-0.40	-0.41	-1.59
Listens (millions)	1,283	1,256	5,139
Average revenue per listen, ARPL (SEK)	0.26	0.24	0.27

*2022 adjusted for costs from the acquisition of Podchaser and restructure costs.

**Adjustment of cashflow for previous periods has been done. For more information see note 8.

For definitions and purpose see note 9, and for reconciliations see note 10.

Comments from the CEO:

Stable start to the year

Acast starts the year with improved results and continued growth. We see that interest in podcasts, as a highly valued channel for entertainment, learning and information, continues to increase among both listeners and advertisers worldwide. During the first quarter of the year, we have continued to develop our platform to create the best possible conditions for connecting advertisers, podcast creators and listeners. And it has not taken long to see the results of these efforts. We continue to work on balancing high internal efficiency and cost control with investing in further development of products and services. This leads to an improved EBITDA, and an EBITDA margin that has strengthened by five percentage points compared to the same period last year.

IMPROVED RESULTS AND CONTINUED GROWTH

During the first quarter of 2023, Acast grew by 11 percent, of which 6 percent was organically. It is a stable development in light of an underlying advertising market that has weakened significantly compared to a year ago. At that time, the global advertising market was still on the rise and Acast delivered a very strong quarter in terms of growth.

Net sales in Europe amounted to SEK 217 million (189), an increase of 14 percent. We continue to increase our European presence through several interesting collaborations and partnerships, for example in the Netherlands through the production company Tonny Media. We also see good development

in Other Markets with growth of 24 percent. North America is characterized by a continued weak advertising market and net sales decreased by 1 percent to SEK 83 million (84).

We see a continued positive trend in terms of programmatic advertising sales, our fastest-growing sales channel, which supports the scalability of our business model. During the quarter, Acast conducted a study that mapped American marketers' knowledge and thoughts about programmatic advertising in podcasts. The study shows great interest and increased demand from advertisers, but also a need for further training in how programmatic advertising can benefit and support marketers in reaching their target groups.



The average revenue per listen (ARPL) was SEK 0.26 (0.24), an increase of 8 percent compared to the same quarter last year. The gross margin amounted to 36 percent (36) and strengthened compared to the fourth quarter of 2022. The sequential improvement in the gross margin is explained by the SaaS revenues that Podchaser is contributing.

Adjusted EBITDA for the quarter was -60.7 MSEK (-67.8), a profit improvement of 10.5 percent compared to the previous year. The adjusted EBITDA margin improved to -18 percent (-23). Our work to reach the goal of a positive EBITDA result in 2024 is ongoing and the development at the beginning of the year indicates that we are on the right track.

INCREASED FOCUS ON EXISTING INVENTORY

During the quarter, we reached two important milestones: the number of podcasts on our platform reached 100,000 and the number of unique listeners per month exceeded 100 million. With 100,000 podcasts linked to our platform, we have achieved a good level for both reach and scalability, which now gives us the opportunity to focus on increasing sales in existing advertising inventory.

Today, Acast has a solid and steadily-growing network of podcast creators who offer entertaining, interesting and educational content to listeners all over the world. We have created a value chain and a platform that connects advertisers with podcast creators and their listeners. The more creators who join, the more listeners and exciting customer contacts are created for an increasing number of advertisers.

AUTOMATION DRIVES MARKETPLACE VALUE

An important strategic priority for us at Acast is the ongoing work to streamline and automate our services and our platform, in order to continue to be relevant and create value for both advertisers and podcast creators.

During the quarter we introduced a new method of ad delivery, Interchangeable Ad Slots. Ad inventory was previously reserved for just one type of advertising message: a sponsorship (read by the host) or a pre-recorded ad (made by the advertiser). Interchangeable Ad Slots mean that Acast can automatically detect if a sponsorship has not been sold in a podcast and instantly override the setting to insert a pre-recorded ad in that open slot. This innovative automated ad delivery solution increases the advertising inventory of Acast Marketplace by more than 10 percent.

In late 2022, we introduced our own self-serve ad platform, where advertisers can activate their own podcast strategy and create ad campaigns themselves. The platform has received a very positive reception in the first quarter of 2023, where we have seen that both large and small advertisers have chosen to create their own advertising campaigns through our platform, without the usual manual work on our part. Although the platform has only been on the market for a few months, we are happy to share that more than 150 advertisers have already advertised via the platform and that nearly 40 percent of these have booked more than one advertising campaign.

HIGHER GROUND CHOOSE ACAST FOR INCREASED INDEPENDENCE AND MONETIZATION POTENTIAL

After the end of the period, we welcomed President Barack Obama and Mrs Michelle Obama's Higher Ground to our network, which means that Acast will handle ad sales and content distribution for podcasts such as Michelle Obama: The Light Podcast, Renegades: Born in the USA (with Barack Obama and Bruce Springsteen) and The Michelle Obama Podcast; Tell Them, I Am. The partnership with Higher Ground is another example of how Acast, in collaboration with podcast creators, production companies, networks and advertisers, can offer unbeatable content to both advertisers and listeners worldwide.

It is with excitement and anticipation that I look forward to the coming year, despite the continued great macroeconomic uncertainty. In recent years, Acast has strengthened its position as a global market leader in podcasting and we are today well equipped to meet advertisers' needs to maximize relevant media channels with high returns.

ROSS ADAMS
Chief Executive Officer

Financial information

Sales and earnings

NET SALES

Jan-Mar

Net sales for the first quarter amounted to SEK 331,297 thousand (298,293), an increase of 11%. Acquired operations accounted for SEK 6,146 thousands. The organic net sales growth was 6% adjusted for currency effects and acquisitions. Europe's net sales increased by 14%, Other Markets by 24% and the net sales for North America decreased by 1%. All segments had a positive impact from currency during the quarter.

Net sales reflects 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.

GROSS PROFIT

Jan-Mar

Gross profit for the quarter increased by 11% and amounted to SEK 118,370 thousand (106,285) This resulted in a gross margin of 36% (36%). which is in line with the gross margin for the same period previous year.

OTHER OPERATING EXPENSES

Jan-Mar

Other operating expenses in the first quarter of 2023 amounted to SEK 196,813 thousand (186,360). Which is an increase of 6% compared to the same period last year. The

increase is less when taking into account acquired operations and amortization of intangible assets related to the Podchaser acquisition.

OPERATING LOSS

Jan-Mar

The operating loss for the first quarter decreased to SEK -78,022 thousand (-80,063), a decrease of 3%. Acquired operations accounted for SEK -8,471 thousand. This resulted in an improved operating margin of -24% (-27%) compared to the same period last year.

FINANCIAL ITEMS

Jan-Mar

Financial items decreased to SEK 7,186 thousand (9,074) for the quarter, a decrease of SEK 1,888 thousand. The financial net primarily consists of unrealized currency exchange gains.

LOSS FOR THE PERIOD

Jan-Mar

The loss for the period was SEK -72,010 thousand (-73,201) a 2% decrease compared to the first quarter last year.

EARNINGS PER SHARE

Jan-Mar

Earnings per share (basic and diluted) amounted to -0.40 SEK for the first quarter 2023 compared to -0.41 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 10,388,064 unexercised warrants (after applying 50:1 sharesplit). A total of 194,456,170 outstanding shares and unexercised warrants.

EMPLOYEES

As at March 31, 2023 Acast had 366 employees (386) and an additional 34 full time consultants (48), totalling a combined 400 full time employees and consultants. This includes Podchaser's 31 full time employees and 11 full time consultants.

Group financial position, equity and cash flow

FINANCIAL POSITION AND EQUITY MOVEMENTS

Jan-Mar

As at March 31, 2023, equity amounted to SEK 1,247,927 thousand, compared to SEK 1,441,964 thousand per March 31, 2022.

As at March 31, 2023, cash and cash equivalents amounted to SEK 850,806 thousand, compared to SEK 1,274,631 thousand per March 31, 2022.

Cash equivalents include SEK 304,192 thousand that are placed in a liquidity fund. These are classified as cash equivalents since they are available to us within a few bank days and the fund is a low risk-fund, category 2.

CASH FLOW

Jan-Mar

The Group's cash flow from operating

activities amounted to SEK -1,659 thousand during the first quarter 2023, compared to SEK -87,632 thousand for the same period last year. The change is mainly due to lower tied-up working capital, as a result of paid accounts receivable.

The Group's cash flow from investing activities amounted to SEK -10,976 thousand for the quarter. Cash flow for the same period last year amounted to SEK -10,445 thousand. The cash flow for the period was primarily related to investments in intangible assets resulting from own development of the Group's proprietary tech-platform.

The Group's cash flow from financing activities amounted to SEK -6,735 thousand during the first quarter 2023 compared to SEK -6,079 thousand 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 867,757 thousand. Cash flow for the period was SEK -19,370 thousand and the effect from movements in exchange rates on cash and cash equivalents was SEK 2,419 thousand resulting in cash and cash equivalents at the end of the period of SEK 850,806 thousand.

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 2023 were SEK 91,271 thousand (90,800).

Total operating expenses were SEK 123,137 thousand (126,853) including cost of content, sales and marketing costs, administration expenses, product development costs and other income.

Financial items amounted to SEK 10,143 thousand for the first quarter 2023 (8,985) and consisted mainly of unrealized exchange gains.

The loss for the quarter for the parent company was SEK -21,723 thousand (-27,068).

Significant events after the end of the reporting period

There are no significant events after 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 9, 2023.

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	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Net sales	4	331,297	298,293	1,390,366
Cost of content		-212,927	-192,008	-920,510
Gross profit		118,370	106,285	469,856
Sales and marketing costs		-86,848	-89,524	-399,635
Administration expenses		-64,182	-50,835	-220,695
Product development costs		-45,783	-46,001	-203,844
Other income		421	13	1,675
Operating loss		-78,022	-80,063	-352,643
Financial items		7,186	9,074	72,377
Loss before income tax		-70,835	-70,989	-280,266
Income tax expense		-1,175	-2,212	-6,109
Loss for the period		-72,010	-73,201	-286,375
Earnings per share, based on loss for the period attributable to Parent Company shareholders:				
Basic earnings per share, SEK		-0.40	-0.41	-1.59
Diluted earnings per share, SEK		-0.40	-0.41	-1.59
Average number of shares, thousands		181,068	178,731	179,685

Condensed consolidated statement of other comprehensive income

SEK thousand	Note	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Loss for the period		-72,010	-73,201	-286,375
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences		1,196	6,570	14,147
Total comprehensive income for the period		-70,814	-66,631	-272,228

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 2023	31 Mar 2022	31 Dec 2022
ASSETS				
Non-current assets				
Goodwill	6	348,248	27,754	351,046
Intangible assets		90,313	46,962	89,706
Tangible assets		732	1,014	824
Right-of-use assets		38,895	42,108	30,335
Financial assets		2,239	3,231	2,292
Deferred tax assets		397	371	328
Total non-current assets		480,824	121,440	474,531
Current assets				
Accounts receivable		346,670	327,349	444,482
Other receivables		10,586	5,347	12,213
Prepaid expenses and accrued income		48,487	63,113	63,752
Cash and cash equivalents		850,806	1,274,631	867,757
Total current assets		1,256,549	1,670,440	1,388,204
TOTAL ASSETS		1,737,373	1,791,880	1,862,735

SEK thousand	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
EQUITY AND LIABILITIES				
EQUITY				
Share capital		1,174	1,159	1,174
Other paid in capital		2,337,807	2,300,666	2,337,807
Translation reserves		11,008	2,235	9,812
Retained earnings (including loss for the period)		-1,102,062	-862,096	-1,040,913
Total equity attributable to Parent company shareholders		1,247,927	1,441,964	1,307,880
LIABILITIES				
Non-current liabilities				
Lease liabilities		15,008	19,835	11,624
Other long-term liabilities		19,702	–	19,686
Deferred tax liabilities		19,305	10,277	19,462
Total non-current liabilities		54,016	30,112	50,772
Current liabilities				
Accounts payable		92,735	73,684	122,030
Other payables		121,863	48,274	132,329
Current tax liabilities		934	3,809	876
Lease liabilities		22,570	21,940	17,097
Accrued expenses and prepaid income		197,328	172,097	231,751
Total current liabilities		435,430	319,804	504,083
TOTAL EQUITY AND LIABILITIES		1,737,373	1,791,880	1,862,735

Condensed consolidated statement of changes in equity

	Equity attributable to the equity holders of the parent company					Total equity
	Note	Share capital	Other paid in capital	Translation reserves	Retained earnings (including loss for the period)	
Opening balance at 1 January 2022		1,159	2,300,666	-4,335	802,682	1,494,808
Loss for the period		-	-	-	-73,201	-73,201
Other comprehensive income		-	-	6,570	-	-6,570
Total comprehensive income for the period		-	-	6,570	-73,201	-66,631
Transactions with owners						
Employee share schemes - value of employee services		-	-	-	13,787	13,787
Total transactions with owners		-	-	-	13,787	13,787
Closing balance at 31 March 2022		1,159	2,300,666	2,235	-862,096	1,441,964

	Equity attributable to the equity holders of the parent company					Total equity
	Note	Share capital	Other paid in capital	Translation reserves	Retained earnings (including loss for the period)	
Opening balance at 1 January 2023		1,174	2,337,808	9,812	-1,040,914	1,307,880
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

Group financial statement

Condensed consolidated statement of cash flows

SEK thousand	Note	2023 Jan-Mar	2022 Jan-Mar*	2022 Jan-Dec
Operating activities				
Operating loss		-78,022	-80,063	-352,643
Adjustments for non-cash items		31,351	23,683	83,202
Interest received		2,805	7	4,012
Interest paid		-491	-538	-1,958
Income taxes paid		-718	-4	-5,120
		-45,075	-56,915	-272,507
Changes in working capital				
Accounts receivable (increase - / decrease +)		101,293	22,101	-74,217
Other current receivables (increase - / decrease +)		16,955	-34,537	-39,554
Accounts payable (increase + / decrease -)		-29,310	-27,511	20,188
Other current liabilities (increase + / decrease -)		-45,522	9,227	71,806
Total change in working capital		43,417	-30,719	-21,777
Cash flows from operating activities		-1,659	-87,635	-294,284

SEK thousand	Note	2023 Jan-Mar	2022 Jan-Mar*	2022 Jan-Dec
Investing activities				
Investment in equipment		-	-	-55
Investment in intangible assets		-11,045	-10,375	-42,701
Acquisition of subsidiaries	7	-	-	-209,549
Long-term asset (increase - / decrease +)		69	-70	1,039
Cash flows from investing activities		-10,976	-10,445	-251,266
Financing activities				
Repayment of loans		-	-	-
Principal elements of lease payments		-6,735	-6,079	-27,007
Long-term incentive programs		-	-	-
Issue of new shares		-	-	-
Cash flows from financing activities		-6,735	-6,079	-27,007
Cash flows for the period		-19,370	-104,157	-572,559
Cash and cash equivalents at the beginning of the period		867,757	1,364,751	1,364,751
Effect from movements in exchange rates on cash and cash equivalents		2,419	14,037	75,566
Cash and cash equivalents at the end of the period		850,806	1,274,631	867,757

* Adjustment of cashflow for previous periods has been done. For more information see note 8.

Parent company financial statement

Condensed parent company income statement

SEK thousand	Note	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Net sales		91,271	90,800	366,677
Cost of content		-20,968	-15,586	-101,188
Gross profit		70,303	75,214	265,489
Sales and marketing costs		-11,995	-18,924	-104,441
Administration expenses		-44,659	-55,594	-233,110
Product development costs		-45,933	-36,749	-190,690
Other income		418	-	1,583
Operating profit / loss		-31,866	-36,053	-261,168
Financial items		10,143	8,985	74,050
Profit / loss before income tax		-21,723	-27,068	-187,118
Income tax expense		-	-	-
Profit / loss for the period		-21,723	-27,068	-187,118

Condensed parent company statement of financial position

SEK thousand	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS				
Non-current assets				
Intangible assets		4,838	6,844	5,339
Tangible assets		497	754	559
Financial assets				
Participations in group companies		674,286	365,103	666,017
Receivables from group companies		192,381	–	193,711
Total non-current assets		872,003	372,701	865,626
Current assets				
Accounts receivable		52,529	49,864	64,877
Receivables from group companies		1,443,720	986,624	1,165,925
Other receivables		6,750	4,554	8,841
Prepaid expenses and accrued income		49,150	59,483	61,499
Other short-term investments		304,192	299,284	300,769
Cash and bank		127,499	569,132	312,961
Total current assets		1,983,840	1,968,941	1,914,872
TOTAL ASSETS		2,855,842	2,341,642	2,780,498

SEK thousand	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity				
Share capital		1,174	1,159	1,174
Non-restricted equity				
Other paid in capital		2,337,807	2,304,582	2,337,807
Retained earnings		-646,490	-507,911	-471,146
Profit / loss for the period		-21,723	-27,068	-187,118
Total equity		1,670,768	1,770,762	1,680,717
LIABILITIES				
Non-current liabilities				
Other long-term liabilities		3,940	–	3,934
Total non-current liabilities		3,940	–	3,934
Current liabilities				
Accounts payable		88,309	70,474	116,404
Liabilities to group companies		920,711	336,035	769,919
Other payables		21,476	16,615	22,650
Accrued expenses and prepaid income		150,637	147,756	186,874
Total current liabilities		1,181,134	570,880	1,095,847
TOTAL EQUITY AND LIABILITIES		2,855,842	2,341,642	2,780,498

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, Sverige.

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 9, 2023.

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 2022.

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.

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
- Recruitment, retention and succession of key staff
- IT infrastructure failure

The advertising market remains uncertain 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, Americas and Other Markets that constitutes "rest of the world".

SEGMENT INFORMATION, SEK THOUSAND

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
CBIT*	37,634	-15,881	791	22,544
Global costs*				-100,566
Operating loss				-78,022
Financial net				7,186
Loss before income tax				-70,835

2022 Jan-Mar	Europe	North America	Other Markets	Total
Net sales from external customers	189,427	83,571	25,295	298,293
Total segment net sales	189,427	83,571	25,295	298,293
CBIT*	31,782	-6,303	607	26,086
Global costs*				-106,149
Operating loss				-80,063
Financial net				9,074
Loss before income tax				-70,989

See note 9 for definitions.

Notes

SEGMENT INFORMATION, SEK THOUSAND

2022 Jan–Dec	Europe	North America	Other Markets	Total
Net sales from external customers	899,238	363,101	128,027	1,390,366
Total segment net sales	899,238	363,101	128,027	1,390,366
CBIT*	155,017	-62,006	1,629	94,640
Global costs*				-447,282
Operating loss				-352,642
Financial net				72,377
Loss before income tax				-280,266

See note 9 for definitions.

Acast's net sales is mainly generated from advertising revenue recognized over time. Less than 10% of Acast net sales are generated by non-ad revenue streams, such as SaaS and subscription revenue, for the reporting periods 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, consisting of purchasing services and the transaction has been taking place on market terms.

SEK thousand	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Purchases of services			
IT-services	-	578	1,237
Total purchases of services	-	578	1,237

NOTE 6. GOODWILL

SEK thousand	31 Mar 2023	31 Dec 2022
Opening balance, January 1	351,046	27,094
Acquisitions	-	311,468
Exchange difference	-2,798	12,484
Closing balance, end of period	348,248	351,046

NOTE 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

March 31, 2023

SEK thousand	Financial liabilities at fair value through profit or loss	Total carrying amounts	Fair values	Level 1	Level 2	Level 3
Financial liabilities						
Contingent earn-out payment	69,377	69,377	69,377			69,377

Fair value measurement

When determining the fair value of an asset or liability, the Group uses observable data as far as possible. Fair value is categorized in various levels in a fair value hierarchy based on input data that is used in the measurement method as follows:

Level 1: according to prices quoted in an active market for the same instruments

Level 2: based on directly or indirectly observable market data that is not included in level 1

Level 3: based on input data that is not observable in the market

Contingent earn-out in connection with the acquisition of Podchaser is a financial liability and is valued at fair value and belongs to level 3 in the fair value hierarchy.

CONTINGENT EARN-OUT

SEK thousand	2023	2022
Opening balance, January 1	69,311	-
Cost of acquisition	-	69,128
Discounting at acquisition	-	-2,587
Interest cost (discounting)	608	-1,005
Currency exchange effect	-542	1,74
Closing balance, end of period	69,377	69,311

NOTE 8. ADJUSTMENT OF CASH FLOW FOR PREVIOUS PERIODS

An adjustment has been made in cash flow for previous periods, regarding effect from movements in exchange rates on cash and cash equivalents. This has resulted in a lower cash flow and higher increase in movements in exchange rates on cash and cash equivalents for the periods. This has no effect on the actual cash balance.

The impact on cash flow compared to previously communicated periods is explained in the table below.

SEK thousand	2022 Jul-Sep	2022 Jan-Mar	2021 Jan-Dec	2021 Oct-Dec
Decrease of adjustments for non-cash items	23,592	-23,592	-15,228	-15,228
Decrease of cash flow from operating activities	23,592	-23,592	-15,228	-15,228
Decrease of cash flow for the period	23,592	-23,592	-15,228	-15,228
Increase in effect from movements in exchange rates on cash and cash-equivalents	-23,592	23,592	15,228	15,228

Notes

NOTE 9. 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. 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.

Alternative performance measurements not defined under IFRS	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 same period previous year adjusted for translational currency effects, acquisition and divestment effects. Currency effects are calculated by applying the previous period exchange rates to the current period.	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.
EBITDA	Loss for the period adding back income tax expense, financial income, financial costs, depreciation and amortization.	EBITDA is a measure of operating 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.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability.	Adjusted EBITDA is a measure of operating loss before depreciation and amortization and is used to monitor the operating activities. The purpose is to show adjusted EBITDA excluding items that affect comparability with other periods

Alternative performance measurements not defined under IFRS	Definition	Purpose
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.
Operating loss	Loss for the period adding back income tax expense, financial costs and financial income.	Operating loss is used to evaluate the Group's profitability.
Operating margin (%)	Operating loss in relation to net sales.	Operating loss in relation to the Group's net sales is an indicator of the Group's profitability.
Adjusted operating loss	Operating loss adjusted for items affecting comparability.	Adjusted operating loss is a supplement to operating loss and with the purpose is to show the operating loss excluding items that affect comparability with other periods.
Adjusted operating margin (%)	Adjusted operating loss in relation to net sales.	Adjusted operating loss 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.	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 operating profit 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.
CBIT	Operating profit / loss in a segment before deducting Global costs.	CBIT is used in the assessment of the Group's operating segments. It shows the operating segments contribution to the Group's Operating loss before allocation of Global costs.
CBIT margin (%)	CBIT in relation to net sales.	CBIT in relation to net sales of a segment is an indicator of the segment's profitability.

Notes

Alternative performance measurements not defined under IFRS	Definition	Purpose
Global costs	Global costs include central costs including administrative costs, finance team costs, the people team costs, strategy and business development, legal team costs.	The purpose of measuring global costs is to be able to illustrate the difference between global and local costs and is used in the calculation of CBIT.

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 10. RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED UNDER IFRS AND OTHER OPERATIONAL MEASURES

SEK thousand (unless stated otherwise)	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Alternative performance measures not defined under IFRS			
Net sales	331,297	298,293	1,390,366
Net sales growth (%)*	11%	51%	36%
Net sales	331,297	298,293	1,390,366
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)	-9,598	-21,936	-84,789
Impact from acquisitions	-6,146	-	-10 941
Organic net sales	315,553	276,357	1,294,634
Net sales growth (%)	11%	51%	36%
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)	-3%	-11%	-8%
Impact from acquisitions Net sales growth (%)	-2%	-	-1%
Organic net sales growth (%)	6%	40%	26%

SEK thousand (unless stated otherwise)	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Net sales	331,297	298,293	1,390,366
Cost of content	-212,927	-192,008	-920,510
Gross profit	118,370	106,285	469,856
Net sales	331,297	298,293	1,390,366
Gross margin (%)	36%	36%	34%
Loss for the period	-72,010	-73,201	-286,375
Income tax expense	-1,175	-2,212	-6,109
Financial items	7,186	9,074	72,377
Operating loss	-78,022	-80,063	-352,643
Net sales	331,297	298,293	1,390,366
Operating margin (%)	-24%	-27%	-25%
Operating loss	-78,022	-80,063	-352,643
Items affecting comparability**	-	-	22,612
Adj. Operating loss	-78,022	-80,063	-330,031
Net sales	331,297	298,293	1,390,366
Adj. Operating margin (%)	-24%	-27%	-24%

Notes

SEK thousand (unless stated otherwise)	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Operating loss	-78,022	-80,063	-352,643
Depreciation and amortization	17,305	12,231	57,694
EBITDA	-60,717	-67,832	-294,949
Net sales	331,297	298,293	1,390,366
EBITDA margin (%)	-18%	-23%	-21%
EBITDA	-60,717	-67,832	-294,949
Items affecting comparability**	-	-	22,612
Adj. EBITDA	-60,717	-67,832	-272,337
Net sales	331,297	298,293	1,390,366
Adj. EBITDA margin (%)	-18%	-23%	-20%
Operational measures			
Listens (millions)	1,283	1 256	5,139
Net sales	331,297	298,293	1,390,366
Average revenue per listen, ARPL (SEK)	0.26	0.24	0.27

* Net sales growth compared to same quarter in the previous year.

** Items affecting comparability for 2022 are costs from the acquisition of Podchaser and restructuring costs.

Group financial KPIs and alternative performance measures

SEK thousand (unless stated otherwise)	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2022 Jan-Dec	2021 Jan-Dec
Net Sales	331,297	454,297	321,950	315,826	298,293	336,491	265,142	226,635	197,434	1,390,366	1,025,702
Net Sales growth (%)	11%	35%	21%	39%	51%	40%	89%	130%	74%	36%	73%
Organic net sales growth (%)	6%	24%	7%	28%	40%	35%	87%	134%	86%	26%	74%
Gross profit	118,370	157,016	112,551	94,003	106,285	122,811	96,740	82,815	71,110	469,856	373,476
Gross margin (%)	36%	35%	35%	30%	36%	36%	36%	37%	36%	34%	36%
EBITDA	-60,717	-42,431	-86,117	-98,570	-67,832	-28,123	-42,040	-75,246	-36,210	-294,949	-181,618
EBITDA margin (%)	-18%	-9%	-27%	-31%	-23%	-8%	-16%	-33%	-18%	-21%	-18%
Adj. EBITDA*	-60,717	-31,109	-75,144	-98,253	-67,832	-28,227	-42,009	-46,638	-33,606	-272,337	-150,480
Adj. EBITDA margin (%)*	-18%	-7%	-23%	-31%	-23%	-8%	-16%	-21%	-17%	-20%	-15%
Operating loss	-78,022	-58,636	-101,986	-111,959	-80,063	-39,512	-52,747	-84,951	-44,437	-352,643	-221,646
Operating margin (%)	-24%	-13%	-32%	-35%	-27%	-12%	-20%	-37%	-23%	-25%	-22%
Adj. operating loss*	-78,022	-47,314	-91,013	-111,642	-80,063	-39,616	-52,716	-56,343	-41,834	-330,031	-190,508
Adj. operating margin (%)*	-24%	-10%	-28%	-35%	-27%	-12%	-20%	-25%	-21%	-24%	-19%
Items affecting comparability*	-	11,322	10,973	317	-	-104	31	28,608	2,603	22,612	31,138
Loss for the period	-72,010	-73,997	-68,543	-70,635	-73,201	-25,289	-46,132	-179,743	-49,231	-286,375	-300,394
Cash flow from operating activities	-1,659	-12,314	-96,707**	-97,629	-87,633**	12,383**	-70,830	-64,452	1,091	-294,284	-121,806**
Basic and diluted earnings per share (SEK)***	-0.40	-0.41	-0.38	-0.40	-0.41	-0.14	-0.26	-1.28	-0.37	-1.59	-1.91
Listens (millions)	1,283	1,327	1,318	1,238	1,256	1,091	891	880	872	5,139	3,735
Average revenue per listen, ARPL (SEK)	0.26	0.34	0.24	0.26	0.24	0.31	0.30	0.26	0.23	0.27	0.27

*Items affecting comparability for Q2-22 are 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 the quarters in 2021 are costs for the IPO.

**Adjustment of cashflow for previous periods has been done. For more information see note 8.

***50:1 sharesplit undertaken in Q2-21 applied to all reporting periods.

For definitions and purpose see note 9, and for reconciliations see note 10.

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