

Acast

January–March 2021
Interim report
Acast AB (publ)

About Acast

Acast is the power source of podcasting, offering everything creators and advertisers need to find and reach millions of engaged listeners around the world.

We're supercharging a thriving, profitable, fair and sustainable open ecosystem for the world's podcasts — from those of household name media brands like the BBC, the Guardian, Financial Times, the Economist and Aftonbladet to shows from celebrities and influencers such as Table Manners with Jessie Ware, Wahlgren & Wistam, My Dad Wrote a Porno, JLC and Romesh Ranganathan's Hip Hop Saved My Life, or simply anyone who wants to create.

We connect podcasters, listeners and advertisers through the most innovative, world class products, tools and services, and on the world's biggest podcast marketplace.

Founded in 2014, Acast now hosts 28,000 podcasts — reaching c. 300 million listeners every month and working with thousands of brands. We're For The Stories.

For brilliant podcasters
For smart advertisers
For The Stories

About Acast's reporting

This is Acast's interim report for the period 1 January 2021 – 31 March 2021. The report describes the Group's activities, results and financial position for the period. It concerns the entire group of companies, unless otherwise indicated.

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

Ross Adams, CEO
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Emily Villatte, CFO
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www.acast.com

Financial calendar

| | |
|--|-------------------|
| Annual general meeting 2021 | May 25, 2021 |
| Interim report for the period January 1 – June 30, 2021 | August 18, 2021 |
| Interim report for the period January 1 – September 30, 2021 | November 9, 2021 |
| Year-end report for the period January 1 – December 31, 2021 | February 22, 2022 |
| Annual report for the period January 1 – December 31, 2021 | April 5, 2022 |
| Interim report for the period January 1 – March 31, 2022 | May 17, 2022 |
| Annual general meeting 2022 | May 17, 2022 |

First quarter 2021 (first quarter 2020)

- Listens reached 872M (603M)
- Net sales growth amounted to 74% compared to Q1 2020
- Organic net sales growth amounted to 86% compared to Q1 2020
- Net sales amounted to SEK 197,434 thousand (113,233)
- Gross margin of 36% (35%)
- Operating loss totaled SEK -44,437 thousand (-46,643)
- Operating margin of -23% (-41%)
- Net loss for the period amounted to SEK -49,231 thousand (-45,105)
- Cash flow from operating activities totaled SEK 1,091 thousand (-69,646)
- Earnings per share basic and diluted amounted to SEK -18.62 (-18.86)

Significant events in the first quarter of 2021

- Acquisition of assets in the US podcasting company RadioPublic, aiming to further strengthen the relationship between podcasters and listeners.
- Beta launch of Acast+, bringing new monetization options to podcasters, including the ability to offer ad-free streams, bonus content and more to paying subscribers.
- Acast's Board of Directors initiates a review of the company's capital structure including the potential listing of the company's shares. The review is to be carried out during the spring 2021.

Group financial KPI's and alternative performance measures

| SEK thousand | 2021 Jan-Mar | 2020 Jan-Mar | 2020 Jan-Dec |
|--|-----------------|-----------------|-----------------|
| Net Sales | 197,434 | 113,233 | 591,530 |
| Net Sales growth (%) | 74% | 55% | 64% |
| Organic net sales growth (%) | 86% | 48% | 69% |
| Gross profit | 71,110 | 39,943 | 219,427 |
| Gross margin (%) | 36% | 35% | 37% |
| EBITDA | -36,210 | -41,677 | -123,357 |
| EBITDA margin (%) | -18% | -37% | -21% |
| Adj. EBITDA | -33,606 | -41,677 | -123,357 |
| Adj. EBITDA margin (%) | -17% | -37% | -21% |
| Operating loss | -44,437 | -46,643 | -148,538 |
| Operating margin (%) | -23% | -41% | -25% |
| Adj. operating loss | -41,834 | -46,643 | -148,538 |
| Adj. operating margin (%) | -21% | -41% | -25% |
| Items affecting comparability | 2,603 | - | - |
| Loss for the period | -49,231 | -45,105 | -172,222 |
| Cash flow from operating activities | 1,091 | -69,646 | -188,800 |
| Basic and diluted earnings per share (SEK) | -18.62 | -18.86 | -68.14 |
| Listens (millions) | 872 | 603 | 2,976 |
| Average revenue per listen, ARPL (SEK) | 0.23 | 0.19 | 0.20 |

For definitions and purpose see note 7, and for reconciliations see note 8.

Comments from the CEO

Q1: Strong growth continues in the first quarter

Acast began the first quarter of 2021 in a good way, with strong revenue growth and new products being launched to empower our creators. Compared to the first quarter 2020, our revenues grew by a stunning 74%, proving that we are on the right path with our unique infrastructure platform and that we are driven by the unstoppable shift from traditional radio towards podcasts.

Our growth was supported by a number of key content signings in our important global markets, which I am proud of — including the Audible original West Cork, which Acast has brought to the open podcast ecosystem for the first time, making it available for anyone to listen to, anywhere, for free. Other high-profile Q1 signings included the New York Post (US), Taskmaster (UK), Tortoise Media (UK), Plan B (Norway), Radio Formula (Mexico) and That's Enough Already (NZ). Our content acquisition strategy has seen the number of podcasts that are part of the Acast network grow to more than 28,000. And advertisers have followed suit, illustrating that our podcasts can deliver impactful campaigns and strong return on investment.

During March we announced the beta launch of Acast+, bringing a whole raft of new monetization options to podcasters, including the ability to offer ad-free streams, extended

episodes, bonus content and much more to paying subscribers.

The launch of Acast+ reiterates our creator-first mission and places us at the heart of the Creator Economy in podcasting, supporting our strong belief that every podcaster should be able to make money from their show in whichever ways suit them — whether that's through advertising, sponsorship, listener membership, events, or whatever works best for their individual podcast. Acast+ will launch in full later this year, but some of our beta partners are already seeing an uplift in revenue of 20%.

Acast's acquisition of RadioPublic, the US podcast technology start-up, was also finalised in Q1. This deal will boost Acast's presence in the US, allowing us to further develop our world-class tools. RadioPublic's Listener Relationship Management platform, which allows podcasters to foster even deeper relationships with fans, is at the heart of the acquisition.

The launch of Acast+ and the acquisition of RadioPublic came off the back of several important steps for Acast in the Americas during 2020, including our collaboration with the leading membership platform Patreon — which enables podcasters on the platform

to distribute private, patron-only content to their listeners' podcast app of choice, and the launch of Acast in Mexico.

In March, Acast's Board of Directors announced that it will conduct a review of potential strategic and financial initiatives, including our capital structure as well as an initial public offering and listing of the company's shares. The review is to be undertaken during the spring.

Having successfully navigated the pandemic that crippled so many other industries during 2020, and after registering yet another record-breaking year for Acast globally, our first-quarter results show a strong start of 2021.

ROSS ADAMS
Chief Executive Officer

Financial information

Sales and earnings Jan–Mar 2021

NET SALES

Net sales increased by SEK 84,201 thousand, or 74%, from SEK 113,233 thousand for the three month period that ended on the 31st of March 2020 to SEK 197,434 thousand for the three month period that ended on the 31st of March 2021. The organic net sales growth amounted to 86% adjusted for currency effects. This increase was driven by a continued strong growth across all segments. Europe's net sales increased by 86%, Americas by 54% and Other by 49%. Net sales reflect the usual seasonal variation within podcasting where Q4 is the strongest quarter in the year followed by lower net sales in the following quarter (Q1).

GROSS PROFIT AND GROSS MARGIN

The gross profit increased by SEK 31,167 thousand, or 78%, from SEK 39,943 thousand for the three month period that ended on the 31st of March 2020 to SEK 71,110 for the three month period that ended on the 31st of March 2021. This increase was primarily driven by continued strong sales in combination with a product mix with a marginally higher gross profit compared to prior year first quarter. This resulted in a gross margin of 36% for the period, which was a 1% nominal increase compared to prior year first quarter (35%).

OTHER OPERATING EXPENSES

Other operating expenses (defined as the total of Sales and marketing costs, Adminis-

tration expenses and Product development costs) increased by SEK 29,497 thousand, or 34%, from SEK 86,622 thousand for the three month period that ended on the 31st of March 2020 to SEK 116,110 thousand for the three month period that ended on the 31st of March 2021. This increase was primarily driven by an increased number of employees and consultants. Items affecting comparability amounted to SEK 2,603 thousand during the period. These costs are related to ongoing work with evaluating the company's capital structure and a potential listing of the company's shares.

OPERATING LOSS AND OPERATING MARGIN

The operating loss improved by SEK 2,206 thousand, or 5%, from SEK -46,643 thousand for the three month period that ended on the 31st of March 2020 to SEK -44,437 thousand for the three month period that ended on the 31st of March 2021. This improvement was primarily driven by increased efficiencies and scalability in the operations.

FINANCIAL INCOME AND FINANCIAL COSTS

Financial income increased by SEK 21,519 thousand, from SEK 3,583 thousand for the three month period that ended on the 31st of March 2020 to SEK 25,102 thousand for the three month period that ended on the 31st of March 2021. The increase was primarily driven by currency exchange differences.

Financial costs increased by SEK 27,303 thousand, from SEK 1,080 thousand for the three month period that ended on the 31st of

March 2020 to SEK 28,383 thousand for the three month period that ended on the 31st of March 2021. The increase was primarily driven by a revaluation of the EIB warrants at fair value under IFRS 2 following an increase in the underlying share value.

LOSS FOR THE PERIOD

The loss for the period increased by SEK 4,126 thousand, or 9%, from SEK -45,105 thousand for the three month period that ended on the 31st of March 2020 to SEK -49,231 thousand for the three month period that ended on the 31st of March 2021.

EARNINGS PER SHARE

Earnings per share (basic and diluted) amounted to -18.62 SEK for the three month period that ended on the 31st of March 2021 compared to -18.86 SEK for the three month period that ended on the 31st of March 2020.

Group financial position, equity and cash flow Jan–Mar 2021

FINANCIAL POSITION AND EQUITY MOVEMENTS

As per 31st of March 2021, equity amounted to SEK 255,806 thousand, compared to SEK 172,681 thousand per 31st of March 2020. The increase of SEK 83,125 thousand, or 48%, is mainly due to the difference between the increase resulting from the new share issue of 250,000 shares at SEK 1,000 per share that was carried out in June 2020 and the negative impact of accumulated losses.

Per 31st of March 2021, Cash and cash equivalents amounted to SEK 286,701 thousand, compared with SEK 87,810 thousand per 31st of March 2020. The increase of SEK 198,891 thousand, or 227%, is related to the changes described in "Cash flow" below.

The acquisition of assets in RadioPublic are not deemed to have a material effect on the financial position of the Group.

CASH FLOW

The Group's cash flow from operating activities was positive and amounted to SEK 1,091 thousand during the three month period that ended on the 31st of March 2021 compared to SEK -69,646 thousand for the same period last year. The stronger cash flow was primarily related to an improvement in cash collection of receivables.

The Group's cash flow from investing activities amounted to SEK -8,423 thousand during the three month period that ended on the 31st of March 2021. Cash flow for the same period last year amounted to SEK -6,284 thousand. The cash flow for the period was primarily related to investments in intangible assets, both the development of the Group's proprietary tech-platform as well as the RadioPublic transaction.

The Group's cash flow from financing activities amounted to SEK -3,395 thousand during the three month period that ended on the 31st of March 2021 compared to SEK -3,493 thousand during the same period last year. The cash flow was primarily related to lease payments.

Financial performance

Cash and cash equivalents at the beginning of the period were SEK 288,599 thousand. Cash flow for the period were SEK -10,726 thousand and the effect from movements in exchange rates on cash and cash equivalents was SEK 8,829 thousand resulting in cash and cash equivalents at the end of the period of SEK 286,701 thousand.

Parent company

Acast AB is the Parent company of the Group. Net sales of the Parent company were SEK 94,950 thousand during the three month period that ended on the 31st of March 2021 (30,197). The increase is related to increased sales from the parent company as well as impact from the Group's transfer pricing model.

Total operating expenses were SEK 88,029 thousand (52,895) including cost of content, sales and marketing costs, administration expenses, product development costs and other income. The increase is primarily driven by an increase in the number of staff and consultants.

Other interest income and similar profit items totaled SEK 25,621 thousand (3,755). The increase is driven by movements in foreign exchange rates. Interest expense and similar loss items were SEK 28,169 thousand (696) for the period. Interest expense and similar loss items are primarily related to the revaluation of the EIB warrants that are accounted as fair value through profit and loss. For further information see note 5 Fair value. As a result, the Profit / loss for the period for the parent company was SEK 4,257 thousand (-19,639).

Significant events after the end of the reporting period

The lawsuit for trademark infringement and reputation leeching that was filed by the French company "Yacast" against Acast has been withdrawn and the dispute has been resolved.

On April 1st it was decided at an EGM that employees in Sweden and Australia would be offered to prolong the exercise period for the warrants and stock options that have concluded vesting during the first quarter of 2021. A 6 month prolongation was offered in Sweden and a 12 month prolongation in Australia.

The review of Acast's capital structure including a potential listing of the company's shares being undertaken during the spring 2021 is progressing.

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.

Stockholm, 12 May 2021
Board and CEO

Andrea Gisle Joosen
Chair

Leemon Wu
Board member

Jonas von Hedenberg
Board member

Björn Jeffery
Board member

Ross Adams
CEO

Financial statements

Group financial statement

Condensed consolidated statement of profit or loss

| SEK thousand | Note | 2021 Jan-Mar | 2020 Jan-Mar | 2020 Jan-Dec |
|--|------|-----------------|-----------------|-----------------|
| Net sales | 4 | 197,434 | 113,233 | 591,530 |
| Cost of content | | -126,324 | -73,290 | -372,103 |
| Gross profit | | 71,110 | 39,943 | 219,427 |
| Sales and marketing costs | | -50,678 | -41,869 | -176,883 |
| Administration expenses | | -44,559 | -28,438 | -112,216 |
| Product development costs | | -20,873 | -16,315 | -79,743 |
| Other income | | 563 | 36 | 877 |
| Operating loss | | -44,437 | -46,643 | -148,538 |
| Financial income | | 25,102 | 3,583 | 45 |
| Financial costs | | -28,383 | -1,080 | -18,503 |
| Loss before income tax | | -47,718 | -44,140 | -166,996 |
| Income tax expense | | -1,513 | -965 | -5,225 |
| Loss for the period | | -49,231 | -45,105 | -172,222 |
| Earnings per share, based on loss for the period attributable to Parent Company shareholders: | | | | |
| Basic earnings per share, SEK | | -18.62 | -18.86 | -68.14 |
| Diluted earnings per share, SEK | | -18.62 | -18.86 | -68.14 |

Condensed consolidated statement of other comprehensive income

| SEK thousand | Note | 2021 Jan-Mar | 2020 Jan-Mar | 2020 Jan-Dec |
|---|------|-----------------|-----------------|-----------------|
| Loss for the period | | -49,231 | -45,105 | -172,222 |
| Other comprehensive income | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences | | -5,076 | -470 | 191 |
| Total comprehensive income for the period | | -54,307 | -45,573 | -172,031 |

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 March 2021 | 31 March 2020 | 31 Dec 2020 |
|-------------------------------------|------|------------------|------------------|----------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Goodwill | | 26,088 | 30,190 | 24,485 |
| Intangible assets | | 31,479 | 22,834 | 27,303 |
| Tangible assets | | 2,210 | 3,085 | 2,396 |
| Right-of-use assets | | 45,688 | 61,786 | 47,975 |
| Financial assets | | 2,455 | 2,593 | 2,047 |
| Deferred tax assets | | 220 | 1,385 | 433 |
| Total non-current assets | | 108,140 | 121,873 | 104,639 |
| Current assets | | | | |
| Accounts receivable | | 233,264 | 101,775 | 279,108 |
| Other receivables | | 1,355 | 1,903 | 3,120 |
| Prepaid expenses and accrued income | | 15,739 | 57,379 | 12,172 |
| Cash and cash equivalents | | 286,701 | 87,810 | 288,599 |
| Total current assets | | 537,059 | 248,866 | 582,999 |
| TOTAL ASSETS | | 645,198 | 370,739 | 687,638 |

| SEK thousand | Note | 31 March 2021 | 31 March 2020 | 31 Dec 2020 |
|---|------|------------------|------------------|----------------|
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | | 856 | 775 | 856 |
| Other paid in capital | | 840,155 | 590,690 | 840,221 |
| Translation reserves | | -4,649 | -317 | 483 |
| Retained earnings (including loss for the period) | | -580,556 | -418,468 | -535,655 |
| Total equity attributable to Parent company shareholders | | 255,806 | 172,681 | 305,905 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Lease liabilities | | 30,375 | 43,663 | 32,769 |
| Long-term loans from credit institutions | | 130,448 | - | 100,361 |
| Deferred tax liabilities | | 7,213 | 5,779 | 6,613 |
| Total non-current liabilities | | 168,035 | 49,441 | 139,743 |
| Current liabilities | | | | |
| Accounts payable | | 45,305 | 30,041 | 50,012 |
| Other payables | | 47,297 | 15,098 | 45,579 |
| Current tax liabilities | | 1,460 | 1,072 | 874 |
| Lease liabilities | | 14,015 | 15,701 | 13,994 |
| Accrued expenses and prepaid income | | 113,280 | 86,705 | 131,532 |
| Total current liabilities | | 221,356 | 148,617 | 241,991 |
| TOTAL EQUITY AND LIABILITIES | | 645,198 | 370,739 | 687,638 |

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 2020 | 775 | 590,690 | 292 | -373,502 | 218,255 | |
| Loss for the period | - | - | - | -45,105 | -45,105 | |
| Other comprehensive income | - | - | -608 | 138 | -470 | |
| Total comprehensive income for the period | - | - | -608 | -44,967 | -45,575 | |
| Closing balance at 31 March 2020 | 775 | 590,690 | -316 | -418,468 | 172,681 | |
| Opening balance at 1 January 2021 | 856 | 840,221 | 483 | -535,656 | 305,905 | |
| Loss for the period | - | - | - | -49,231 | -49,231 | |
| Other comprehensive income | - | - | -5,054 | -22 | -5,076 | |
| Total comprehensive income for the period | - | - | -5,054 | -49,253 | -54,307 | |
| Transactions with owners | | | | | | |
| Repurchased warrants | - | -66 | - | - | -66 | |
| Employee share schemes - value of employee services | - | - | - | 4,092 | 4,092 | |
| Contingent consideration in equity instruments | - | - | - | 182 | 182 | |
| Total transactions with owners | - | -66 | - | 4,274 | 4,208 | |
| Closing balance at 31 March 2021 | 856 | 840,155 | -4,571 | -580,635 | 255,806 | |

Group financial statement

Condensed consolidated statement of cash flows

| SEK thousand | Note | 2021 Jan–Mar | 2020 Jan–Mar | 2020 Jan–Dec |
|--|------|-----------------|-----------------|-----------------|
| Operating activities | | | | |
| Operating loss | | -44,437 | -46,643 | -148,538 |
| Adjustments for non-cash items | | 14,191 | 5,062 | 23,222 |
| Interest received | | 1 | 39 | 45 |
| Interest paid | | -1,124 | -6 | -164 |
| Income taxes paid | | -263 | -103 | -3,515 |
| | | -31,632 | -41,649 | -128,950 |
| Changes in working capital | | | | |
| Accounts receivable (increase - / decrease +) | | 60,945 | 8,263 | -169,983 |
| Other current receivables (increase - / decrease +) | | -1,844 | -47,740 | -4,105 |
| Accounts payable (increase + / decrease -) | | -4,811 | 969 | 21,264 |
| Other current liabilities (increase + / decrease -) | | -21,566 | 10,512 | 92,974 |
| Total change in working capital | | 32,725 | -27,997 | -59,850 |
| Cash flows from operating activities | | 1,091 | -69,646 | -188,800 |

| SEK thousand | Note | 2021 Jan–Mar | 2020 Jan–Mar | 2020 Jan–Dec |
|---|------|-----------------|-----------------|-----------------|
| Investing activities | | | | |
| Investment in equipment | | -66 | -936 | -1,122 |
| Investment in intangible assets | | -8,103 | -5,100 | -17 089 |
| Long-term asset (increase - / decrease +) | | -253 | -247 | 19 |
| Cash flows from investing activities | | -8,423 | -6,284 | -18,192 |
| Cash flows from investing activities | | -8,423 | -6,284 | -18,192 |
| Financing activities | | | | |
| Proceeds from borrowings | | - | - | 100,361 |
| Principal elements of lease payments | | -3,328 | -3,493 | -16,729 |
| Long-term incentive programs | | -66 | - | 657 |
| Issue of new shares | | - | - | 248,956 |
| Cash flows from financing activities | | -3,395 | -3,493 | 333,245 |
| Cash flows for the period | | -10,726 | -79,423 | 126,253 |
| Cash and cash equivalents at the beginning of the period | | 288,599 | 165,927 | 165,927 |
| Effect from movements in exchange rates on cash and cash equivalents | | 8,829 | 1,305 | -3,591 |
| Cash and cash equivalents at the end of the period | | 286,701 | 87,810 | 288,599 |

Parent company financial statement

Condensed parent company income statement

| SEK thousand | Note | 2021 Jan-Mar | 2020 Jan-Mar | 2020 Jan-Dec |
|--|------|-----------------|-----------------|-----------------|
| Net sales | | 94,950 | 30,197 | 210,498 |
| Cost of content | | -10,122 | -7,556 | -51,328 |
| Gross profit | | 84,828 | 22,641 | 159,170 |
| Sales and marketing costs | | -10,632 | -11,806 | -49,395 |
| Administration expenses | | -51,452 | -17,128 | -74,247 |
| Product development costs | | -16,386 | -16,407 | -75,644 |
| Other income | | 563 | 2 | 5,825 |
| Operating profit / loss | | 6,921 | -22,698 | -34,291 |
| Other interest income and similar profit items | | 25,621 | 3,755 | 694 |
| Interest expense and similar loss items | | -28,169 | -696 | -16,145 |
| Profit / loss before income tax | | 4,373 | -19,639 | -49,741 |
| Income tax expense | | -116 | - | -1,169 |
| Profit / loss for the period | | 4,257 | -19,639 | -50,910 |

There are no items in the Parent Company that are reported as other comprehensive income.
Therefore the sum of total comprehensive income corresponds to the Profit / loss for the period.

Condensed parent company statement of financial position

| SEK thousand | Note | 31 March 2021 | 31 March 2020 | 31 Dec 2020 |
|-------------------------------------|------|----------------|----------------|----------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | | 6,433 | 526 | 876 |
| Tangible assets | | 1,090 | 1,335 | 1,219 |
| Financial assets | | | | |
| Participations in group companies | | 27,516 | 15,832 | 24,279 |
| Receivables from group companies | | 26,124 | 30,231 | 24,519 |
| Deferred tax assets | | - | 1,285 | 116 |
| Total non-current assets | | 61,162 | 49,210 | 51,008 |
| Current assets | | | | |
| Accounts receivable | | 34,502 | 79,251 | 44,280 |
| Receivables from group companies | | 483,646 | 93,966 | 428,718 |
| Other receivables | | 1,026 | 1,670 | 3,829 |
| Prepaid expenses and accrued income | | 16,739 | 50,280 | 14,518 |
| Cash and bank | | 221,835 | 75,534 | 241,826 |
| Total current assets | | 757,748 | 300,701 | 733,171 |
| TOTAL ASSETS | | 818,910 | 349,911 | 784,179 |

| SEK thousand | Note | 31 March 2021 | 31 March 2020 | 31 Dec 2020 |
|--|------|----------------|----------------|----------------|
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Restricted equity | | | | |
| Share capital | | 856 | 775 | 856 |
| Non-restricted equity | | | | |
| Other paid in capital | | 840,155 | 590,690 | 840,221 |
| Retained earnings | | -419,573 | -387,199 | -377,131 |
| Profit / loss for the period | | 4,257 | -19,637 | -428,041 |
| Total equity | | 425,696 | 184,629 | 413,036 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Long-term loans from credit institutions | | 130,448 | - | 100,361 |
| Total non-current liabilities | | 130,448 | - | 100,361 |
| Current liabilities | | | | |
| Accounts payable | | 43,029 | 49,577 | 48,651 |
| Liabilities to group companies | | 120,317 | 27,483 | 106,783 |
| Other payables | | 11,776 | 6,042 | 10,506 |
| Accrued expenses and prepaid income | | 87,644 | 82,179 | 104,841 |
| Total current liabilities | | 262,767 | 165,282 | 270,782 |
| TOTAL EQUITY AND LIABILITIES | | 818,910 | 349,911 | 784,179 |

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 12 2021.

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 2020.

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 market downturn affecting company performance.
- Changes to the competitive landscape.
- Recruitment, retention and succession of key staff.
- Innovation and product development falling behind market expectations.
- Failing to prevent and respond to a significant cyber attack.

The Group and Parent company’s primary financial risks are:

- Refinancing risk resulting from lack of financing facilities or unfavorable financing conditions.
- 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.
- 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.
- Market risk related to changes in the share price affecting the value of the warrants issued to the European Investment Bank (EIB).

During the period the Board of Directors announced a review of the company’s capital structure with the possibility of listing the company’s shares. In case of an IPO an ‘event’ would occur at the point of listing in respect of the EIB loan agreement. Such an event would result in the EIB having the right to convert its warrants to shares pre-IPO. Alternatively, post-IPO the EIB would have the right to use the ‘put’ option it has over the warrants to require Acast to buy-back the warrants at market value settled in cash. For each SEK 100 in increase (or decrease) in the share price, the value of the warrants increase (or decrease) by MSEK 9.6. For further information about the fair value of the options please refer to note 5 Fair value.

Covid-19 has not had any material financial effect on the Group’s activities during the first quarter of the year. Acast will continue to monitor and analyze the effects of Covid-19 on the podcasting industry and its own operations.

No further material risks are deemed to have arisen during the period.

Notes

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 that constitutes "rest of the world".

SEGMENT INFORMATION, SEK THOUSAND

| 2021 Jan– Mar | Europe | Americas | Other | Total |
|-----------------------------------|----------------|---------------|---------------|----------------|
| Net sales from external customers | 139,802 | 40,428 | 17,204 | 197,434 |
| Total segment net sales | 139,802 | 40,428 | 17,204 | 197,434 |
| CBIT* | 27,736 | -2,706 | -474 | 24,556 |
| Global costs* | | | | -68,993 |
| Operating loss | | | | -44,437 |
| Financial income | | | | 25,102 |
| Financial cost | | | | -28,383 |
| Loss before income tax | | | | -47,718 |

| 2020 Jan– Mar | Europe | Americas | Other | Total |
|-----------------------------------|---------------|----------------|---------------|----------------|
| Net sales from external customers | 75,344 | 26,329 | 11,560 | 113,233 |
| Total segment net sales | 75,344 | 26,329 | 11,560 | 113,233 |
| CBIT* | 5,152 | -10,077 | 1,329 | -3,596 |
| Global costs* | | | | -43,047 |
| Operating loss | | | | -46,643 |
| Financial income | | | | 3,583 |
| Financial cost | | | | -1,080 |
| Loss before income tax | | | | -44,137 |

| 2020 Jan–Dec | Europe | Americas | Other | Total |
|-----------------------------------|----------------|----------------|---------------|-----------------|
| Net sales from external customers | 387,890 | 146,325 | 57,315 | 591,530 |
| Total segment net sales | 387,890 | 146,325 | 57,315 | 591,530 |
| CBIT* | 55,909 | -8,013 | 1,831 | 49,727 |
| Global costs* | | | | -198,265 |
| Operating loss | | | | -148,538 |
| Financial income | | | | 45 |
| Financial cost | | | | -18,503 |
| Loss before income tax | | | | -166,996 |

* See note 7 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.

Net sales reflect the usual seasonal variation within podcasting where Q4 is the strongest quarter in the year followed by lower net sales in the following quarter (Q1).

NOTE 5. FAIR VALUE

This section explains the judgments and estimates made in determining the fair values of the part of Acast's debt to the EIB that relates to EIB's warrants that are recognized and measured at fair value through profit or loss.

All financial assets and liabilities are measured at amortized cost except for the part of Acast's debt to the EIB that relates to the value of the EIB's warrants. These are measured at fair value in accordance with IFRS 2 Share-based Payment, and the principles for cash-settled payments, and recognized at fair value through profit or loss as the EIB has the option of choosing to settle in cash or shares. The fair value corresponds to the price per share less the quota value. The share price of SEK 1 300, based on share and warrant transactions, form the basis for the valuation.

The total balance for loans from credit institutions at the end of the period of SEK 130,448 thousand relates to SEK 125,268 thousand in respect of the EIB warrants and SEK 5,180 thousand in loan. The total balance for loans from credit institutions at the end of the prior period (31 Dec 2020) of SEK 100,361 thousand related to SEK 96,353 thousand in respect of the EIB warrants and SEK 4,008 thousand in loan.

Acast considers carrying amounts of its short term financial assets to be reasonable approximations of their fair values. This also applies for accounts payables, other liabilities and accrued expenses as those items are also short term.

NOTE 6. 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 | 2021 Jan–Mar | 2020 Jan–Mar | 2020 Jan–Dec |
|------------------------------------|-----------------|-----------------|-----------------|
| Purchases of services | | | |
| Related parties | - | 833 | 833 |
| Total purchases of services | - | 833 | 833 |

Notes

NOTE 7. 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 |
| 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. |

| Alternative performance measurements not defined under IFRS | Definition | Purpose |
|---|--|--|
| 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. |
| 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. |

Notes

| 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 8. RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED UNDER IFRS AND OTHER OPERATIONAL MEASURES

| SEK thousand (unless stated otherwise) | 2021 Jan-Mar | 2020 Jan-Mar | 2020 Jan-Dec |
|--|-----------------|-----------------|-----------------|
| Alternative performance measures not defined under IFRS | | | |
| Net sales | 197,434 | 113,233 | 591,530 |
| Net sales growth (%)* | 74% | 55% | 64% |
| Net sales | 197,434 | 113,233 | 591,530 |
| 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) | 13,265 | -3,331 | 19,805 |
| Impact from acquisitions | - | -1,604 | -1,670 |
| Organic net sales | 210,699 | 108,298 | 609,665 |
| Net sales growth (%) | 74% | 55% | 64% |
| 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) | 12% | -5% | 5,5% |
| Impact from acquisitions on Net sales growth (%) | - | -2% | -0,5% |
| Organic net sales growth (%) | 86% | 48% | 69% |

| SEK thousand (unless stated otherwise) | 2021 Jan-Mar | 2020 Jan-Mar | 2020 Jan-Dec |
|---|-----------------|-----------------|-----------------|
| Net sales | 197,434 | 113,233 | 591,530 |
| Cost of content | -126,324 | -73,290 | -372,103 |
| Gross profit | 71,110 | 39,943 | 219,427 |
| Net sales | 197,434 | 113,233 | 591,530 |
| Gross margin (%) | 36% | 35% | 37% |
| Loss for the period | -49,231 | -45,105 | -172,222 |
| Income tax expense | 1,513 | 965 | 5,225 |
| Financial costs | 28,383 | 1,080 | 18,503 |
| Financial income | -25,102 | -3,583 | -45 |
| Operating loss | -44,437 | -46,643 | -148,538 |
| Net sales | 197,434 | 113,233 | 591,530 |
| Operating margin (%) | -23% | -41% | -25% |
| Operating loss | -44,437 | -46,643 | -148,538 |
| Items affecting comparability** | 2,603 | - | - |
| Adj. Operating loss | -41,834 | -46,643 | -148,538 |
| Net sales | 197,434 | 113,233 | 591,530 |
| Adj. Operating margin (%) | -21% | -41% | -25% |

| SEK thousand (unless stated otherwise) | 2021 Jan-Mar | 2020 Jan-Mar | 2020 Jan-Dec |
|---|-----------------|-----------------|-----------------|
| Operating loss | -44,437 | -46,643 | -148,538 |
| Depreciation and amortization | 8,228 | 4,966 | 25,181 |
| EBITDA | -36,210 | -41,677 | -123,357 |
| Net sales | 197,434 | 113,233 | 591,530 |
| EBITDA margin (%) | -18% | -37% | -21% |
| EBITDA | -36,210 | -41,677 | -123,357 |
| Items affecting comparability | 2,603 | - | - |
| Adj. EBITDA | -33,607 | -41,677 | -123,357 |
| Net sales | 197,434 | 113,233 | 591,530 |
| Adj. EBITDA margin (%) | -17% | -37% | -21% |
| Operational measures | | | |
| Listens (millions) | 872 | 603 | 2 976 |
| Net sales | 197,434 | 113,233 | 591,530 |
| Average revenue per listen, ARPL (SEK) | 0.23 | 0.19 | 0.20 |

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

** Items affecting comparability relate to costs to prepare for a potential listing.

Auditor's report

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Translation of the Swedish original

To the Board of Directors of Acast AB (publ)

Corp. id. 556946-8498

Introduction

We have reviewed the condensed interim financial information (interim report) of Acast AB (publ) as of March 31, 2021 and the three-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm May 12, 2021

KPMG AB

Mattias Lötborn

Authorized Public Accountant

Acast

For The Stories.