UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-38438

Spotify Technology S.A.
(Exact name of Registrant as specified in its charter)

Grand Duchy of Luxembourg
(Jurisdiction of incorporation)

33 Boulevard Prince Henri
L-1724 Luxembourg
Grand Duchy of Luxembourg
(Address of principal executive offices)

Christian Luiga
Chief Financial Officer
ir@spotify.com
Regeringsgatan 19
111 53 Stockholm, Sweden
(Name, E-mail and Address of Company Contact Person)

Securities registered or to be registered, pursuant to Section 12(b) of the Act

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Ordinary Shares (par value of €0.000625 per share)	SPOT	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 203,844,409 Ordinary Shares, par value €0.000625 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Emerging growth company	☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐	International Financial Reporting Standards as issued by the International Accounting Standards Board ☒	Other ☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

TABLE OF CONTENTS

Certain Defined Terms

In this report, unless the context otherwise requires, references to "Company," "we," "us," "our," and "Spotify" refer to Spotify Technology S.A. and its direct and indirect subsidiaries on a consolidated basis.

Note on Presentation

Currency

All references in this report to (i) "Euro," "EUR," or "€" are to the currency of the member states participating in the European Monetary Union, and (ii) "U.S. dollar," "USD," or "$" are to the currency of the United States. Our reporting currency is the Euro.

Presentation of Financial Information

In accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), we prepare our consolidated financial statements on a historical cost basis, except for our short term investments, long term investments, Exchangeable Notes (as defined herein), and derivative financial instruments, which have been measured at fair value, and our finance lease receivables and lease liabilities, which are measured at present value.

Non-IFRS Financial Measures

In this report, we present Free Cash Flow, which is a financial measure not recognized by IFRS and that may not be permitted to appear on the face of IFRS-compliant financial statements or notes thereto. For a discussion of Free Cash Flow and a reconciliation to its most closely comparable IFRS measures, see "Item 5.B. Liquidity and Capital Resource."

Rounding

Certain monetary amounts, percentages, and other figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

PART I

Forward-looking Statements

This report contains estimates and forward-looking statements. All statements other than statements of historical fact are forward-looking statements. The words “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible,” and similar words are intended to identify estimates and forward-looking statements.

Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to numerous risks and uncertainties and are made in light of information currently available to us. Many important factors may adversely affect our results as indicated in forward-looking statements. These factors include, but are not limited to:

- our ability to attract prospective users, retain existing users, and monetize our products and services;
- competition for users, their time, and advertisers;
- risks associated with our international operations and our ability to manage our growth and the scope and complexity of our business;
- risks associated with our new products or services and our emphasis on long-term user engagement over short-term results;
- our ability to predict, recommend, and play content that our users enjoy;
- our ability to generate profit or positive cash flow on a sustained basis;
- our ability to convince advertisers of the benefits of our advertising offerings;
- our ability to forecast or optimize advertising inventory amid evolving industry trends in digital advertising;
- our ability to generate revenues from podcasts, audiobooks, and other non-music content;
- potential disputes or liabilities associated with content made available on our Service (as defined below);
- risks relating to acquisitions, investments, and divestitures;
- our dependence upon third-party licenses for most of the content we stream;
- our lack of control over third-party content providers who are concentrated and can unilaterally affect our access to content;
- our ability to comply with complex license agreements;
- our ability to accurately estimate royalty payments under our license agreements and relevant statutes;
- the limitations on our operating flexibility due to financial commitments required under certain of our license agreements;
- our ability to identify the compositions embodied in sound recordings and ownership thereof in order to obtain licenses or comply with existing license agreements;
- assertions by third parties of infringement or other violations by us of their intellectual property rights;
- our ability to protect our intellectual property;
- the dependence of streaming on operating systems, online platforms, hardware, networks, regulations, and standards that we do not control;
- our ability to maintain the integrity of our technology infrastructure and systems or the security of confidential information;
- undetected errors, misconfigurations, bugs, or vulnerabilities in our products and services;
- interruptions, delays, or discontinuations in service arising from our systems or systems of third parties;

- changes in laws or regulations affecting us;
- risks relating to privacy and data security, content moderation, and use of artificial intelligence;
- our ability to maintain, protect, and enhance our brand;
- risks associated with increased scrutiny of environmental, social, and governance matters;
- payment acceptance-related risks;
- our dependence on key personnel and ability to attract, retain, and motivate highly skilled employees;
- our ability to access additional capital to support strategic objectives;
- risks relating to currency exchange rate fluctuations and foreign exchange controls;
- the impact of economic, social, or political conditions, including inflation, changes in interest rates, changes in trade policies, geopolitical conflicts in Europe and the Middle East, and related market uncertainty;
- our ability to accurately estimate user metrics and other estimates;
- our ability to manage and remediate attempts to manipulate streams and attempts to gain or provide unauthorized access to certain features of our Service;
- risks related to our indebtedness, including risks related to our Exchangeable Notes;
- fluctuation of our operating results and fair market value of ordinary shares;
- tax-related risks;
- the concentration of voting power among our founders, which limits shareholders' ability to influence our governance and business; and
- risks related to our status as a foreign private issuer and a Luxembourg company.

Other sections of this report describe additional risk factors that could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time, and it is not possible for our management to predict all risk factors and uncertainties, nor are we able to assess the impact of all of these risk factors on our business or the extent to which any risk factor, or combination of risk factors, may cause actual results to differ materially from those contained in any forward-looking statements.

We qualify all of our forward-looking statements by these cautionary statements. See "Item 3.D. Risk Factors."

You should read this report and the documents that we have filed as exhibits to this report completely and with the understanding that our actual future results may be materially different from our expectations. Moreover, some information we disclose, whether herein or elsewhere, is informed by various stakeholder expectations, which may include third-party standards; not all of this information is necessarily "material" for purposes of our reporting under U.S. federal securities laws or other laws, regulations, or requirements to which we are subject, even if we use "material" or similar language in discussing such matters.

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. [Reserved]

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors

An investment in our ordinary shares involves a high degree of risk. You should carefully read and consider the following risks, along with the other information included in this Annual Report on Form 20-F. The risks described below may not be the only ones we face. If any of these risks actually occur, our business, operating results, financial condition, and cash flow could be materially impaired. The trading price of our ordinary shares could decline due to any of these risks, and you could lose all or part of your investment. The risks described below are organized by risk type and are not listed in order of their priority to us.

Risks Related to Our Business Model, Strategy, and Performance

If our efforts to attract prospective users, retain existing users, and effectively monetize our products and services are not successful, our growth prospects and revenue will be adversely affected.

Our ability to grow our business and generate revenue depends on retaining, expanding, and effectively monetizing our total user base, including by increasing the number of subscribers to our premium service (“Premium Service”) and other subscription offerings (together with the Premium Service, “Subscription Offerings”) and the number of users of our ad-supported service (“Ad-Supported Service”, and together with the Subscription Offerings, the “Service”) and finding ways to monetize our products and services. We must convince prospective users of the benefits of our Service and our existing users of the continuing value of our Service. Our ability to attract new users, retain existing users, and engage active users depends in large part on our ability to continue to offer exceptional technologies and products, compelling content, competitive pricing, superior functionality, and an engaging user experience. Some of our competitors, including Apple, Alphabet, and Amazon, have developed, and are continuing to develop, devices for which their audio streaming services are preloaded or may also be set as the default providers, which puts us at a significant competitive disadvantage. As consumer tastes and preferences change on the internet and with mobile and other connected products, including cars, in-home, and wearable devices, we will need to enhance and improve our existing Service, introduce new services and features, and maintain our competitive position with additional technological advances and an adaptable platform. From time to time, we have adjusted in the past, and may adjust in the future, our subscription pricing, plans, or our pricing model, which may not be well-received by consumers and could negatively impact our ability to attract and retain users or generate revenue. If we fail to keep pace with technological advances or fail to offer compelling product offerings and state-of-the-art delivery platforms with competitive pricing that consumers perceive to be of value, our ability to grow or sustain the reach of our Service, attract and retain users, and monetize our products and services may be adversely affected.

In order to increase our advertising revenue, we seek to increase the time that our users spend on our Service and expand our opportunities to deliver advertising to users, such as through podcasts (including off-platform) and other opportunities relating to content promotion to users. The more content users stream, the more advertising inventory we generally have to sell. Further, growth in our user base increases the size and scope of user pools targeted by advertisers, which improves our ability to deliver relevant advertising to those users in a manner that achieves our advertising customers’ return on investment goals and that ultimately allows us to better demonstrate the effectiveness of our advertising solutions and justifies a pricing structure that is advantageous for us. If we fail to grow our user base, the amount of content streamed, and the time that our users spend on our Service, we may be unable to grow our advertising revenue. Moreover, given that subscribers to our Premium Service are sourced primarily from converting users of our Ad-Supported Service (“Ad-Supported Users”), any failure to grow our Ad-Supported User base or convert them to our Premium Service may negatively impact our revenue.

We face and will continue to face significant competition for users, their time, and advertisers.

We face robust and rapidly evolving competition in all aspects of our business, including from companies that allow users to share and discover content and/or that enable advertisers to use content platforms to reach customers, such as Apple, Alphabet, Amazon, Meta, and ByteDance. See “Item 4.B. Business Overview—Competition” for a more detailed description of certain services that compete with us.

We vigorously compete to attract, engage, and retain users against current and potential competitors, both globally and in particular geographic regions where we operate. These competitive risks are heightened because some of our competitors have more extensive hardware, software, and service offerings, longer histories, larger user bases, increased brand recognition, more experience in the markets in which we compete, and greater overall resources than we do. These advantages enable them to devote more financial resources to technology, infrastructure, fulfillment, and marketing, which in turn enables them to offer competitive services at little or no profit or even at a loss. For example, prominent, well-funded competitors like Apple, Alphabet, and Amazon have a competitive advantage because they can leverage the substantially broader product offerings in their ecosystem to gain subscribers and to monetize users. Additionally, our current and future competitors have engaged and will continue to engage in mergers or acquisitions with each other, to combine and leverage their broad audiences, content, and capabilities.

Relatedly, we compete for users based on our presence and visibility as compared with other businesses and platforms that deliver content through the internet and connected devices. We face significant competition for users from companies promoting their own digital content online or through application stores, including large, well-funded, and seasoned participants in the digital media market. Device application stores often offer users the ability to browse applications by various criteria, such as the number of downloads in a given time period, the length of time since an application was released or updated, or the category in which the application is placed. The websites and applications of our competitors may rank higher than our website and our Spotify application in search engines or application stores, and/or our application may be difficult to locate in device application stores, which could draw potential users away from our Service and toward those of our competitors. For example, Apple, Alphabet, and Amazon own application store platforms and charge in-application purchase fees, which may not be levied on their own applications, creating a competitive advantage for themselves against us. If other competitors that own application store platforms and competitive services adopt similar practices, we may be similarly impacted. In addition, some of these competitors, including Apple, Alphabet, and Amazon, have developed, and are continuing to develop, devices for which their streaming service is preloaded and/or able to be used out-of-the-box without the need to log in, creating a visibility and access advantage. If we are unable to compete successfully for users against other digital media providers by maintaining and increasing our presence, ease of use, and visibility, the size of our user base and the amount of content streamed on our Service may decline or may increase less than expected, and our subscription and advertising sales may suffer.

We also face increasing competition because of new or emerging technologies, including artificial intelligence (“AI”), and changes in market conditions. Our current and future competitors have introduced, and may continue to introduce, new ways of consuming or engaging with content that cause our users, especially the younger demographic, to switch to another product or service, which would negatively affect our user retention, growth, and engagement. As the market for on-demand audio on the internet and mobile and connected devices increases, new competitors, business models, and solutions are likely to emerge. Companies with a combination of technical expertise, brand recognition, financial resources, and digital media experience may respond to new or emerging technologies and changes in market requirements better than we can, undertake more far-reaching and successful product development efforts or marketing campaigns, or adopt more aggressive pricing policies. As we introduce new products, services, or technologies or as our products, services, or technologies evolve, we may become subject to additional competition.

Additionally, we compete for a share of advertisers’ overall marketing budgets with other content providers on a variety of factors, including perceived return on investment, effectiveness and relevance of our advertising products and content offering, pricing structure, and ability to deliver large volumes or precise types of advertisements to targeted user demographic pools. We also compete for advertisers with a range of internet companies. Large internet companies with strong brand recognition, such as Alphabet, Meta, and Amazon, have significant numbers of sales personnel, substantial advertising inventory, proprietary advertising technology solutions, and traffic that provide a significant competitive advantage and have a significant impact on pricing for reaching these user bases.

Failure to compete successfully against our current or future competitors could result in the loss of current or potential advertisers, a reduced share of our advertisers’ overall marketing budget, the loss of existing or potential users, or diminished brand strength, which could adversely affect our pricing and margins, lower our revenue, increase our research and development and marketing expenses, and prevent us from maintaining profitability.

We face many risks associated with our international operations.

We have significant international operations. Managing our business and offering our products and services internationally involves numerous risks and challenges, including:

- difficulties in obtaining licenses on favorable terms or at all and maintaining relationships with rights holders;
- challenges due to fragmentation of rights ownership and lack of well-functioning copyright collective management organizations;
- difficulties in achieving market acceptance and growth in markets with different tastes and interests or where we commit fewer marketing resources;

- difficulties in effectively monetizing our growing international user base;
- difficulties in managing operations due to language barriers, distance, staffing, user behavior, spending capability, cultural differences, business infrastructure constraints, and laws regulating corporations that operate internationally;
- application of different laws and regulations of various jurisdictions, including privacy, telecommunications and media, cybersecurity, content, AI, corporate governance, labor and employment, environmental, human rights, health and safety, consumer protection, liability standards and regulations, as well as intellectual property laws or changes to such laws that may impact the economics of providing content or increase operating costs in the applicable jurisdiction;
- potential adverse tax consequences associated with foreign operations;
- complex foreign exchange fluctuations, credit risk, payment fraud, restrictions on international monetary flow, and associated issues;
- increased competition from local websites and audio content providers;
- political, economic, and social instability in some countries;
- compliance with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, import and export controls and economic sanctions laws imposed by the U.S. government, and similar laws in other jurisdictions; and
- reduced or ineffective protection of our intellectual property rights in some countries.

If we are unable to manage the complexity of our global operations and continue to grow internationally as a result of these obstacles, our business, operating results, and financial condition could be adversely affected.

We may not be able to effectively manage our growth and the scope and complexity of our business.

Our continued growth and the increased scope and complexity of our business have placed, and will continue to place, significant demands on our management and our operational and financial infrastructure. They could also strain our ability to maintain reliable service levels for our users, effectively monetize the content streamed, efficiently develop and improve our operational and financial controls, and recruit, train, and retain highly skilled personnel. If our systems do not evolve to meet the increased demands placed on us by an increasing number of advertisers, we also may be unable to meet our obligations under advertising agreements with respect to the delivery of advertising or other performance obligations. As our operations grow in size, scope, and complexity, we will need to improve and upgrade our systems and infrastructure, which will require significant expenditures and allocation of valuable technical and management resources. If we fail to maintain efficiency or properly allocate resources in our organization as it grows, our business, operating results, and financial condition may suffer.

We have experienced rapid growth rates in both the number of active users of our Service and revenue over the last few years. As we grow larger and increase our user base and usage, we expect it will become increasingly difficult to maintain the rate of growth we currently experience.

Our new products or services may not be successful and our emphasis on long-term user engagement could adversely affect our business, operating results, and financial condition.

Our industry is subject to rapid and frequent changes in technology, evolving consumer needs, and the frequent introduction by our competitors of new and enhanced offerings. We must constantly assess the playing field and determine whether we need to improve or re-allocate resources among our existing products and services or create new ones. We may introduce significant changes to our existing products and services or develop and introduce new products and services, including in areas where we have little or no prior development or operating experience. For example, in 2024, we continued to expand the availability of audiobooks on our Premium Service, making a specified monthly allocation of access available for eligible subscribers to the Premium Service in additional markets. We also announced, in select markets, the Spotify Partner Program, a new monetization program that will offer creators audience-driven payouts for eligible video streaming of their content on our platform beginning in 2025. We are in the early stages of exploring additional potential monetization opportunities, although we do not expect any significant revenue attributable to those opportunities in the near-term and these opportunities may not prove successful at all. We are also continuing to make investments in AI initiatives across our business, including launching new AI features in our products and services. No assurance can be given that consumer demand for such new products or services will exist or be sustained at the levels that we anticipate, or that any of these offerings will gain sufficient traction or market acceptance to generate sufficient revenue to offset any new expenses or liabilities associated with them. It is also possible that products and services developed by others will render our products and services noncompetitive or obsolete. Further, our development efforts with respect to new products and services could distract management from current operations and will divert capital and other resources from our more established products and services. If we do not realize the expected benefits of our investments in new products or services, our business, operating results, and financial condition may be harmed.

Our culture also focuses on long-term user engagement, which may not necessarily maximize short-term operating results or financial condition. We frequently make decisions that may reduce our short-term revenue or profitability if we believe that the decisions benefit the aggregate user experience and will thereby improve our financial performance over the long term. These decisions may not produce the long-term benefits that we expect, in which case our user growth and engagement, our relationships with advertisers and partners, as well as our business, operating results, and financial condition could be seriously harmed. These decisions may yield results that sometimes do not align with the market's expectations, in which case our stock price may also be negatively affected.

If we fail to accurately predict, recommend, and play content that our users enjoy, we may fail to retain existing users and attract new users in sufficient numbers to meet investor expectations for growth or to operate our business profitably.

We believe that a key differentiating factor between Spotify and other audio content providers is our ability to predict music, podcasts, audiobooks, or other content that our users will enjoy. Our system for predicting user preferences and selecting content tailored to our users' individual tastes is based on advanced data analytics systems and our proprietary algorithms, including AI and machine learning models. We have invested, and will continue to invest, significant resources in refining these technologies; however, we cannot assure you that such investments will yield an attractive return or that such refinements will be effective. The effectiveness of our ability to predict user preferences and select content tailored to our users' individual tastes depends in part on our ability to gather and effectively analyze large amounts of user data and our ability to train our AI and machine learning models. In addition, our ability to offer users content that they have not previously heard and impart a sense of discovery depends on our ability to acquire and appropriately categorize additional content that will appeal to our users' diverse and changing tastes. Applicable laws and regulations, including those relating to data security and privacy, and operating systems' practices and policies may impact our ability to collect user information and provide personalized content. While we have a large catalog of music, podcasts, and audiobooks available to stream, we must continuously identify and analyze additional content that our users will enjoy and we may not effectively do so. Our ability to predict and select content that our users enjoy is critical to the perceived value of our Service among our users and our failure to make accurate predictions or any actual or perceived decline in the quality of our content recommendations could materially adversely affect our ability to adequately attract and retain users and grow our business.

We have incurred significant operating losses in the past, and we may not be able to generate profit or positive cash flow on a sustained basis. In addition, our revenue growth rate may decline.

We have incurred significant operating losses in the past and, as of December 31, 2024, had an accumulated deficit of €3,044 million. While for the year ended December 31, 2024, we had operating income of €1,365 million, for the years ended December 31, 2023 and December 31, 2022, our operating losses were €446 million and €659 million, respectively. We have incurred significant costs to license content and continue to pay royalties or other consideration to record labels, publishers, and other copyright owners for such content. If we cannot successfully earn revenue at a rate that exceeds the operational costs, including royalty and other licensing expenses associated with our Service, we will not be able to sustain profitability or reliably generate positive cash flow on an ongoing basis.

Furthermore, we cannot assure you that the growth in revenue we have experienced over the past few years will continue at the same rate or even continue to grow at all. In the future, our revenue growth rate may decline because of a variety of factors, including market saturation, the maturation of our business, or increased competition. You should not consider our historical revenue growth or operating expenses as indicative of our future performance. If our revenue growth rate declines or our operating expenses exceed our expectations, our financial performance may be adversely affected.

Additionally, we expect to continue to expend substantial financial and other resources on:

- securing top-quality content from leading record labels, distributors, aggregators, and other content owners or providers, as well as any rights to works contained in that content;
- our technology infrastructure, including development tools, scalability, availability, performance, security, and disaster recovery measures;
- research and development, including investments in our research and development and the development of new features, forms of content, and other products or services;
- sales and marketing, including costs related to our field sales organization and advertising globally;
- international operations in an effort to maintain and increase our user base, engagement, and sales; and
- general administration, including legal and accounting expenses.

These investments may not result in increased revenue or growth in our business. If we fail to continue to grow our revenue and overall business, our business, operating results, and financial condition would be harmed.

Failure to convince advertisers of the benefits of our advertising offerings could harm our business, operating results, and financial condition.

Our ability to attract and retain advertisers, and to maintain and increase advertising revenue, depends on a number of factors, including:

- increasing the number of Ad-Supported Users and the level of our users' engagement with content on our Service;
- user demographics and engagement patterns that make us more or less attractive to advertisers;
- providing a content portfolio that sustains or increases the value of our advertisements;
- keeping pace with changes in technology and our competitors;
- competing effectively for advertising dollars with other online and mobile marketing and media companies;
- maintaining and growing our relationships with marketers, agencies, and other demand sources who purchase advertising inventory from us;
- maintaining and growing our relationships with podcast publishers and other creators who provide us with sources of advertising inventory that we can monetize;
- impact from the macroeconomic environment on advertisers;
- implementing and maintaining an effective infrastructure for campaign and order management;
- managing adverse legal developments relating to advertising, including changes mandated or prompted by legislation, regulation, executive actions, or litigation regarding the collection, use, and sharing of personal data for advertising-related purposes;
- continuing to develop and diversify our advertising platform and offerings, which currently include delivery of advertising products through multiple delivery channels, including traditional computers, mobile, and other connected devices, and multiple content types, including podcasts; and
- convincing advertisers of the value of innovations to our current advertising offerings.

We may not succeed in capturing a greater share of our advertisers' core marketing budgets, particularly if we are unable to achieve the scale, reach, frequency, products, and market penetration necessary to demonstrate the effectiveness of our advertising solutions, or if our advertising model proves ineffective or not competitive when compared to other alternatives and platforms through which advertisers choose to invest their budgets.

Selling advertisements requires that we demonstrate to advertisers that our advertising offerings are effective. For example, we need to show that our Service has substantial reach and engagement by relevant demographic audiences. Some of our demographic data may be incomplete or inaccurate. For example, because our users self-report their personal data, including gender and date of birth, the personal data we have may differ from our users' actual information. If our users provide us with incorrect or incomplete information regarding their personal data, such as gender, age, or other attributes we use to target advertisements to users, or the data are otherwise not available to us, then we may fail to target the correct demographic with our advertising. In addition, changes to operating systems' practices and policies, such as Apple's App Tracking Transparency framework, privacy manifests, and software development kit privacy controls have reduced and may continue to reduce the quantity and quality of the data and metrics that can be collected or used by us and our partners. Alphabet has similarly announced that it will implement additional privacy controls across its ecosystem, including via Privacy Sandbox. Other major web browsers, like Firefox, have made or may make similar changes in the future. Each of these changes may degrade the effectiveness of our advertising offerings. Our users may also exercise their option not to share certain personal data for a number of reasons, and current and future data privacy laws and regulations may further impede our ability to stream personalized content or offer targeted advertising and promotional opportunities to users on the Service. These limitations have affected and may continue to adversely affect our and our advertisers' ability to effectively target advertisements and measure their performance, thereby reducing the demand or pricing for certain of our advertising products and harming our business. The impact of these changes on the overall mobile advertising ecosystem, our business, and the developers, partners, and advertisers in the ecosystem are evolving and their ultimate impact remains uncertain. Additionally, advertisers often rely on third parties to quantify the reach and effectiveness of our advertising products. These third-party measurement services may not reflect our true audience or the performance of our advertising products, and their underlying methodologies are subject to change at any time. In addition, the methodologies we apply to measure the metrics that we use to monitor and manage our business may differ from the methodologies used by third-party measurement service providers, who may not integrate effectively with our Service. If such third-party measurement providers report lower metrics than we do, there is wide variance among reported metrics, or we cannot adequately integrate with such services that advertisers require, our ability to convince advertisers of the benefits of our Service could be adversely affected.

Evolving industry trends in digital advertising may pose challenges for our ability to forecast or optimize our advertising inventory, which may adversely impact our advertising revenue.

The digital advertising industry is introducing new ways to measure and price advertising inventory. In the absence of a uniform industry standard, agencies, advertisers, and other third parties have adopted several different measurement methodologies and standards. Certain advertisers will measure the effectiveness of their advertising campaigns based on our ability to serve their ads to audiences that match their demographic data benchmarks, and our ability to meet the requirements of these third-party measurement providers may be impacted when we do not have accurate or complete user data. As these trends in the industry continue to evolve, our advertising revenue may be adversely affected by the availability, accuracy, and utility of analytics and measurement technologies as well as our ability to successfully implement and operationalize such technologies and standards. For example, we leverage streaming ad insertion technology to improve our targeting and measurement capabilities for podcast advertising that rely on our streaming capabilities instead of using downloads as a proxy. However, the impact of the shift in measurement from downloads to real impressions on our advertising revenue remains uncertain, as is its acceptance by our advertising partners or our ability to scale this technology successfully.

Further, the digital advertising industry increasingly uses data-driven technologies and advertising products, such as automated buying. These data-driven advertising products and automated buying technologies allow publishers and advertisers to use data to target advertising toward specific groups of users who are more likely to be interested in the advertising message delivered to them. These advertising products and programmatic technologies may not integrate with our Service and if we are unable to deploy effective solutions to monetize the device usage by our user base, our ability to attract advertising spend, and ultimately our advertising revenue, may be adversely affected. In addition, we rely on third-party advertising technology platforms to participate in automated buying, and if these platforms cease to operate or experience instability in their business models, it also may adversely affect our ability to capture advertising spend. The evolution of privacy laws, including the GDPR, CCPA, and the ePrivacy Directive (each as defined below), and relevant case law and regulatory guidance, may also impact the way we generate revenue from advertising.

Failure to successfully monetize and generate revenues from podcasts, audiobooks, and other non-music content could adversely affect our business, operating results, and financial condition.

There is no guarantee that we will be able to generate sufficient revenue from podcasts, audiobooks, or other non-music content to offset the costs of creating or acquiring this content. Our expanded audiobook or video content offerings may involve additional risks and challenges, including increased capital requirements, new competitors, and the need to develop new strategic relationships. Failure to successfully monetize and generate revenues from non-music content, or to effectively manage the numerous risks and challenges associated with delivering such content, including failure to obtain or retain rights to podcasts, audiobooks, or other non-music content on acceptable terms, or at all, could adversely affect our business, operating results, and financial condition.

We may be subject to disputes or liabilities associated with content made available on our Service.

We provide various services and products that enable creators or users to make content available on our Service. For example, creators or users can record and distribute podcasts using our podcast hosting services, such as Spotify for Creators, and can upload cover art and profile images. These may subject us to claims of intellectual property infringement by third parties if such creators or users do not obtain the appropriate authorizations from rights holders. In addition to intellectual property infringement, we have faced and will continue to face other claims relating to content that is published or made available through our products and services. These may include claims related to defamation, rights of publicity and privacy, and online safety. For example, we are dependent on those who provide content on our Service complying with the terms and conditions of any license agreements with us, our Terms and Conditions of Use, which prohibit providing content that infringes the intellectual property or proprietary rights of third parties or is otherwise legally actionable pursuant to privacy and/or publicity rights, and other applicable laws, rules, and regulations. However, we cannot guarantee that the creators and users who provide content on our Service will comply with their obligations, and any failure of creators and users to do so may materially impact our business, operating results, and financial condition. The use of new technologies, including AI, by us, our creators and users, may exacerbate such risks. In addition, while we may avail ourselves of various legal safe harbors related to third-party content, we cannot be certain that courts will always agree that these safe harbors apply. We also face a risk that the laws related to these safe harbors or the removal of content could change. Changes in any such laws that shield us from liability could materially harm our business, operating results, and financial condition.

Given the large volume of content that various third parties, including record labels, distributors, aggregators, podcasters, audiobook publishers, authors, live-audio creators, and our users, make available on our platform, it is challenging for us to accurately verify the legitimacy of such content and review or moderate such content to ensure that it is otherwise in compliance with our policies. In addition, advertisers may not wish to have their brand associated with certain types of content and if we cannot reliably exclude their ads from certain types of content, our business relationships may also be negatively impacted. If we fail to build and maintain an effective system to moderate the content on our platform, our users, creators, or partners may lose trust in us, our reputation may be impaired, and our business may be adversely affected.

Our acquisitions, investments, or divestitures of businesses or technologies could disrupt our business and harm our operating results and financial condition.

We have acquired and invested in, and may in the future seek to acquire or invest in, other companies or technologies that we believe could complement or expand our products and services, enhance our technical capabilities or content offerings, or otherwise offer growth opportunities. Pursuit of future potential acquisitions or investments may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable opportunities, whether or not they are consummated. In addition, we may be unsuccessful in integrating our acquired businesses or any additional business we may acquire in the future, and we may fail to acquire companies whose market power or technology could be important to the future success of our business.

We also may not achieve the anticipated benefits from any acquisition or investment due to a number of factors, including:

- unanticipated costs or liabilities associated with the acquisition or investment, including intellectual property infringement claims and other liabilities for activities of the acquired company before the acquisition;
- incurrence of acquisition- or investment-related costs;
- diversion of management's attention from other business concerns;
- regulatory uncertainties;
- risks related to integrating the acquired company's various systems and processes and ensuring compliance with applicable requirements, including those with respect to privacy, data security, or credit card processing;
- implementation or improvement of controls, procedures, and policies at the acquired company;
- harm to our existing business relationships with business partners and advertisers;
- harm to our brand and reputation;
- challenges in integrating acquired employees;
- potential loss of key employees and/or labor disputes; and
- diversion of resources, including cash, that are needed in other parts of our business.

If we acquire or invest in other companies, these acquisitions or investments may reduce our operating margins for the foreseeable future. In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill, which must be assessed for impairment at least annually. The market value of our investments may also fluctuate due to volatility in the share price used to measure the investment. For example, the majority of our long-term investments relates to Tencent Music Entertainment ("TME"). The value of these securities is subject to the risks associated with TME's business, as well as any changes by the Chinese government in foreign investment laws or elevated scrutiny or regulation of foreign investments in Chinese companies. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Investment Risk" for additional discussion of the risk relating to our long term investment in TME. In the future, if our acquisitions or investments do not yield expected returns, we may be required to adjust our operating results based on this impairment assessment process. Acquisitions or investments could also result in dilutive issuances of equity securities or the incurrence of debt, or limit our use of cash for other purposes, which could adversely affect our operating results. In addition, if a business we acquire or invest in fails to meet our expectations, our business, operating results, and financial condition may suffer.

We have also entered into, and may in the future enter into, additional, strategic alliances with certain partners that we believe will help advance the success of our business. Such partnerships may divert management focus and resources from other aspects of our business, it may take longer than expected for them to produce the expected benefits, they may subject us to additional and unknown licensing or regulatory requirements across different jurisdictions, and they on occasion fail to produce all of the expected benefits. The success of these partnerships will depend in part on our ability to leverage them to enhance our products and services, or to develop new products and services, and we may not be successful in doing so. Any adverse results related to our strategic partnerships could negatively impact our business, operating results, and financial condition.

We have divested, and may in the future divest, certain parts of our business that no longer fit with our strategic direction. These transactions may divert the attention of management and cause us to incur various expenses, whether or not they are consummated. They may also expose us to unanticipated or ongoing obligations and liabilities, including as a result of our indemnification obligations. If we are unable to complete divestitures or to successfully transition divested businesses, our business, operating results, and financial condition could be negatively impacted.

Risks Related to Securing the Rights to the Content We Stream

We depend upon third-party licenses for most of the content we stream and an adverse change to, loss of, or claim that we do not hold any necessary licenses may materially adversely affect our business, operating results, and financial condition.

To secure the rights to stream content, we enter into license agreements to obtain licenses from rights holders, such as record labels, aggregators, artists, music publishers, performing rights organizations, collecting societies, podcasters, podcast networks, audiobook publishers, authors, and other audio/video content creators, copyright owners or their agents, or obtain licenses via government-provided statutory or compulsory licenses, and pay royalties or other consideration to such parties or their agents around the world. We cannot guarantee that our efforts to obtain all necessary licenses to stream content will be successful, or that the licenses available to us now will continue to be available in the future at rates and on terms that are favorable or commercially reasonable or at all. The terms of these licenses, including the royalty rates that we are required to pay pursuant to them, may change as a result of changes in our bargaining power, the industry, laws and regulations, or for other reasons. Increases in royalty rates or changes to other terms of these licenses may materially impact our business, operating results, and financial condition.

For example, if we fail to obtain licenses to stream sound recordings from major record labels; if the rates we pay for mechanical licenses that are set by the Copyright Royalty Board increase our royalty costs; if we are unable to comply with the requirements to maintain the blanket compulsory mechanical license in the U.S.; if we are unable to obtain blanket licenses for public performance rights on reasonable terms; if our licenses with collecting societies and our direct licenses with music publishers do not provide full coverage for all of the musical compositions we make available to our users; for podcasts, audiobooks, and other non-music content, if rights holders or content providers are unwilling to provide content on reasonable terms or do not comply with the terms and conditions of our license agreements as well as our Terms and Conditions of Use, our business, operating results, and financial condition could be materially harmed. Rights holders may also dispute the calculation of certain of our royalty payments. For example, in May 2024, the Mechanical Licensing Collective (“MLC”), an entity designated to administer a blanket compulsory license available under U.S. law, filed a lawsuit against Spotify USA Inc., alleging that Spotify USA Inc. improperly reported and underpaid royalties for its Premium Service as a bundle that includes a monthly allocation of audiobook access. On January 29, 2025, the MLC’s lawsuit was dismissed with prejudice. See “Item 8.A. Consolidated Statements and Other Financial Information—Legal or Arbitration Proceedings” for a discussion of this lawsuit.

There is also no guarantee that we have all of the licenses we need to stream content, as the process of obtaining such licenses involves many rights holders, some of whom are unknown, and myriad complex legal issues across many jurisdictions, including open questions of law as to when and whether particular licenses are needed. Additionally, rights holders, creators, performers, writers and their agents, or societies, unions, guilds, or legislative or regulatory bodies have created and may continue to create or attempt to create new rights or regulations that could require us to enter into license or other agreements with, and pay royalties to, newly defined groups of rights holders, some of which may be difficult or impossible to identify.

Even when we are able to enter into license agreements with rights holders, we cannot guarantee that such agreements will continue to be renewed indefinitely, or at all. The lack of renewal, or termination, of one or more of our license agreements, or the renewal of a license agreement on less favorable terms, could have a material adverse effect on our business, operating results, and financial condition. See “Item 4.B. Business Overview—Licensing Agreements.”

We have no control over third-party providers of the content we stream. The concentration of control of content by our major providers means that even one entity, or a small number of entities working together, may unilaterally affect our access to music and other content.

We rely on various rights holders, over whom we have no control, for the content we make available on our Service. We cannot guarantee that these parties will always choose to license to us or license to us on terms that are acceptable to us.

The music industry has a high level of concentration, which means that one or a small number of entities may, on their own, take actions that adversely affect our business. For example, with respect to sound recordings, the music licensed to us under our agreements with Universal Music Group, Sony Music Entertainment, Warner Music Group, and Music and Entertainment Rights Licensing Independent Network (“Merlin”), makes up the majority of music consumed on our Service. For the year ended December 31, 2024, this content accounted for approximately 71% of streams of audio content delivered by record labels. Our business may be adversely affected if our access to music is limited or delayed because of deterioration in our relationships with one or more of these rights holders or if they choose not to license to us for any other reason. These rights holders also may attempt to take advantage of their market power (including by leveraging their publishing affiliate) to seek onerous financial or other terms from us or otherwise impose restrictions that hinder our ability to further innovate our service offerings. We have particular issues in markets where local content is important and such local content is held by local major labels or even individual artists, making it difficult to obtain such local content at all or on economically favorable terms. In addition, publishers' fractional ownership of shares of musical compositions may enhance their leverage, as the loss of rights to a major publisher catalog would force us to take down a significant portion of popular repertoire in the applicable territory or territories, which would significantly disadvantage us in such territory or territories. The lack of complete metadata with respect to publisher ownership may also present challenges in taking down all the tracks that include the works of a given publisher. Even if we are able to secure rights to sound recordings from record labels and other copyright owners, artists and/or artist groups may object and may exert public or private pressure on those record labels or copyright owners or other third parties to discontinue licensing rights to us, hold back content from us, or increase royalty rates. As a result, our ability to continue to license rights to sound recordings is subject to convincing a broad range of stakeholders of the value and quality of our Service. To the extent that we are unable to license a large amount of content or the content of certain popular artists, our business, operating results, and financial condition could be materially harmed.

We are a party to many license agreements that are complex and impose numerous obligations upon us that may make it difficult to operate our business, and a breach of such agreements could adversely affect our business, operating results, and financial condition.

Many of our license agreements are complex and impose numerous obligations on us, including obligations to, among other things:

- meet certain user and other targets in order to secure certain licenses and royalty rates;
- calculate and make payments based on complex royalty structures, which requires tracking usage of content on our Service that may have inaccurate or incomplete metadata necessary for such calculation;
- provide periodic reports on the exploitation of the content;
- provide advertising inventory at discounted rates or on other favorable terms;
- comply with certain service offering restrictions; and
- comply with certain marketing and advertising restrictions; and comply with certain security and technical specifications.

Many of our license agreements grant the licensor the right to audit our compliance with the terms and conditions of such agreements. Some of our license agreements also include anti-steering, non-discrimination, and so-called "most favored nations" provisions, which require certain material terms to be no less favorable than those provided in our agreements with any other similarly situated licensor. If triggered, these provisions could cause our payments or other obligations under those agreements to escalate. Additionally, some of our license agreements require consent to undertake certain business initiatives and, without such consent, our ability to undertake or continue operating new business initiatives may be limited. This could hurt our competitive position.

If we materially breach any obligations set forth in any of our license agreements, or if we use content in ways that are found to exceed the scope of such agreements, we could be subject to legal or injunctive remedies (including monetary liability), and/or rights holders could impede our business by withholding content, discounts and bundle approvals, and the rights to launch new service offerings, and could ultimately terminate our rights under such license agreements, any of which could have a material adverse effect on our business, operating results, and financial condition. We have entered into settlement agreements requiring us to make substantial payments in the past, and may do so in the future, as a result of claims that we are in breach of certain provisions in, or have exceeded the scope of, our license agreements.

Our royalty payment system is complex, and it is difficult to estimate the amount payable under our license agreements or relevant statutes.

Under our license agreements and relevant statutes, we must pay all required royalties to record labels, music publishers, and other copyright owners in order to stream content. The determination of the amount and timing of such payments is complex and subject to a number of variables, including the type of content streamed, the country in which it is streamed, the product tier such content is streamed on, revenue generated per product tier, the identity of the license holder to whom royalties are owed, the current size of our user base, our current ratio of Ad-Supported Users to applicable Premium Subscribers (as defined below), the applicability of any most favored nations provisions, and any applicable advertising fees and discounts, among other variables. Additionally, we have certain arrangements whereby royalty costs are paid in advance or are subject to minimum guaranteed amounts. An accrual is estimated when actual royalty costs to be incurred during a contractual period are expected to fall short of the minimum guaranteed amount. Moreover, for minimum guarantee arrangements for which we cannot reliably predict the underlying expense, we expense the minimum guarantee on a straight-line basis over the term of the arrangement. We also have license agreements that include so-called "most favored nations" provisions, which, if triggered, could cause our royalty payments under those agreements to escalate. An accrual and expense is recognized when it is probable that we will make additional royalty payments under these terms.

We cannot assure you that the internal controls and systems we use to determine royalties payable will always be effective. If we fail to implement and maintain effective controls relating to rights holder liabilities, we may underpay/under-accrue or overpay/over-accrue the royalty amounts payable to record labels, music publishers, and other copyright owners. Underpayment could result in (i) litigation or other disputes with record labels, music publishers, and other copyright owners, (ii) the unexpected payment of additional royalties in material amounts, and (iii) damage to our business relationships with record labels, music publishers, other copyright owners, and artists and/or artist groups. If we overpay royalties, we may be unable to reclaim such overpayments, and our profits will suffer. Failure to accurately pay our royalties may adversely affect our business, operating results, and financial condition.

From time to time, we accrue royalties based on management estimates of the rates that will apply while we negotiate license agreement renewals. Changes to these estimates could either benefit or adversely affect our results of operations and financial condition.

Financial commitments required under certain of our license agreements may limit our operating flexibility and may adversely affect our business, operating results, and financial condition.

Certain of our license agreements contain minimum guarantees or require other financial commitments. As of December 31, 2024, we have estimated future financial commitments of €4.4 billion under license agreements for the use of licensed content. Such financial commitments related to our content acquisition costs are not always tied to our revenue and/or user growth forecasts (e.g., number of users, active users, applicable Premium Subscribers (as defined below)) or the number of sound recordings and musical compositions, podcasts, or audiobooks used on our Service. Some of our content costs are related to the amount of content consumed by our users. We may also be subject to financial commitments to rights holders with respect to certain strategic partnerships we enter into that on occasion do not produce all of the expected benefits. Accordingly, our ability to sustain profitability and operating leverage on our Service in part depends on our ability to increase our revenue through increased subscription and advertising sales on terms that maintain an adequate gross margin. The duration of our license agreements that contain minimum guarantees is frequently between one and three years, but subscribers to our Subscription Offerings ("Premium Subscribers") may cancel their subscriptions at any time. If our forecasts of Premium Subscriber acquisition or retention do not meet our expectations or the number of our Premium Subscribers or advertising sales decline significantly during the term of our license agreements, our margins may be materially and adversely affected. To the extent our subscription revenue growth or advertising sales do not meet our expectations, our business, operating results, and financial condition could also be adversely affected as a result of such financial commitments. In addition, the fixed cost nature of these financial commitments may limit our flexibility in planning for, or reacting to, changes in our business and the market segments in which we operate.

We rely on estimates of the market share of streaming content owned by each content provider, projected consumption by our users, as well as our own user growth and, in certain situations, projected advertising revenue, to forecast whether such financial commitments could be recouped against our actual content acquisition costs incurred over the duration of the license agreement. To the extent that these revenue and/or market share estimates underperform relative to our expectations, leading to content acquisition costs that do not exceed such financial commitments, our margins may be materially and adversely affected.

Difficulties in obtaining accurate and comprehensive information necessary to identify the musical compositions embodied in sound recordings on our Service and the ownership thereof may impact our ability to perform our obligations under our licenses, affect the size of our catalog, impact our ability to control content acquisition costs, and lead to potential copyright infringement claims.

Comprehensive and accurate ownership information for the musical compositions embodied in sound recordings is sometimes unavailable to us or difficult or, in some cases, impossible for us to obtain, including where the owners or administrators of such rights have failed to accurately identify their interest in a musical composition. We currently rely on licensors and other third parties to determine this information. If the information provided to us does not comprehensively or accurately identify the ownership of musical compositions, or if we are unable to determine which musical compositions correspond to specific sound recordings, it may be difficult or impossible to identify the appropriate rights holders from whom to obtain licenses or to whom to pay royalties. This may make it difficult to comply with certain obligations of any agreements with relevant rights holders. This may also make it difficult to identify content for removal from the Service if we lose the rights to such musical compositions.

In the United States, we also relied on the assistance of third parties to issue notices of intent to obtain a compulsory license under Section 115 of the Copyright Act to those copyright owners with whom we did not have a direct license agreement. Following the enactment of the Music Modernization Act (“MMA”), for the period between October 2018 and December 31, 2020, to the extent we did not have a direct license and could not locate the owner of a composition, the law provides a limitation of liability under which our only liability for the reproduction and/or distribution of such compositions is the royalty rate set by the U.S. Copyright Royalty Board. That limitation of liability is contingent upon following various procedural steps outlined in the MMA and there is a risk that we can be found to not have properly followed those steps (which could expose us to the risk of increased financial liability in litigations). Beginning on January 1, 2021, the MMA provides a blanket license to reproduce and/or distribute musical compositions on our service.

These challenges, and others concerning the licensing of musical compositions embodied in sound recordings on our Service, may subject us to significant liability for copyright infringement, breach of contract, or other claims. See “Item 8.A. Consolidated Statements and Other Financial Information—Legal or Arbitration Proceedings.”

Risks Related to Intellectual Property

Assertions by third parties of infringement or other violation by us of their intellectual property rights could harm our business, operating results, and financial condition.

Third parties have asserted, and may in the future assert, that we have infringed, misappropriated, or otherwise violated their copyrights, patents, and other intellectual property rights. See “Item 8.A. Consolidated Statements and Other Financial Information—Legal or Arbitration Proceedings.”

Our Service is dependent upon our ability to license intellectual property rights to audio content, including sound recordings, any musical compositions embodied therein, podcasts, and audiobooks, as well as visual and related content, such as music videos, clips, album cover art, artist images, and any other media assets that content providers can add or provide with their content. Various laws and regulations govern the copyright and other intellectual property rights associated with audio and visual content, including sound recordings, musical compositions, and video content streaming. Although we expend significant resources to seek to comply with statutory, regulatory, and judicial frameworks by, for example, entering into license agreements, we cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future.

In addition, music, internet, technology, and media companies are frequently subject to litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to pay significant damages; cease exploiting copyrighted content that we have previously had the ability to exploit; cease using solutions and technologies that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our solutions or technologies; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content, or materials; indemnify our partners and other third parties; and/or take other actions that may have material effects on our business, operating results, and financial condition.

Moreover, we rely on multiple software programmers to design and create our proprietary technologies, and we regularly contribute software source code under “open source” licenses and have made technology we developed available under open source licenses. We cannot assure you that our efforts to prevent the incorporation of licenses that would require us to disclose code and/or innovations in our products will always be successful, as we do not exercise complete control over the development efforts of our programmers, and we cannot be certain that our programmers have not used software that is subject to such licenses or that they will not do so in the future. In the event that portions of our proprietary technology are determined to be subject to licenses that require us to publicly release the affected portions of our source code, re-engineer a portion of our technologies, or otherwise be limited in the licensing of our technologies, we may be forced to do so, each of which could materially harm our business, operating results, and financial condition.

Failure to protect our intellectual property could substantially harm our business, operating results, and financial condition.

The success of our business depends on our ability to protect and enforce the intellectual property rights underlying our products and services. We attempt to protect our intellectual property under patent, trade secret, trademark, and copyright law through a combination of intellectual property registration, employee or third-party assignment and nondisclosure agreements, other contractual restrictions, technological measures, and other methods. These measures may only offer limited protection and are constantly evolving to meet the expanding needs of our business. Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy aspects of our product and brand features, make unauthorized use of original content we make available on our platform, or obtain and use our trade secrets and other confidential information. Moreover, policing our intellectual property rights is difficult and time-consuming. We cannot assure you that we would have adequate resources to protect and police our intellectual property rights, and we cannot assure you that the steps we take to do so will always be effective. We also develop and use AI technologies; however, the availability of copyright protection for AI-generated materials is uncertain.

We have filed, and may in the future file, patent applications on certain embodiments of our innovations. It is possible, however, that these innovations may not ultimately result in a patent grant, or the scope of the protection gained may be insufficient, or an issued patent may be deemed invalid or unenforceable. In addition, given the cost, effort, risks, and downside of obtaining patent protection, including the requirement to ultimately disclose the invention to the public, we may choose to not seek patent protection and may choose to keep some innovations as trade secrets to Spotify. We cannot guarantee that any of our present or future patents or other intellectual property rights will not lapse or be invalidated, circumvented, challenged, or abandoned.

We also cannot guarantee that our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak. We could lose both the ability to assert our intellectual property rights against, or to license our technology to, others and the ability to collect royalties or other payments. Certain countries' legal systems do not provide the same level of support for the enforcement or protection of intellectual property rights as those of the United States, and as a result, our intellectual property and proprietary rights may be subject to theft without, or with little, legal recourse.

Risks Related to Our Operations

Streaming depends on effectively working with operating systems, online platforms, hardware, networks, regulations, and standards we do not control. Changes in our products or services or those operating systems, hardware, networks, regulations, or standards, and our limitations on our ability to access those platforms, operating systems, hardware, or networks may seriously harm our business.

We rely on a variety of operating systems, online platforms, hardware, and networks to reach our users. These platforms range from desktop and mobile operating systems and application stores to wearables and intelligent voice assistants. The owners or operators of these platforms may not share our interests and may restrict our access to them or place conditions on access that would materially affect our ability to access those platforms. In particular, where the owner of a platform is also our direct competitor, the platform may attempt to use this position to affect our access to users and ability to compete. For example, an online platform might arbitrarily remove our products or services from its platform, deprive us of access to business critical data, or engage in other harmful practices. Online platforms also may unilaterally impose certain requirements that negatively affect our ability to convert users to the Premium Service, such as conditions that limit our freedom to communicate promotions and offers to our users. Similarly, online platforms may force us to use the platform's payment processing systems that may be inferior to, and more costly than, other payment processing services available in the market. Online platforms frequently change the rules and requirements for services like ours to access the platform, and such changes may adversely affect the success or desirability of our service. To maintain certain elements of the service on a platform, we may need to make additional concessions to the platform operator that may adversely affect other aspects of the business or require us to invest significant expenses. Online platforms may limit our access to information about users, limiting our ability to convert and retain them. Online platforms also may deny access to application programming interfaces or documentation, limiting functionality of our products or services on the platform. In addition, if online platforms discontinue any log-in authentication services that our users use to access our products or services, we may lose and be unable to recover users previously using this function.

In March 2019, we filed a complaint against Apple with the European Commission for engaging in certain behaviors that we believe are unlawful and anti-competitive. In June 2020, the European Commission opened a formal investigation into Apple's conduct. In March 2024, the European Commission found that Apple's conduct was illegal under the European Union's antitrust rules and fined Apple €1.84 billion. While the decision marked a historic milestone in our ongoing efforts to stop Apple's anticompetitive behavior, we cannot assure you that Apple will comply with the decision in ways that materially improve our business. Apple has appealed the decision and we cannot assure you that the courts will uphold it.

Furthermore, devices providing access to our products and services are manufactured by a wide array of companies and we cannot guarantee that these devices perform reliably. Any faulty connection between these devices and our products and services may result in consumer dissatisfaction toward us, which could damage our brand. In addition, we have no control over the hardware or software of these devices and any changes to them may negatively impact our business. For example, changes to operating systems' practices and policies have reduced and may continue to reduce the quantity and quality of the data and metrics that can be collected or used by us and our partners. These limitations have affected and may continue to adversely affect our and our advertisers' ability to effectively target advertisements and measure their performance, thereby reducing the demand or pricing for certain of our advertising products and harming our business.

Moreover, our Service requires high-bandwidth data capabilities. If the costs of data usage increase or access to data networks is limited, our business may be seriously harmed. Additionally, to deliver high-quality audio, video, and other content over networks, our Service must work well with a range of technologies, systems, networks, regulations, and standards that we do not control. In addition, the adoption of any laws or regulations that adversely affect the growth, popularity, or use of the internet, including laws governing internet neutrality, could decrease the demand for our Service and increase our cost of doing business. For example, the Federal Communications Commission (the “FCC”) in 2018 repealed net neutrality rules, which were designed to ensure that all online content is treated the same by internet service providers. This repeal could permit internet service providers to block or throttle internet content or to impose new fees for access to our products and services. Although the FCC sought to reinstate net neutrality rules in May 2024, a federal court invalidated those rules in January 2025. The European Union (the “EU”) currently requires equal access to internet content, but as part of the EU’s Digital Single Market initiative and the implementation of the European Electronic Communications Code at the national level, EU Member States may impose network security and disability access obligations on “over-the-top” services such as those provided by us. If the FCC’s May 2024 rules are vacated in the pending appeal and state laws fail to provide comparable protections, or if the EU modifies its own open internet rules, internet service providers may be able to limit our users’ ability to access our Service or make it a less attractive alternative to our competitors’ applications, and our business, operating results, and financial condition would be seriously harmed.

We may not successfully cultivate relationships with key industry participants or comply with the requirements of various operating systems, online platforms, hardware, networks, regulations, and standards on which our products and services depend, and failure to do so could result in serious harm to our business and user retention, growth, and engagement.

Failure to maintain the integrity of our technology infrastructure and systems or the security of confidential information could result in civil liability, statutory fines, regulatory enforcement, and the loss of confidence in us by our users, advertisers, content providers, and other business partners, all of which could harm our business.

Techniques used to disrupt operations and gain unauthorized access to systems, data and software are constantly evolving, and we may be unable to anticipate or prevent unauthorized access to our technology infrastructure and systems or to confidential information, including but not limited to proprietary business information and data about our users, business partners, and employees, such as payment card or other personal data. Our products, services, networks, and operations are supported by our own technology and systems and those of third parties, all of which are vulnerable to software bugs, misconfigurations, hacking, malicious code (such as malware, viruses, internet worms, and ransomware), employee theft, malfeasance, break-ins, misuse or error, phishing, password spraying, credential stuffing attacks, denial-of-service or other attacks, and similar disruptions. These risks can cause operational disruptions and/or result in unauthorized access to, corruption, or loss of confidential information such as personal data and intellectual property. We face risks from a range of threat actors that threaten our and our third-party providers’ technology, systems, and confidential information. Third parties have attempted in the past and are expected in the future to attempt to fraudulently induce employees, users, or organizations providing access to systems into disclosing sensitive information or otherwise compromising the confidentiality, integrity, or availability of our technology infrastructure and systems or confidential information, networks, and/or physical facilities. Security issues have arisen in the past, and are expected to arise in the future, in cases where our personnel, agents, or processors fail to follow our policies or otherwise act inappropriately. Given the complexity of our software and tools that we deploy in our IT environment, we regularly identify and track security vulnerabilities but cannot guarantee that patches will be applied comprehensively or before vulnerabilities can be exploited by a threat actor.

We and certain of our third-party providers have experienced cyberattacks and security incidents in the past due to, for example, computer malware, viruses, computer hacking, credential stuffing, and phishing attacks. Because of our prominence, we believe that we are a particularly attractive target for such attacks, and we expect to continue to experience cyberattacks and security incidents in the future. Cyberattacks and incidents are expected to accelerate in both frequency and impact as threat actors are becoming increasingly sophisticated in using techniques that circumvent security controls (for example, by leveraging AI), evade detection, and even remove forensic evidence, which means that we may be unable to detect, investigate, contain, or recover from future attacks or incidents in a timely or effective manner. The integration of AI in our, or any critical third party’s, operations, products, or services is expected to pose new or unknown cybersecurity risks and challenges. Moreover, our workforce connects from a mix of physical office space and home options, which presents additional opportunities for threat actors to engage in social engineering and to exploit vulnerabilities in non-corporate networks. We cannot assure you that the systems and processes that we have designed (or that third parties have designed) to protect our data and our users’ data, to prevent data loss, to disable undesirable accounts and activities on our platform, and to prevent or detect operational disruption and security breaches, will provide absolute security, and we may incur significant costs in protecting against or remediating cyberattacks.

Any actual or perceived breach of security or disruptive attack in relation to our or a third party’s systems could expose us to actions by governmental entities (in particular given regulators’ increased focus on companies’ cybersecurity vulnerabilities and risks), data protection authorities, consumers, or others that could result in enforcement, litigation (including class actions), and financial losses, and the public perception of our security measures could be diminished and our reputation harmed, all of which would negatively affect our ability to attract and retain users, which in turn would harm our efforts to attract and retain advertisers, content providers, and other business partners. It may be difficult to investigate and remediate such incidents, and delays in understanding the full impact may inhibit our ability to provide timely information to stakeholders. We would also have to expend significant resources to mitigate the breach or attack and upgrade our security systems, and potentially notify affected users and relevant data protection and regulatory authorities. In addition, any losses, costs, or liabilities may not be covered by, or may exceed the coverage limits of, any or all of our applicable insurance policies. A significant data breach or cybersecurity-related disruption experienced by service providers that are critical to our operations and/or are acting as our data processors (i.e., processing personal data on our behalf) would raise similar risks and obligations. Any of these events could have a material adverse effect on our business, operating results, and financial condition and could cause our stock price to drop significantly.

Our products and services are highly technical and may contain undetected errors, misconfigurations, bugs, or vulnerabilities, which could manifest in ways that could seriously harm our reputation and our business.

Our products and services are developed, delivered, and maintained through complex technology and third-party software-as-a-service ("SaaS") solutions that include various software and hardware. By their very nature, software, hardware, and SaaS solutions contain and are susceptible to unintentional and/or undetected errors, misconfigurations, bugs, and other vulnerabilities, including so-called "zero-day" vulnerabilities. These errors, misconfigurations, bugs, and vulnerabilities manifest in any number of ways, including through diminished performance, security incidents, malfunctions, service disruptions, or even permanently disabled products or services. We have a practice of rapidly updating our products and services, and as a result some errors, misconfigurations, bugs, or vulnerabilities in our products may be discovered only after a product or service has been used, and may in some cases be detected only under certain circumstances or after extended use. Additionally, many of our products and services are available on multiple operating systems and/or multiple devices offered by different manufacturers, and changes or updates to such operating systems or devices may cause errors, vulnerabilities, or functionality problems in our products, including rendering our products or services inoperable by some users. Our products and services operate in conjunction with, and we are dependent upon, third-party products and services (such as SaaS solutions), and any error, misconfiguration, bug, or vulnerability in one of these third-party products or services could thwart our users' ability to access our products and services, present a security risk, and thereby subject us to liability and/or harm our reputation. Additionally, any errors, misconfigurations, bugs, or other vulnerabilities discovered in our code or backend after release could damage our reputation, drive away users, allow third parties to manipulate or exploit our software, lower revenue, impact the stability or accuracy of our user metrics or other estimates, and expose us to claims for damages, any of which could seriously harm our business. Additionally, errors, misconfigurations, bugs, or other vulnerabilities may, either directly or if exploited by third parties, affect our ability to make accurate royalty payments.

We could also face various legal claims related to these potential issues, including but not limited to consumer class actions. Defending a lawsuit, regardless of its merit, is costly and may divert management's attention and seriously harm our reputation and our business. In addition, if our liability insurance coverage proves inadequate or future coverage is unavailable on acceptable terms or at all, our business could be seriously harmed.

Interruptions, delays, or discontinuations in service arising from our own systems or from third parties could harm our business.

We rely on our systems and those of third parties to provide our products and services. For instance, Google Cloud Platform ("GCP") provides a distributed computing infrastructure platform for business operations, or what is commonly referred to as a cloud computing service. We have designed our software and computer systems to utilize data processing, storage capabilities, and other services provided by GCP, currently rely on GCP for the vast majority of our primary data storage (including personal data of users and audio data licensed from rights holders) and computing, and any transition of our GCP operations to another cloud provider would incur significant time and expense. We have experienced, and may in the future experience, periodic service interruptions and delays involving our own systems and those of third parties that we work with. Both our own systems and those of third parties are vulnerable to damage or interruption from natural disasters (such as earthquakes or fires, droughts, flooding, or storms), temperature or precipitation extremes, changes in meteorological patterns, water shortages, power loss, telecommunications failures, cyberattacks, and similar events. Global climate change could increase the intensity or frequency of certain such events. Our own systems and those of third parties are also subject to break-ins, sabotage, intentional acts of vandalism, the failure of physical, administrative, technical, and cyber security measures, terrorist acts, natural disasters, human error, the financial insolvency of third parties that we work with, war or prolonged conflict, global pandemics and other public health crises, and other unanticipated problems or events. The occurrence of any of these events could result in interruptions in our services and unauthorized access to, or alteration of, the content and data contained in our systems or stored by third parties and delivered on our behalf.

Any disruption in the services provided by these third parties could materially adversely impact our business reputation, customer relations, and operating results. Upon expiration or termination of any of our agreements with third parties, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us, and a transition from one third party to another could subject us to operational delays and inefficiencies until the transition is complete. See also “Item 5.B. Liquidity and Capital Resources—Contractual Obligations” for a discussion of our agreement for the use of GCP, which includes minimum payments.

Our business is subject to complex and evolving laws and regulations around the world. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or otherwise harm our business.

We are an international company that is registered under the laws of Luxembourg, with offices and employees around the world and our Service available in 184 countries and territories. As a result of this organizational structure and the scope of our operations, we are subject to a variety of laws and regulations in different countries that involve matters central to our business, including privacy, data protection, content, intellectual property, advertising and marketing, competition, machine learning and AI, protection of minors, consumer protection, recurring billing, credit card processing, foreign exchange controls, and taxation. These laws and regulations may be interpreted and applied in a manner that is inconsistent from country to country and inconsistent with our current policies and practices and in ways that could harm our business, particularly in the new and rapidly evolving industry in which we operate. Additionally, the introduction of new products or services, expansion of our activities in certain jurisdictions, entry into new jurisdictions, or other actions that we may take may subject us to additional laws, regulations, or other government scrutiny. These laws and regulations, as well as any associated claims, inquiries, or other government actions, may subject us to increased operating costs, delays or impediments in our business activities, diversion of management time and attention, negative publicity and brand damage, and remedies that harm our business, including fines or demands or orders that we modify or cease existing business practices.

The adoption or modification of laws or regulations relating to the internet or other areas of our business could limit or otherwise adversely affect the manner in which we currently conduct our business. For example, based on the Directive on Copyright and Related Rights in the Digital Single Market, EU Member States have implemented or are implementing rules, including rules on fair remuneration and obligations on online content-sharing service providers, which could, among other things, impact our costs or the conditions for users to access licensed content. Moreover, countries have introduced various proposals, laws, or regulations relating to author and performer remuneration, including in the form of taxes, payments into cultural funds, or additional remuneration rights, that may impact our business, operating costs, or reputation. The European Commission also is considering changes in net neutrality policy that could permit internet service providers to impose new fees on online service providers like us, in the name of sharing network-related costs, and as previously noted, the FCC currently does not have net neutrality rules in place. In addition, online platforms’ protections from legal liability for content moderation decisions and from claims based on third-party content could change or decrease over the next few years. In particular, if the U.S. Congress or courts limit the immunity provided under Section 230 of the U.S. Communications Act of 1934, as amended by the Communications Decency Act, that could result in increased liability for content moderation decisions and third-party content posted on our Service and higher litigation costs. A number of other regulatory initiatives that have been proposed to tackle the way platforms and digital services providers operate could generate additional operational and technical costs of compliance. In November 2022, the EU Digital Services Act (“DSA”) came into force, and the majority of the DSA’s substantive provisions took effect between 2023 and 2024. Among other requirements, it sets forth rules on potential liability for services for certain types of content and on transparency measures and reporting. The DSA may increase our compliance costs and require changes to our user interfaces, processes, and operations, which may adversely affect our ability to attract, retain, and provide our services to users, and may otherwise adversely affect our business, operations, and financial condition. Failure to comply with the DSA can result in fines of up to 6% of total annual worldwide turnover and recipients of services have the right to seek compensation from providers in respect of damage or loss suffered due to infringement by the provider of obligations under the DSA. Other jurisdictions have enacted, or may seek to enact in the future, regulations that are similar to the DSA or conflict with it. Certain jurisdictions have implemented or are contemplating implementing laws that may negatively impact our Subscription Offerings’ recurring billing structure or our free or discounted trial incentives.

Our use of AI may adversely affect our business operations, reputation, or financial results.

We use AI, including generative AI, and machine learning in our products and services, including in consumer-facing features such as AI DJ. We also make investments in AI and machine learning to improve our advertising and operations and develop new products or new features for existing products. There are significant risks involved in developing and deploying AI and there can be no assurance that the usage of AI will enhance our products or services or be beneficial to our business, including our efficiency or profitability.

As a result of the complexity and rapid development of AI, it is also the subject of evolving review by various governmental and regulatory agencies around the world. Various jurisdictions are applying, or are considering applying, their intellectual property, cybersecurity, data protection, and other laws to AI and/or are considering or have proposed general legal frameworks on AI. We may not always be able to anticipate how to respond to these frameworks given they are still rapidly evolving. Given the current unsettled nature of the legal and regulatory environment surrounding AI, our AI features and our use, training, and implementation of AI could subject us to new or enhanced governmental or regulatory scrutiny, product restrictions, social and ethical issues, negative consumer perceptions and reputational harm, intellectual property disputes, compliance costs, and other issues, including issues related to cybersecurity and data privacy. AI-related regulations may develop at different rates and inconsistently across jurisdictions, and require us to expend significant resources or cause delays or disruptions to our offerings.

We face significant competition from other companies that are developing their own AI products and technologies, some of which also compete with us in other areas, including streaming audio. Those other companies may develop AI products and technologies that are similar or superior to our technologies or are more cost-effective to develop and deploy. Given the long history of development in the AI sector, other parties may have (or in the future may obtain) patents or other proprietary rights that would prevent, limit, or interfere with our ability to make, use, or sell our own AI products.

Any of these uncertainties or risks related to AI may adversely harm our business, operations, and financial results.

Various existing, new, and changing laws and regulations as well as self-regulation and public concern related to privacy and data security pose the threat of lawsuits, regulatory fines, other liability and reputational harm, require us to expend significant resources, and may harm our business, operating results, and financial condition.

As we collect and utilize personal data about our users as they interact with our products and services, we are subject to new and existing laws and regulations that govern our use of user data. We are likely to be required to expend significant effort and capital to ensure ongoing compliance with these laws and regulations. Claims or allegations that we have violated laws and regulations relating to privacy and data security could result in negative publicity and a loss of confidence in us by our users and our partners. We may be required to make significant expenditures to resolve such claims, which may include paying monetary damages, financial settlements, and/or fines or other penalties, including by government and data protection authorities.

We are subject to various laws relating to the collection, use, retention, security and transfer of personal data, including the General Data Protection Regulation (“GDPR”) and its UK equivalent (“UK GDPR”), which impose stringent operational requirements regarding, among others, data use, sharing and processing, data breach notifications, data subject rights, transparency, and cross-border data transfers for entities established in the European Economic Area (“EEA”) or UK, and/or processing personal data of EEA or UK individuals. The GDPR and UK GDPR each impose significant penalties for non-compliance (up to EUR 20 million/£17.5 million, or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher), as well as non-monetary penalties that could adversely affect our business, operations, and financial condition. Since we are subject to the supervision of relevant data protection authorities under multiple legal regimes, we could be fined or subject to enforcement action under multiple of those regimes in respect of the same breach. We have been subject to GDPR penalties in the past and may be subject to penalties in the future. Violations of data protection laws may also result in civil claims, including collective action.

We are subject to certain legislation implementing Directive 2002/58 on Privacy and Electronic Communications (the “ePrivacy Directive”), which requires entities to obtain informed and freely given consent for the placement of certain cookies and similar technologies on a user’s device. Recent European court and regulator decisions are driving increased attention to cookies and similar tracking technologies. Violations of this regime could result in regulatory investigations and penalties such as fines and/or orders to cease or change our use of such technologies, as well as civil claims including collective action.

On the U.S. state level, over a dozen states have adopted new or modified privacy laws after the initial passage of the California Consumer Privacy Act (“CCPA”). These laws create a patchwork of legislation and regulation that impose various requirements related to, among others, transparency obligations about data collection, use, and sharing practices, restrictions on the “sale” of personal information to third parties, sharing personal data for cross-context behavioral advertising, and data privacy rights for consumers. More states are considering similar legislation, which will continue to create additional compliance obligations and risks.

New laws in jurisdictions where we operate, amendments to, or reinterpretations of existing laws, regulatory frameworks, rules of self-regulatory bodies, industry standards, and contractual obligations, as well as changes in our users’ expectations and demands regarding privacy and cybersecurity, including restrictions on our ability to collect, access and harness user data, or to use or disclose user data, have and may continue to require that we expend considerable resources to meet these requirements and may limit our ability to stream personalized content to our users, offer advertising and promotional opportunities to users on the Service, and to operate and expand internationally.

Actual or perceived failure to comply with privacy and cybersecurity laws has in the past and could in the future result in regulatory or governmental investigations. It could also result in enforcement actions requiring us to change or restrict the way we use personal data, obligations on how we protect personal data, significant regulatory fines, or litigation. In addition to statutory enforcement, a data breach has in the past and could in the future lead to compensation claims by affected individuals (including consumer advocacy groups). It could also lead to negative publicity and a potential loss of business as a result of customers losing trust in us. Such failures could have a material adverse effect on our financial condition and results of operations.

Our business depends on a strong brand, and any failure to maintain, protect, and enhance our brand could harm our business.

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining, protecting, and enhancing the "Spotify" brand is critical to expanding our base of users and advertisers, as well as continuing to attract creators, and will depend largely on our ability to continue to provide useful, reliable, trustworthy, and innovative products and services, which we may not do successfully. We may introduce new products, services, features, content, or terms of service that our users, creators, licensors, advertisers, or partners do not like, which may negatively affect our brand. Our brand may be impaired by a number of other factors, including a decline in the quality or quantity of the content available on our Service, product or technical performance failures, or other reputational issues. Our brand may also be negatively affected by content on our platform that our users find objectionable, the use of our products or services to create or disseminate content that is deemed to be misleading or intended to manipulate opinions, perceived or actual efforts by governments to censor certain content on our platform, the use of our products for illicit, objectionable, or illegal ends, or our failure to respond appropriately to such uses of our products and services or to otherwise adequately address user concerns. Additionally, the actions of our developers, advertisers, and content partners may affect our brand if users do not have a positive experience using third-party applications or websites integrated with Spotify or that make use of Spotify content or brand features. If we fail to successfully maintain a strong brand, our business could be harmed.

If we are unable to maintain the growth of our user base, we may be required to expend greater resources than we currently spend on advertising, marketing, and other brand-building efforts to preserve and enhance consumer awareness of and sentiment about our brand, which would adversely affect our operating results and may not be effective.

Additionally, we receive a high degree of media coverage around the world. Unfavorable publicity regarding, for example, relationships with record labels, music publishers, artists, podcasters, authors, and other creators or copyright owners, content on our Service, our privacy practices, terms of service, service changes, service quality, litigation or regulatory activity, government surveillance, employee matters, the actions of our advertisers or strategic partners, the actions of our developers or suppliers whose services are integrated with our products or services, the actions of our users, or the actions of other companies that provide similar services to us, could materially adversely affect our reputation and brand. Such negative publicity also could have an adverse effect on the size, engagement, and loyalty of our user base and result in decreased revenue, which could materially adversely affect our business, operating results, and financial condition.

We are subject to risks associated with increased scrutiny of environmental, social, and governance matters.

Increased attention to climate change and other environmental, social, and governance ("ESG") issues, as well as societal expectations regarding voluntary ESG initiatives and disclosures, may result in increased costs (including but not limited to costs related to compliance, stakeholder engagement, and contracting), impact our reputation, or otherwise affect our business performance. We have to date and may in the future continue to take certain actions, including the establishment of ESG-related goals or targets, to address ESG issues. For example, in late 2021, we announced our intention to reach net zero emissions by the end of 2030 through a variety of ways, including joining external coalitions and initiatives. However, such initiatives may be costly and may not have the desired effects. Achieving our goals or targets is subject to risks and uncertainties and depends on numerous conditions, some of which are outside our control. There can be no assurances that our commitments will be achieved in the manner we currently intend or at all, and any failure (or perceived failure) to advance or meet such commitments may adversely impact our relationship with certain stakeholders.

We have also shared publicly many of our corporate ESG initiatives. Many of our actions or statements depend on certain assumptions, methodologies, or third-party information that we believe to be reasonable but may subsequently be determined to be erroneous, insufficient, or otherwise unaligned with stakeholder expectations. Certain assumptions are necessarily uncertain due to the long timelines involved and the varying approaches to identifying, assessing, addressing, and reporting on ESG matters. Our disclosures on these matters, a failure to satisfy evolving stakeholder expectations for ESG practices and reporting, or a failure to meet our commitments or targets on our established timeline may potentially harm our reputation and impact relationships with certain investors and other stakeholders. In addition, various policymakers, including the EU and the State of California, among others, have adopted, or are considering adopting, requirements for extensive disclosures or adoption of certain corporate practices on climate and/or other ESG matters, which may require us to incur additional costs to comply, including the implementation of significant new internal controls on matters historically not subject to such controls, and impose increased oversight obligations on our management and board. Such rules are not uniform across jurisdictions, which can increase the complexity and cost of compliance, and increase the risk of enforcement or litigation relating to our disclosures. Simultaneously, there are efforts by some stakeholders, including litigation or policy efforts, to reduce companies' efforts on certain ESG-related matters, which may require us to incur additional costs or otherwise adversely impact our business. This and other stakeholder expectations will likely lead to increased compliance costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Additionally, many of our business partners and suppliers may be subject to similar expectations, which may augment or create additional risks, including risks that may not be known to us.

We are subject to payments acceptance-related risks.

We accept payments using a variety of methods, including credit and debit card transactions. For credit and debit card payments, we pay interchange and other transaction fees, which may increase over time. An increase in those fees could require us to either increase the prices we charge for our Subscription Offerings, which could cause us to lose subscribers and subscription revenue, or suffer an increase in our costs without a corresponding increase in the price we charge for our Subscription Offerings, either of which could harm our business, operating results, and financial condition. We rely on third-party service providers for payment processing services, including the processing of credit and debit cards. In particular, we rely on two third-party service providers, Adyen and PayPal (including Braintree), for the vast majority of our payment processing. Our business could be materially disrupted if either or both of these third-party service providers become unwilling or unable to provide these services to us. If we or our service providers for payment processing services have problems with our billing software, or the billing software malfunctions, it could have a material adverse effect on our user satisfaction and could potentially be grounds for termination with our payment processors or subject us to fines and penalties from the payment card networks. In addition, if our billing software fails to work properly and, as a result, we do not automatically charge our subscribers' payment method on a timely basis or at all, our business, operating results, and financial condition could be materially adversely affected.

We are also subject to payment card network operating rules and applicable laws governing electronic funds transfers, including, but not limited to, the Payment Card Industry Data Security Standards, which could change or be reinterpreted to make it more difficult for us to comply. Any failure to comply with these laws, rules, or requirements may subject us to higher transaction fees, fines, penalties, damages, and civil liability, and may result in the loss of our ability to accept credit and debit card payments. Moreover, if we suffer a security breach affecting payment card information, in addition to being in breach of our payment processing agreements, we could be subjected to fines, penalties, and assessments arising out of state, federal, or other regulatory enforcement, liability to consumers, and we may lose our ability to accept card payments for our services on a go-forward basis.

Further, there is no guarantee that, even if we are in compliance with such rules or requirements, such compliance will prevent illegal or improper use of our payment systems or the theft, loss, or misuse of data pertaining to credit and debit cards, credit and debit card holders, and credit and debit card transactions. Certain payment card associations and jurisdictions have proposed or promulgated additional requirements for trial offers for subscription services and subscription services with recurring billing, which may hinder our ability to attract or retain Premium Subscribers.

Under current credit, debit, and payment card practices, we could be liable for fraudulent activity on our transactions. We face the risk of significant losses from this type of fraudulent activity. If we fail to adequately control fraudulent credit card transactions, we may face civil liability, diminished public perception of our security measures, and significantly higher credit card-related costs, each of which could adversely affect our business, reputation, operating results, and financial condition. If we are unable to maintain our chargeback rate or refund rates at acceptable levels, credit card and debit card companies may increase our transaction fees or terminate their relationships with us. The termination of our ability to process payments on any major credit or debit card would significantly impair our ability to operate our business.

We also accept payments through various payment solution providers, such as telco integrated billings, in-app purchases made within the Spotify app downloaded from the Google Play Store, and prepaid code vendors. These payment solution providers provide services to us in exchange for a fee, which may be subject to change. Furthermore, we rely on their accurate and timely reports on sales and redemptions. If such accurate and timely reports are not being provided, it will affect the accuracy of our reports to our licensors, and also affect the accuracy of our financial reporting.

We depend on highly skilled key personnel to operate our business, and if we are unable to attract, retain, and motivate qualified personnel, our ability to develop and successfully grow our business could be harmed.

We depend on the continued services and performance of our key personnel, including our Chief Executive Officer, Daniel Ek, members of our executive team, and other key employees, such as key engineering, finance, research and development, marketing, and sales personnel. All of our employees, including our senior management, are free to terminate their employment relationship with us at any time, and their knowledge of our business and industry may be difficult to replace. If we do not develop adequate succession planning for our key personnel, the loss of one or more of our key personnel could harm our business.

Our future success depends on our continuing ability to attract, develop, motivate, and retain highly qualified and skilled employees. Qualified individuals are in high demand, particularly in the digital media industry, and we may incur significant costs to attract them. We use equity awards to attract talented employees. If the value of our ordinary shares declines significantly and remains depressed, that may prevent us from recruiting and retaining qualified employees. Our ability to attract, retain, and motivate employees may also be adversely affected by stock price volatility.

We may require additional capital to support our strategic objectives, and this capital might not be available on acceptable terms, if at all.

We may require additional funds to achieve our strategic objectives or respond to business challenges. We cannot be certain that additional funds and financing will be available on reasonable terms when needed or at all, and our ability to secure funding may be affected by macroeconomic conditions including inflation and changes in interest rates, geopolitical conflict, tighter credit, currency fluctuations, and changes to fiscal or monetary policy. In the event we are unable to obtain additional funds on favorable terms, our interest expense and principal repayment requirements could increase significantly, which could harm our business. If we raise additional funds through future issuances of equity or convertible debt securities, our existing shareholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our ordinary shares. Any debt financing we secure in the future could also contain restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions.

If currency exchange rates fluctuate substantially in the future, the results of our operations, which are reported in Euros, could be adversely affected.

Our international operations expose us to the effects of fluctuations and volatility in currency exchange rates. We incur expenses for employee compensation, property leases, and other operating expenses in the local currency, and a portion of our international revenue is from users who pay us in currencies other than U.S. dollars and Euros, including the Swedish krona, the Australian dollar, and the British pound. In addition, while we incur royalty expenses primarily in U.S. dollars and Euros, the corresponding revenues are being generated in local currencies and, as such, the multiple currency conversions are affected by currency fluctuations, which may result in losses to us. We have experienced fluctuations in the exchange rates between the Euro and other currencies that impact expenses as well as revenue, and consequently have a negative impact on margin and the reported operating results. To date, we have engaged in select hedging strategies related to foreign exchange risk stemming from our operations. These strategies include instruments such as foreign exchange forward contracts. However, these strategies should not be expected to fully eliminate the foreign exchange rate risk that we are exposed to.

The impact of worldwide economic conditions has in the past and may continue to adversely affect our business, operating results, and financial condition.

Our financial performance is subject to worldwide economic conditions. To the extent general macroeconomic conditions, including as a result of inflation, changes in interest rates, changes in trade policies, and geopolitical conflicts in Europe and the Middle East, remain uncertain or worsen, our business may be harmed. In particular, economic conditions have and may continue to negatively impact advertising expenditures. As overall economic conditions reduce spending on discretionary activities, our ability to retain current and obtain new Premium Subscribers could be hindered, which could reduce our subscription revenue and negatively impact our business.

Inflation has the potential to adversely affect our liquidity, business, operating results, and financial condition by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. The existence of inflation in the economy has resulted in, and may continue to result in, higher interest rates and capital costs, increased costs of labor, fluctuations in foreign currency exchange rates, and other similar effects. As a result of inflation, we have experienced, and may continue to experience, cost increases, which could materially and adversely affect our business, operating results, and financial condition.

Risks Related to Our Metrics

Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may seriously harm and negatively affect our reputation and our business.

We regularly review key metrics related to the operation of our business, including, but not limited to, our monthly active users ("MAUs"), Ad-Supported MAUs (as defined below), Premium average revenue per user ("ARPU"), and Premium Subscribers, to evaluate growth trends, measure our performance, and make strategic decisions. These metrics are calculated using internal company data and have not been validated by an independent third party. In addition, we may change the way we measure and report metrics from time to time in connection with changes to our products, making comparisons to prior periods more difficult. While these numbers are based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our Service is used across large populations globally. For example, we believe that while there are individuals who have multiple Spotify accounts, which we treat as multiple users for purposes of calculating our active users, there are also Spotify accounts that are used by more than one person. Accordingly, the calculations of our active users may not reflect the actual number of people using our Service. The methodologies used to measure our key metrics require significant judgment and design inputs as well as technical tools that are susceptible to human error, technical errors, bugs, or other vulnerabilities, including those in hardware devices, operating systems, or other third-party products or services on which our Service relies. In addition, we are continually seeking to improve our estimates of our user base, and such estimates may change due to improvements or changes in our methodology, including improvements in our ability to identify and/or address previously undetected undesirable user behaviors. We cannot assure you that our efforts to improve our estimates of user base and to identify and/or address undesirable user behaviors will be successful, and these efforts could result in the removal of certain user accounts and/or a reduction in MAUs or other metrics.

Errors or inaccuracies in our metrics or data could result in incorrect business decisions and inefficiencies, including expending resources to implement unnecessary business measures or failing to take required actions to attract a sufficient number of users to satisfy our growth strategies.

In addition, advertisers generally rely on third-party measurement services to calculate metrics related to our advertising business, and these third-party measurement services may not reflect our true audience. Some of our demographic data also may be incomplete or inaccurate because users self-report their names and dates of birth or because we receive them from other third parties. Consequently, the personal data we have may differ from our users' actual names and ages. If advertisers, partners, or investors do not perceive our user, geographic, or other demographic metrics to be accurate representations of our user base, or if we discover material inaccuracies in our user, geographic, or other demographic metrics, our reputation may be seriously harmed.

Failure to effectively manage and remediate attempted stream manipulation could have an adverse impact on our business, operating results, and financial condition.

We have in the past been, and continue to be, impacted by attempts by third parties to artificially manipulate stream counts. Such attempts may, for example, be designed to generate revenue for content providers and/or rights holders or to influence placement of content on Spotify-created playlists or industry charts. Attempted stream manipulation may involve creating non-bona fide user accounts or content or using compromised passwords to access legitimate user accounts. For example, we have detected botnet operators creating non-bona fide user accounts or hackers using passwords compromised as a result of a data breach on a non-Spotify service to access legitimate user accounts and streaming specific content repeatedly, thereby generating royalties each time the content is streamed or increasing its visibility on our or third-party charts. We use a combination of algorithms and manual review by employees to detect artificial streams and aim to remove such artificial streams or non-bona fide user accounts created for the above purposes and filter them out from our metrics on an ongoing basis, as well as to require users to reset passwords that we suspect have been compromised. However, we may not be successful in detecting, removing, and addressing all artificial streams and any related user accounts. If we fail to successfully detect, remove, and address artificial streams and associated user accounts, it may result in the manipulation of our data, including the key performance indicators, which underlie, among other things, our contractual obligations with rights holders and advertisers (which could expose us to the risk of litigation), as well as harm our relationships with rights holders and advertisers. In addition, once we detect and mitigate artificial streams and associated user accounts, this may result in the removal of certain user accounts and/or a reduction in account activity, which may affect key performance indicators and undermine investor confidence in the integrity of our key performance indicators. These could have a material adverse impact on our business, operating results, and financial condition.

Failure to effectively manage and remediate attempts to gain or provide unauthorized access to certain features of our Service could have an adverse impact on our business, operating results, and financial condition.

We have in the past been, and continue to be, impacted by attempts by third parties to manipulate or exploit our software for the purpose of gaining or providing unauthorized access to certain features of our Service. For example, we have detected third parties seeking to provide mobile device users a means to suppress advertisements without payment and gain access to features only available to the Ad-Supported Service on tablets and desktop computers. If we fail to successfully detect and address such issues, it may adversely affect our contractual obligations and relationships with rights holders and advertisers (which could expose us to the risk of litigation), and harm our business, operating results, and financial condition. The discovery or development of any new method to gain unauthorized access to certain features of our service, such as through the exploitation of software vulnerabilities, and the sharing of any such method among third parties, may increase the level of unauthorized access (and the attendant negative financial impact described above). We cannot assure you we will be successful in finding ways to effectively address unauthorized access achieved through any such method. Additionally, Ad-Supported Users using unauthorized versions of our application may be less likely to convert to Premium Subscribers. Moreover, once we detect and disable such unauthorized access, this may result in the removal of certain user accounts and/or a reduction in account activity, which may affect our key performance indicators and could undermine investor confidence in the integrity of our key performance indicators. These could have a material adverse impact on our business, operating results, and financial condition.

Risks Related to Our Indebtedness

Our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could adversely affect our business, operating results, and financial condition, and impair our ability to satisfy our obligations under the Exchangeable Notes.

As of December 31, 2024, we had $1,500 million principal amount of indebtedness as a result of the 0% Exchangeable Senior Notes due 2026 (“Exchangeable Notes”) offering. We may also incur additional indebtedness to meet future financing needs. Our indebtedness could have significant negative consequences for our shareholders and our business, operating results, and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- diluting the interests of our existing shareholders as a result of issuing ordinary shares upon exchange of the Exchangeable Notes; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than we are or have better access to capital.

Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our indebtedness, including the Exchangeable Notes, and our cash needs may increase in the future. In addition, future indebtedness that we may incur may contain financial and other restrictive covenants that limit our ability to operate our business, raise capital, or make payments under our other indebtedness. If we fail to comply with these covenants or to make payments under our indebtedness when due, we would be in default under that indebtedness, which could, in turn, result in that and our other indebtedness becoming immediately payable in full.

We may be unable to raise the funds necessary to repurchase the Exchangeable Notes for cash following certain fundamental change as set forth in the Indenture, or to pay any cash amounts due upon exchange, and our future indebtedness may limit our ability to repurchase the Exchangeable Notes or pay cash upon their exchange.

Holders of the Exchangeable Notes may, subject to a limited exception under the Indenture, require us to repurchase their Exchangeable Notes following certain fundamental change under the Indenture at a cash repurchase price generally equal to the principal amount of the Exchangeable Notes to be repurchased, plus accrued and unpaid special and additional interest, if any. In addition, upon exchange, we will satisfy part or all of our exchange obligation in cash unless we elect to settle exchanges solely in ordinary shares. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the Exchangeable Notes or pay any cash amounts due upon exchange. In addition, applicable law, regulatory authorities, and the agreements governing our future indebtedness may restrict our ability to repurchase the Exchangeable Notes or pay any cash amounts due upon exchange. Our failure to repurchase the Exchangeable Notes or pay any cash amounts due upon exchange when required will constitute a default under the Indenture. A default under the Indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness, which may result in that future indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under the future indebtedness and the Exchangeable Notes.

Provisions in the Indenture could delay or prevent an otherwise beneficial takeover of us.

Certain provisions in the Exchangeable Notes and the Indenture could make it more difficult or expensive for a third party who attempts to acquire us. For example, if a takeover constitutes a fundamental change, then noteholders will have the right to require us to repurchase their Exchangeable Notes for cash. In addition, if a takeover constitutes a make-whole fundamental change, then we may be required to temporarily increase the exchange rate. In either case, and in other cases, our obligations under the Exchangeable Notes and the Indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that holders of ordinary shares may view as favorable.

Under the applicable accounting treatment, the Exchangeable Notes could adversely affect our reported financial condition and results.

The Exchangeable Notes have been designated at fair value through profit and loss using the fair value option in accordance with IFRS. Under this treatment, the exchange feature contained in the Exchangeable Notes is reflected in the overall fair value of the Exchangeable Notes, which is marked-to-market at the end of each reporting period. For each financial statement period while the Exchangeable Notes remain outstanding, a gain or loss will be reported in our consolidated statement of operations to the extent the fair value changes from the end of the previous period, except that changes in fair value due to changes in our credit risk will be presented separately in other comprehensive income. The gains and losses relating to the Exchangeable Notes may be significant. Accordingly, this accounting treatment may subject our reported net income (loss) and our financial position to significant variability. We will reclassify the Exchangeable Notes as a current liability in the first quarter of 2025, which will materially reduce our reported net current assets.

Risks Related to Tax

We are a multinational company that faces complex taxation regimes in various jurisdictions. Audits, investigations, and tax proceedings could have a material adverse effect on our business, operating results, and financial condition.

We are subject to income and non-income taxes in numerous jurisdictions. The determination of the provision for income taxes and other tax liabilities involves the interpretation of tax legislation and often the application of significant judgment to complex issues. In particular, most of the jurisdictions in which we conduct business have detailed transfer pricing rules, which require that all transactions with non-resident related parties be priced using arm’s length pricing principles within the meaning of such rules. We are subject to ongoing tax audits in several jurisdictions, and most of these audits involve transfer pricing matters. Tax authorities in certain jurisdictions have challenged our tax positions. We regularly assess the likely outcomes of these audits, taking into account any new information available, in order to determine the appropriateness of the tax reserves recorded on the balance sheet. We believe that our tax positions, including our assumptions, judgments, and estimates within, are reasonable. However, tax authorities may disagree with our position, including any judgements or estimates used. If any of these tax authorities were successful in challenging our positions, we may be liable for additional tax as well as penalties and interest related thereto in excess of any reserves established, which may have a significant impact on our results and operations and future cash flow.

Our ability to utilize all of our net operating loss carry-forwards or certain other tax attributes may be limited.

We have significant net operating loss carry-forwards in Sweden and in the United States. As of December 31, 2024, we had net operating loss carry-forwards of €37 million in Luxembourg, €870 million in Sweden, €7 million in the United States relating to federal taxes, €231 million in the United States relating to state taxes, €117 million in India, and €43 million in other foreign jurisdictions. In certain jurisdictions, if we are unable to earn sufficient income or profits to utilize such carry-forwards before they expire, they will no longer be available to offset future income or profits.

In Sweden, utilization of these net operating loss carry-forwards may be subject to a substantial annual limitation or elimination in full or part if there is an ownership or control change within the meaning of Chapter 40, paragraphs 10-14 of the Swedish Income Tax Act. Specifically, the treatment of the beneficiary certificates first issued in February 2018 is unclear in certain respects under the Swedish Income Tax Act. If our issuance of, or any transactions involving, the beneficiary certificates or other instruments were to be deemed to have constituted an ownership or control change, our ability to use our net operating loss carry-forwards may be limited or eliminated.

In addition, in the United States, utilization of these net operating loss carry-forwards may be subject to a substantial annual limitation if there is an ownership change within the meaning of Section 382 of the Internal Revenue Code ("Section 382"). In general, an ownership change, as defined by Section 382, results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50% of the outstanding stock of a company by certain stockholders or public groups. Since our formation, we have raised capital through the issuance of capital stock on several occasions, and we may continue to do so in the future, which, combined with our current or future shareholders' disposition of ordinary shares, may have resulted, or may result, in such an ownership change. Such an ownership change may limit the amount of net operating loss carry-forwards that can be utilized to offset future taxable income.

If the fair market value of our ordinary shares fluctuates significantly on a quarterly basis, the social costs we accrue for share-based compensation will also fluctuate significantly, which could result in our failing to meet our expectations or investor expectations for quarterly financial performance. This could negatively impact investor sentiment for the Company, and as a result, adversely impact the price of our ordinary shares.

Social costs are payroll taxes associated with employee salaries and benefits, including share-based compensation that we are subject to in various countries in which we operate. This is not a withholding tax. For the year ended December 31, 2024, we recorded a social cost expense related to share-based compensation of €291 million compared to a €71 million expense for the year ended December 31, 2023.

When the fair market value of our ordinary shares increases on a quarter-to-quarter basis, the accrued expense for social costs will increase, and when the fair market value of ordinary shares falls, the accrued expense will become a reduction in social costs expense, all other things being equal, including the number of vested stock options and the average exercise price remaining constant. The fair market value of our ordinary shares has been and will likely continue to be volatile. As a result, the accrued expense for social costs may fluctuate significantly from quarter to quarter, which could result in our failing to meet our expectations or investor expectations for quarterly financial performance. This could negatively impact investor sentiment for the Company, and as a result, the price for our ordinary shares.

Approximately 18% of our employees are in Sweden. With respect to our employees in Sweden, we are required to pay a 31.42% tax to the Swedish government on the profit an employee realizes on the exercise of our stock options or the vesting of our restricted stock units ("RSUs"). They accounted for a total of 727,749 in vested options as of December 31, 2024 compared to a total of 1,651,217 in vested options as of December 31, 2023. We cannot accurately predict how many of their vested options will remain outstanding. As a result, the cash payments to the Swedish government upon the exercise of vested stock options may vary significantly from quarter to quarter.

Given our levels of share-based compensation, our tax expense may vary significantly depending on our share price.

The tax effects of the accounting for share-based compensation may significantly impact our tax expense in the consolidated statement of operations from period to period. When the tax deduction related to equity compensation in the period is greater than the accounting expense for those awards, the resulting excess tax benefits will be presented in equity. This means that although these excess benefits reduce our taxable income and our current tax liability, the benefit is reflected in equity rather than in the consolidated statement of operations. There can be periods when our current tax liability is nil but we disclose an income tax expense in the consolidated statement of operations (with an offsetting credit in equity).

These tax effects are dependent on our share price and level of exercises in a period, which we do not control and which could significantly impact our tax expense and adversely affect our operating results.

Changes to tax laws in any of the jurisdictions in which we operate, including new proposals on taxing digital companies and the ongoing work by the Organization for Economic Cooperation and Development (the "OECD"), could have a material adverse effect on our business, operating results, and financial condition.

Tax laws, including tax rates, in the jurisdictions in which we operate may change as a result of macroeconomic or other factors outside of our control. Governments and organizations such as the EU and the OECD are increasingly focused on tax reform and other legislative or regulatory action to increase tax revenue. For example, a number of jurisdictions around the world have enacted or are considering changes to the existing framework to calculate income and non-income based taxes, including revenue-based taxes such as digital services taxes and other targeted taxes that may apply to our business. Additionally, the change in administration in the U.S. as a result of the recent elections may make it more likely that there will be meaningful changes in tax law, including but not limited to the recent signaling of the U.S.'s intention to withdraw from the OECD's two-pillar agreement and related actions. It is not possible to foresee what impact, if any, such changes may have on Spotify.

Over the last few years, the OECD has been discussing fundamental changes in allocation of profits among tax jurisdictions in which companies do business, as well as the implementation of a global minimum tax (referred to as "Pillar One" and "Pillar Two" respectively). Discussions on Pillar One are ongoing. The proliferation of digital services taxes and similar taxes, which are generally revenue-based tax measures, may continue unless broader international tax reform is implemented. The OECD and participating countries continue to issue administrative guidance related to Pillar Two. A growing number of countries have meanwhile enacted, are in the process of enacting, or are considering domestic legislation to implement Pillar Two. Luxembourg enacted such legislation at the end of 2023, with application as of January 1, 2024.

Many of the types of changes described above, if and when agreed and enacted by various countries in which we do business, may increase our tax liability. Changes in profitability in the jurisdictions in which we operate could have a substantial impact on our tax obligations. The timing and ultimate impact of any such changes on our tax obligations is uncertain.

Changes in tax laws, treaties, or regulations or their interpretation or enforcement are unpredictable. Any of these occurrences could have a material adverse effect on our business, operating results, and financial condition, including changing the amount and recognition of our current and deferred tax assets and liabilities.

We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. holders of our ordinary shares.

We would be classified as a passive foreign investment company ("PFIC") for any taxable year if, after the application of certain look-through rules, either: (i) 75% or more of our gross income for such year is "passive income" (as defined in the relevant provisions of the Internal Revenue Code of 1986, as amended), or (ii) 50% or more of the value of our assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. Based on the trading price of our ordinary shares and the composition of our income, assets and operations, we do not believe that we were a PFIC for U.S. federal income tax purposes for the taxable year ending on December 31, 2024, nor that we will be a PFIC in the foreseeable future. However, this is a factual determination that must be made annually after the close of each taxable year. Moreover, the value of our assets for purposes of the PFIC determination may be determined by reference to the trading price of our ordinary shares, which could fluctuate significantly. Therefore, there can be no assurance that we will not be classified as a PFIC in the future. Certain adverse U.S. federal income tax consequences could apply to a U.S. Holder if we are treated as a PFIC for any taxable year during which such U.S. Holder holds our ordinary shares. Accordingly, each holder of our ordinary shares should consult such holder's tax advisor as to the potential effects of the PFIC rules.

If a United States person is treated as owning at least 10% of our ordinary shares, such shareholder may be subject to adverse U.S. federal income tax consequences.

If a United States person is treated as owning (directly, indirectly, or constructively) at least 10% of the value or voting power of our ordinary shares, such person may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in our group (if any). Because our group includes one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries could be treated as controlled foreign corporations, regardless of whether or not we are treated as a controlled foreign corporation. A United States shareholder of a controlled foreign corporation may be required to report annually and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income," and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such shareholder's U.S. federal income tax return for the year for which reporting was due from starting. We cannot provide any assurances that we will assist investors in determining whether any of our non-U.S. subsidiaries is treated as a controlled foreign corporation or whether any investor is treated as a United States shareholder with respect to any such controlled foreign corporation or furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. A United States investor should consult its advisors regarding the potential application of these rules to an investment in our ordinary shares.

Risks Related to Owning Our Ordinary Shares

The trading price of our ordinary shares has been and will likely continue to be volatile.

The trading price of our ordinary shares has been and is likely to continue to be volatile. In 2024, the closing price of our ordinary shares ranged from $187.94 to $502.38. The market price of our ordinary shares may fluctuate or decline significantly in response to the factors enumerated in this report, as well as other factors, many of which are beyond our control, including:

- variations in our results of operations, including our MAUs, Premium Subscribers, revenue, gross margin, and operating income;
- variations between our actual results of operations and the expectations of securities analysts, investors, and the financial community and the accuracy of our financial guidance or projections;
- our announcements or our competitors' announcements regarding new services, enhancements, significant contracts, acquisitions, or strategic investments;
- the overall performance of the equity markets, including fluctuations due to general macroeconomic uncertainty or market sentiment;
- publication of research reports about us or our industry or changes in recommendations or withdrawal of research coverage by securities analysts; and
- sales or expected sales, or repurchases or expected repurchases, of our ordinary shares by us, and our officers, directors, and significant shareholders.

In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that often have been unrelated or disproportionate to the operating performance of those companies. Price volatility over a given period may cause the average price at which the Company repurchases its ordinary shares to exceed the trading price at a given point in time. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources, and harm our business, operating results, and financial condition.

Provisions in our articles of association and the issuance of beneficiary certificates may delay or prevent our acquisition by a third party.

Our articles of association contain provisions that may make it more difficult or expensive for a third party to acquire control of us without the approval of our board of directors and, if required, our shareholders. These provisions may also delay, prevent, or deter a merger, acquisition, tender offer, proxy contest, or other transaction that might otherwise result in our shareholders receiving a premium over the market price for their ordinary shares. The provisions include, among others, the authorization granted by the general meeting of shareholders to our board of directors to issue ordinary shares within the limits of the authorized share capital at such times and on such terms as our board of directors may decide for a maximum period of five years after the date of the relevant general meeting approving such authorization. The general meeting may amend, renew, or extend such authorized share capital and such authorization to the board of directors to issue ordinary shares.

The provisions of our articles of association could discourage potential takeover attempts and reduce the price that investors might be willing to pay for our ordinary shares in the future, which could reduce the trading price of our ordinary shares.

Additionally, the issuance of beneficiary certificates also may make it more difficult or expensive for a third party to acquire control of us without the approval of our founders.

We do not expect to pay cash dividends in the foreseeable future.

We have never declared or paid any cash dividends on our share capital. We currently intend to retain any future earnings for working capital and general corporate purposes and do not expect to pay dividends or other distributions on our ordinary shares in the foreseeable future. As a result, you may only receive a return on your investment in our ordinary shares if you sell some or all of your ordinary shares after the trading price of our ordinary shares increases. You may not receive a gain on your investment when you sell your ordinary shares and you may lose the entire amount of the investment.

Moreover, we are a holding company and have no material assets other than our direct and indirect ownership of shares in our subsidiaries. Our ability to pay any future dividends is subject to restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including the laws of the relevant jurisdiction in which the subsidiaries are organized or located, as well as any restrictions in the future indebtedness of our subsidiaries or on our ability to receive dividends or distributions from our subsidiaries. Since we are expected to rely primarily on dividends from our direct and indirect subsidiaries to fund our financial and other obligations, restrictions on our ability to receive such funds may adversely impact our ability to fund our financial and other obligations.

The issuance of beneficiary certificates to certain shareholders, including our founders, will limit your voting power and your ability to influence the composition of the board of directors, strategy, or performance of the business.

Our shareholders have authorized the issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company without reserving to our existing shareholders a preemptive right to subscribe for the beneficiary certificates issued in the future. As of December 31, 2024, our founders, Daniel Ek and Martin Lorentzon, beneficially owned or controlled, directly or indirectly, ordinary shares and beneficiary certificates representing 29.1% and 41.6% of the combined voting power of all of our outstanding voting securities, respectively (or 70.7% in the aggregate). See "Item 7.A. Major Shareholders." We may issue additional beneficiary certificates under the total authorized amount at the discretion of our board of directors, of which our founders are members. Pursuant to our articles of association, our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. Each beneficiary certificate entitles its holder to one vote. The beneficiary certificates carry no economic rights and are issued to provide the holders of such beneficiary certificates with additional voting rights. The beneficiary certificates, subject to certain exceptions, may not be transferred and will automatically be canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked. As a result, the issuance of the beneficiary certificates and the voting power that they provide to the shareholders receiving those beneficiary certificates will limit the voting power of minority shareholders and the ability of minority shareholders to influence the composition of the board of directors, strategy, or performance of our business.

As a result of this ownership or control of our voting securities, if our founders act together, they will have control over the outcome of substantially all matters submitted to our shareholders for approval, including the election of directors. This may delay or prevent an acquisition by a third party or cause the trading price of our ordinary shares to decline. Our founders may have interests different from yours. Therefore, the concentration of voting power among our founders may have an adverse effect on the price of our ordinary shares.

Sales of substantial amounts of our ordinary shares in the public market by our founders, affiliates, or non-affiliates, or the perception that such sales could occur, could adversely affect the trading price of our ordinary shares and may make it more difficult for you to sell your ordinary shares at a time and price that you deem appropriate.

Finally, we cannot predict whether the issuance of additional beneficiary certificates will result in a lower or more volatile trading price of our ordinary shares or result in adverse publicity or other adverse consequences. For example, we cannot predict if we would be excluded from major stock market indexes as a result of the issuance of beneficiary certificates. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our ordinary shares less attractive to other investors. As a result, the trading price of our ordinary shares could be adversely affected.

Risks Related to Investment in a Luxembourg Company and Our Status as a Foreign Private Issuer

As a foreign private issuer, we are exempt from a number of U.S. securities laws and rules promulgated thereunder and are permitted to publicly disclose less information than U.S. companies must. This may limit the information available to holders of the ordinary shares.

We currently qualify as a foreign private issuer, as defined in the rules and regulations of the SEC, and, consequently, we are not subject to all of the disclosure requirements applicable to companies organized within the United States. For example, we are exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") that regulates disclosure obligations and procedural requirements related to the solicitation of proxies, consents, or authorizations applicable to a security registered under the Exchange Act. In addition, our officers and directors are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies. We are also not subject to Regulation FD under the Exchange Act, which would prohibit us from selectively disclosing material nonpublic information to certain persons without concurrently making a widespread public disclosure of such information. Accordingly, there may be less publicly available information concerning our company than there is for U.S. public companies.

As a foreign private issuer, we are required to file an annual report on Form 20-F within four months of the close of each fiscal year ended December 31 and furnish reports on Form 6-K relating to certain material events promptly after we publicly announce these events. However, because of the above exemptions for foreign private issuers, our shareholders may not always be afforded the same information generally available to investors holding shares in public companies that are not foreign private issuers.

The rights of our shareholders may differ from the rights they would have as shareholders of a U.S. corporation, which could adversely impact trading in our ordinary shares and our ability to conduct equity financings.

Our corporate affairs are governed by our articles of association and the laws of Luxembourg, including the Luxembourg Company Law (*loi du 10 août 1915 concernant les sociétés commerciales, telle qu'elle a été modifiée*). The rights of our shareholders and the responsibilities of our directors and officers under Luxembourg law are different from those applicable to a corporation incorporated in the United States. See "Item 10.B. Memorandum and Articles of Association" for an explanation of the differences. In addition, Luxembourg law governing the securities of Luxembourg companies may not be as extensive as those in effect in the United States, and Luxembourg law and regulations in respect of corporate governance matters might not be as protective of minority shareholders as state corporation laws in the United States. Therefore, our shareholders may have more difficulty in protecting their interests in connection with actions taken by our directors and officers or our principal shareholders than they would as shareholders of a corporation incorporated in the United States.

We are organized under the laws of Luxembourg and a substantial amount of our assets are not located in the United States. It may be difficult for you to obtain or enforce judgments or bring original actions against us or the members of our board of directors in the United States.

We are organized under the laws of Luxembourg. In addition, a substantial amount of our assets are located outside the United States. Furthermore, many of the members of our board of directors and officers reside outside the United States and a substantial portion of their assets are located outside the United States. Investors may not be able to effect service of process within the United States upon us or these persons or enforce judgments obtained against us or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. Awards of punitive damages in actions brought in the United States or elsewhere are generally not enforceable in Luxembourg.

As there is no treaty in force on the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and Luxembourg, courts in Luxembourg will not automatically recognize and enforce a final judgment rendered by a U.S. court. A valid judgment obtained from a court of competent jurisdiction in the United States may be entered and enforced through a court of competent jurisdiction in Luxembourg, subject to compliance with the enforcement procedures (exequatur). The enforceability in Luxembourg courts of judgments rendered by U.S. courts will be subject, prior to any enforcement in Luxembourg, to the procedure and the conditions set forth in the Luxembourg procedural code. In addition, actions brought in a Luxembourg court against us, the members of our board of directors, or our officers to enforce liabilities based on U.S. federal securities laws may be subject to certain restrictions. In particular, Luxembourg courts generally do not award punitive damages. Litigation in Luxembourg also is subject to rules of procedure that differ from the U.S. rules. Proceedings in Luxembourg would have to be conducted in the French or German language, and all documents submitted to the court would, in principle, have to be translated into French or German. For these reasons, it may be difficult for a U.S. investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against us, the members of our board of directors, or our officers. In addition, even if a judgment against the Company, the non-U.S. members of our board of directors, or our officers based on the civil liability provisions of the U.S. federal securities laws is obtained, a U.S. investor may not be able to enforce it in U.S. or Luxembourg courts.

Our articles of association provide that directors and officers, past and present, are entitled to indemnification from us to the fullest extent permitted by Luxembourg law against all liability and expenses reasonably incurred or paid by him or her in connection with any claim, action, suit, or proceeding in which he or she would be involved by virtue of his or her being or having been a director or officer and against amounts paid or incurred by him or her in the settlement thereof, subject to limited exceptions. The rights to and obligations of indemnification among or between us and any of our current or former directors and officers are generally governed by the laws of Luxembourg and subject to the jurisdiction of the Luxembourg courts, unless such rights or obligations do not relate to or arise out of such persons' capacities listed above. Although there is doubt as to whether U.S. courts would enforce this indemnification provision in an action brought in the United States under U.S. federal or state securities laws, this provision could make it more difficult to obtain judgments outside Luxembourg or from non-Luxembourg jurisdictions that would apply Luxembourg law against our assets in Luxembourg.

Luxembourg and European insolvency and bankruptcy laws are substantially different from U.S. insolvency laws and may offer our shareholders less protection than they would have under U.S. insolvency and bankruptcy laws.

As a company organized under the laws of Luxembourg and with its registered office in Luxembourg, we are subject to Luxembourg insolvency and bankruptcy laws in the event any insolvency proceedings are initiated against us including, among other things, Council and European Parliament Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast). Should courts in another European country determine that the insolvency and bankruptcy laws of that country apply to us in accordance with and subject to such EU regulations, the courts in that country could have jurisdiction over the insolvency proceedings initiated against us. Insolvency and bankruptcy laws in Luxembourg or the relevant other European country, if any, may offer our shareholders less protection than they would have under U.S. insolvency and bankruptcy laws and make it more difficult for them to recover the amount they could expect to recover in a liquidation under U.S. insolvency and bankruptcy laws.

Item 4. Information on the Company

A. History and Development of the Company

We are a Luxembourg public limited liability company (*société anonyme*), which means that shareholders' liability is limited to their contributions to the company. The shares forming the share capital of a Luxembourg public limited liability company (*société anonyme*) may be publicly traded and registered on a stock exchange. Our legal name is "Spotify Technology S.A." and our commercial name is "Spotify." We were incorporated on December 27, 2006 as a Luxembourg private limited liability company (*société à responsabilité limitée*) and were transformed, on March 20, 2009, into a Luxembourg public limited liability company (*société anonyme*). The principal legislation under which we operate, and under which our ordinary share capital has been created, is the law of August 10, 1915 on commercial companies, as amended, and the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings and the regulations, as amended, made thereunder.

We are registered with the Luxembourg Trade and Companies' Register under number B.123.052. Our registered office is located at 33 Boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, and our principal operational office is located at Regeringsgatan 19, 111 53 Stockholm, Sweden. Our agent for U.S. federal securities law purposes is Spotify USA Inc., 150 Greenwich Street, 63rd Floor, New York, New York 10007.

B. Business Overview

We are the world's most popular audio streaming subscription service with a community of 675 million MAUs and 263 million Premium Subscribers across 184 countries and territories as of December 31, 2024.

Spotify has transformed the way people access and enjoy music, podcasts, and audiobooks. Today, millions of people around the world have access to over 100 million music tracks and 6.5 million podcast titles through Spotify whenever and wherever they want. In select markets, over 350,000 audiobooks are available for à la carte purchase and eligible Premium Subscribers receive a specified number of hours of access a month to a subscriber catalog containing more than 200,000 audiobooks.

Since our founding in 2006, we have transformed the music industry by allowing users to move from a "transaction-based" experience of buying and owning music to an "access-based" model, which allows users to stream music on demand. Since 2019, we expanded our podcast offerings and helped advance the growth of the podcast industry by making significant investments in content, giving podcasters scale via our large user base established in music, and enhancing the podcast discovery experience. Since 2022, we further expanded our offerings to help drive audiobook adoption among our users and grow the earnings potential of authors, including by bringing elements of our revolutionary music access model to the audiobooks landscape.

We are actively investing in other forms of content to complement the music library available through our platform, including video. We believe offering a more diverse selection of content will lead to a more enriching experience and higher user engagement.

Every day, fans from around the world trust our brand to guide them to entertainment that they would never have discovered on their own. If discovery drives customer satisfaction, and customer satisfaction drives engagement, and engagement drives discovery, we believe Spotify wins and so do our users. Our brand reflects culture—and occasionally creates it—by turning vast and intriguing listening data into compelling stories that remind people of the role music, podcasts, and other content play in their lives and encourage new fans to join Spotify each week.

We continue to build a two-sided marketplace for users and creators, which leverages our platform relationships, data analytics, and software. We have been instrumental in reshaping the way in which our users enjoy, discover, and share audio content. With our marketplace strategy, we are empowering creators by offering unique insights and developing new tools designed to give creators more power and control and by unlocking new monetization opportunities for creators and more ways to connect with fans. Spotify is uniquely positioned to offer creators and fans access to one another, and to provide creators with analytics and tools to help them better understand their fans, to support themselves, and to effectively monetize their creative work.

Our Business Model

We offer both Premium and Ad-Supported Services to our customers. Our Premium and Ad-Supported Services live independently, but thrive together. We believe this business model has allowed us to achieve scale with attractive unit economics and is a critical part of our success. Our Ad-Supported Service serves as a funnel, driving a significant portion of our total gross added Premium Subscribers. We believe our Ad-Supported Service is a strong and viable stand-alone product with considerable long-term opportunity for growth in Ad-Supported Users and revenue.

We are currently in 184 countries and territories. On a geographic basis, all four of our major regions are growing. Europe is our largest region with 181 million MAUs, accounting for 27% of our total MAUs as of December 31, 2024, an increase of 7% from the prior year. In our North America region, MAUs increased by 4% from December 31, 2023 to December 31, 2024 and now account for 17% of our MAUs. Our two fastest growing regions are Latin America, with 22% of our MAUs, an increase of 14% from December 31, 2023 to December 31, 2024, and the rest of the world, with 34% of our MAUs, an increase of 20% from December 31, 2023 to December 31, 2024.

Our Ad-Supported Users and Premium Subscribers spend significant time engaging with our Service. Combined, our audience streamed 190 billion hours of content for the year ended December 31, 2024, an increase of 15% compared to the year ended December 31, 2023.

Premium Service

Our Premium Service provides users with unlimited online and offline high-quality streaming access to our catalog of music and podcasts. In select markets, the Premium Service provides eligible users with limited online and offline streaming access to our catalog of audiobooks. In addition to accessing our catalog on computers, tablets, and mobile devices, users can connect through speakers, receivers, televisions, cars, game consoles, and smart devices. The Premium Service offers a music listening experience without commercial breaks.

As part of our Subscription Offerings, we also offer a Basic plan to eligible users in select markets that provides certain benefits of the Premium Service without the monthly audiobook listening time and an Audiobook Access Tier in the U.S. that provides specified hours of audiobook access a month without all of the benefits of the Premium Service.

We generate revenue for our Premium segment through the sale of subscriptions to the Subscription Offerings. The Subscription Offerings are primarily sold directly to end users. The Premium Service is also sold through partners who are generally telecommunications companies that bundle the subscription with their own services or collect payment for the stand-alone subscriptions from their end customers. Premium partner subscription revenue is based on a per-subscriber rate in a negotiated partner agreement. We also bundle the Premium Service with other services.

We offer a variety of subscription pricing plans for our Premium Service and Basic plan, including our Standard Plan, Family Plan, Duo Plan, and Student Plan, among others, to appeal to users with different lifestyles and across various demographics and age groups. Our pricing varies by plan and is adapted to each local market to align with consumer purchasing power, general cost levels, and willingness to pay for an audio service. Our Family Plan consists of one primary Premium Subscriber and up to five additional sub-accounts, allowing up to six Premium Subscribers per Family Plan subscription. Our Duo Plan consists of one primary subscriber and one additional sub-account, allowing up to two Premium Subscribers per Duo Plan subscription.

In addition, as we have entered into new markets where recurring subscription services are less common, we have expanded our subscription products to include prepaid options and durations other than monthly (both longer and shorter durations), as well as expanded payment options.

Revenue from our Premium segment is a function of the price of our Subscription Offerings and the number of subscribers who subscribe to our Subscription Offerings. As of December 31, 2024 and 2023, we had 263 million and 236 million Premium Subscribers, respectively. New Premium Subscribers are primarily sourced from the conversion of our Ad-Supported Users. Through both our online platform and external marketing efforts, we engage our Ad-Supported Users by highlighting key features that encourage conversion to our subscription offerings. These efforts include product links, campaigns targeting existing users, and performance marketing across leading social media platforms. Additionally, new subscriber growth is also driven by the success of converting users from our trial programs to full-time Premium Subscribers. These trial campaigns typically offer certain features of our Premium Service for free or at a discounted price for a period of time.

Ad-Supported Service

Our Ad-Supported Service has no subscription fees and generally provides Ad-Supported Users with limited on-demand online access to our catalog of music and unlimited online access to our catalog of podcasts on their computers, tablets, mobile devices, and other smart devices. Our Ad-Supported Service serves as both a Premium Subscriber acquisition channel and a robust option for users who are unable or unwilling to pay a monthly subscription fee but still want to enjoy access to a wide variety of high-quality audio content.

We generate revenue for our Ad-Supported segment primarily from the sale of display, audio, and video advertising delivered through advertising impressions. We generally enter into arrangements with advertising agencies that purchase advertising on behalf of their clients and we also enter into arrangements directly with some large advertisers. These advertising arrangements are typically sold on a cost-per-thousand impressions ("CPM") basis and are evidenced by contracts that specify the terms of the arrangement such as the type of advertising product, pricing, insertion dates, and number of impressions in a stated period ("Insertion Order"). Additionally, we generate revenue through arrangements with certain advertising automated exchanges, an internal self-serve platform, and advertising marketplace programs to distribute advertising inventory for purchase on an auction or fixed CPM basis. These advertising arrangements typically specify the type of advertising product, pricing, insertion dates, and number of impressions in a stated period.

Revenue from our Ad-Supported segment is dependent primarily on the number and hours of engagement of our Ad-Supported Users and podcast listeners and our ability to provide innovative advertising products that are relevant to those users and enhance returns for our advertising partners. Revenue is generally recognized based on the number of impressions delivered.

Our advertising strategy centers on the belief that advertising products that are based in music and podcasts and are relevant to Ad-Supported Users and podcast listeners can enhance user experiences and provide even greater returns for advertisers. We have historically introduced, and continue to introduce, new advertising products across both music and podcast content. Offering advertisers additional ways to purchase advertising on an automated basis is a key way that we continue to expand our portfolio of advertising products and the number of advertisers we can serve, enhancing our advertising revenue potential. Furthermore, we continue to focus on analytics and measurement tools to evaluate, demonstrate, and improve the effectiveness of advertising campaigns on our platform.

The Spotify Audience Network ("SPAN") is an audio advertising marketplace that connects advertisers to listeners across our owned and exclusive podcasts, podcasts from enterprise publishers via Megaphone, and podcasts from emerging creators via Spotify for Creators. Through SPAN, we provide hosting and ad-insertion capabilities for audio publishers that allow us to sell targeted advertising to brand partners that enables them to reach listeners both on and off our platform. Most of these agreements require us to share associated revenues and can include minimum guarantees.

In addition, certain of our two-sided marketplace offerings result in advertising revenues.

Licensing Agreements

In order to stream content to our users, we generally secure intellectual property rights to such content by obtaining licenses from, and paying royalties or other consideration to, rights holders or their agents. Certain of these license agreements also provide for minimum guaranteed payments or advance payment obligations. Below is a summary of certain provisions of our license agreements relating to sound recordings and the musical compositions embodied therein (i.e., the musical notes and the lyrics), as well as podcasts, audiobooks, and other non-music content.

Sound Recording License Agreements with Major and Independent Record Labels

We have license agreements with record label affiliates of the three largest music companies—Universal Music Group, Sony Music Entertainment, and Warner Music Group—as well as Merlin, which represents the digital rights on behalf of hundreds of independent record labels. These agreements require us to pay royalties. They also often include marketing commitments, advertising inventory, financial and data reporting obligations, and numerous prescriptions about the manner in which the Spotify service is operated. Rights to sound recordings granted pursuant to these agreements accounted for approximately 71% of streams of audio content delivered by record labels for the year ended December 31, 2024. Generally, these license agreements have a multi-year duration, are not automatically renewable, and apply worldwide. The license agreements also allow for the record label to terminate the agreement in certain circumstances, including, for example, our failure to pay sums due within a certain period, our breach of material terms, and in some situations that could constitute a "change of control" of Spotify. These agreements provide that the record labels have the right to audit us for compliance with the terms of these agreements. Further, some agreements contain "most favored nations" provisions, which require that certain material contract terms are at least as favorable as the terms we have agreed to with other record labels. See "Item 3.D. Risk Factors—Risks Related to Securing the Rights to the Content We Stream—Financial commitments required under certain of our license agreements may limit our operating flexibility and may adversely affect our business, operating results, and financial condition."

We also have direct license agreements with hundreds of independent labels, as well as companies known as "aggregators" (for example, CDBaby, Distrokid, and TuneCore). The majority of these agreements have a multi-year duration, are generally automatically renewable, and apply worldwide, but others, with local repertoire, are limited to specific territories. These agreements have financial and data reporting obligations and audit rights.

We also offer marketplace programs, some of which may result in a discounted recording royalty rate.

Musical Composition License Agreements with Music Publishers

We generally obtain licenses for two types of rights with respect to musical compositions: mechanical rights and public performance rights.

With respect to mechanical rights, in the United States, the rates that the Copyright Royalty Board set apply to compositions that we license under the compulsory license in Section 115 of the Copyright Act. In January 2021, we obtained a new blanket compulsory license available under U.S. law, administered by an entity called the Mechanical Licensing Collective. The Copyright Royalty Board set the rates for the Section 115 compulsory license for calendar years 2018 to 2022 in proceedings known as the "Phonorecords III" proceedings. In August 2023, the Copyright Royalty Board issued final regulations for the Phonorecords III period. The Copyright Royalty Board set the rates for the Section 115 blanket compulsory license for calendar years 2023 to 2027 in proceedings known as the "Phonorecords IV" proceedings. In December 2022, the Copyright Royalty Board issued final regulations for the Phonorecords IV period. Royalty rates beginning on January 1, 2028 may differ from those in effect today and are subject to change as part of future Copyright Royalty Board proceedings.

In the United States, public performance rights are generally obtained through intermediaries known as performing rights organizations ("PROs"), which negotiate blanket licenses with copyright users for the public performance of compositions in their repertory, collect royalties under such licenses, and distribute those royalties to copyright owners. We have obtained public performance licenses from, and pay license fees to, the major PROs in the United States—ASCAP, BMI, GMR, and SESAC—among others. These agreements have music usage reporting obligations on Spotify and typically have one to four-year terms, and are limited to the territory of the United States and its territories and possessions.

In other parts of the world, we obtain mechanical and performance licenses for musical compositions either through local collecting societies representing publishers or from publishers directly, or a combination thereof. Our license agreements with local collecting societies and direct license agreements with publishers worldwide are generally in place for one to three years and provide for reporting obligations on both us and the licensor and auditing rights for the licensors.

Podcast License Agreements with Podcasters and Podcast Networks

With respect to podcasts in both audio-only and video formats that we license from others, we either negotiate licenses directly with individuals or entities or obtain rights through our owned and operated services, such as Spotify for Creators, that enable creators to distribute content to our Service after agreeing to comply with the applicable terms and conditions. With respect to podcasts in both audio-only and video formats that we produce or commission, we typically enter into multi-year commitments. Payment terms for content that we produce or commission will often require partial payments in advance of complete delivery of content. Some of the agreements relating to either licensed or original content also include financial participations, which may require us to share portions of certain associated revenues.

Audiobook License Agreements with Audiobook Publishers and Authors

With respect to audiobooks for which we obtain distribution rights directly from rights holders, we either negotiate licenses with audiobook publishers or authors or obtain rights through our owned and operated service, Findaway Voices by Spotify, that enables creators to distribute content to our Service after agreeing to comply with the applicable terms and conditions. These licenses are generally consumption-based, with royalties paid on a quarterly or monthly basis. In addition, we obtain the rights to produce and distribute audiobooks from book publishers and authors.

License Agreement Extensions and Renewals

From time to time, our license agreements with certain rights holders and/or their agents expire while we negotiate their renewals. Per industry custom and practice, we may enter into extensions of those agreements (for example, months, weeks, or even days-long) or provisional licenses and/or continue to operate on an at will basis as if the license agreement had been extended, including by our continuing to make content available. It is also possible that such agreements will never be renewed at all. See "Item 3.D. Risk Factors—Risks Related to Securing the Rights to the Content We Stream—We depend upon third-party licenses for most of the content we stream and an adverse change to, loss of, or claim that we do not hold any necessary licenses may materially adversely affect our business, operating results, and financial condition."

Intellectual Property

The success of our business depends on our ability to protect and enforce our intellectual property rights, including the intellectual property rights underlying our Service. We attempt to protect our intellectual property under patent, trade secret, trademark, and copyright laws through a combination of intellectual property registration, employee or third-party assignment and nondisclosure agreements, other contractual restrictions, technological measures, and other methods.

Seasonality

See "Item 5.D. Trend Information" for a description of the seasonality of our business.

Competition

We face robust, complex, and rapidly evolving competition in all aspects of our business, with established and emerging competitors, on the basis of a number of factors, including quality of experience, relevance, diversity of content, ease of use, price, accessibility, perception of advertising load, brand awareness, reputation, presence and visibility. Specifically, we compete with:

- free and/or subscription-based digital music streaming providers, such as Apple Music, YouTube Music, Amazon Music, Deezer, Joox, Pandora, and SoundCloud, for high-quality music content and the time and attention of our users;
- online or offline providers of on-demand music, which may be purchased, downloaded, owned, or available for free, such as iTunes audio files, MP3s, or CDs;
- providers of internet radio, some of which, such as Pandora, may leverage their advantage in content library, territorial coverage, existing infrastructure, and brand recognition to introduce additional streaming or on-demand music features to enhance user experience;
- well-established providers of terrestrial radio, which often offer content that is free, unique and accessible; many terrestrial radio stations also broadcast digital signals providing high-quality audio transmission;
- providers of satellite radio, such as SiriusXM, which may offer extensive and exclusive news, comedy, sports and talk content, and national signal coverage;
- podcast streaming providers, such as Apple Podcasts, YouTube, Audible, Facebook, Pandora, Deezer, and TuneIn, for high-quality podcasts and time and attention of our users; a growing variety of these podcast providers seek to differentiate their service through content offering, product features, and monetization ability;
- podcast creation and hosting platforms, including Acast, Buzzsprout, Podbean, and Libsyn;
- audiobook content providers, such as Amazon's Audible, Apple Books, Google Audiobooks, Librivox, Kobo Audiobooks, Downpour, Storytel, and BookBeat, for the rights to distribute content and time and attention of our users;
- companies that offer advertising inventory and opportunities, including large online advertising platforms and networks such as Alphabet, Meta, Amazon, Microsoft, Snap, Pinterest, iHeartMedia, and Pandora.

With respect to each of these categories (and potentially in additional categories as we innovate our existing offerings and/or introduce new products and services), we face significant competition from these companies and from emerging technologies. See "Item 3.D. Risk Factors—Risks Related to Our Business Model, Strategy, and Performance—We face and will continue to face significant competition for users, their time, and advertisers." In addition to competing directly with other providers of music, podcasts, and audiobooks listed above, we also compete for customers' time and attention with a broad array of other media platforms.

Additionally, competition to attract and retain qualified personnel has historically been intense, especially for software engineers, designers, and product managers. We seek to compete by offering robust compensation, benefits, health, safety and wellness programs, and cultivating a diverse, inclusive culture.

Government Regulation

We are subject to many U.S. federal and state, European, Luxembourg, and other foreign laws and regulations, including those related to privacy, data protection, content, intellectual property, advertising and marketing, competition, consumer protection, rights of publicity, health and safety, employment and labor, and taxation. These laws and regulations are constantly evolving and may be interpreted, applied, created, or amended in a manner that could harm our business. In addition, it is possible that certain governments may seek to block or limit our products or otherwise impose other restrictions that may affect the accessibility or usability of any or all of our products for an extended period of time or indefinitely.

For more information, see “Item 3.D. Risk Factors—Risks Related to Our Operations—Our business is subject to complex and evolving laws and regulations around the world. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.” and “—Various existing, new, and changing laws and regulations as well as self-regulation and public concern related to privacy and data security pose the threat of lawsuits, regulatory fines, other liability and reputational harm, require us to expend significant resources, and may harm our business, operating results, and financial condition.”

Human Capital

At Spotify, we know that when our employees grow, Spotify grows. We value innovation, sincerity, passion, collaboration, and playfulness. Our objective is to unlock the potential of human creativity by focusing on talent development, supported by robust compensation, benefits, health, safety and wellness programs, and a diverse, inclusive culture.

Talent Development

We enable and empower our employees’ growth by offering a number of learning opportunities through a variety of platforms and delivery methods, including face-to-face sessions, virtual and online sessions, and coaching. We host onboarding events and programs for new employees to learn about Spotify and how to grow their careers at Spotify. We provide development opportunities for both new and seasoned managers to learn how to lead, inspire their direct reports and peers, and shape organizational culture. We also invest heavily in team development to promote the best conditions for leaders and employees to learn and execute. With the help of our internal talent marketplace, we also offer learning opportunities on the job by connecting employees with projects, jobs, and mentorships to support our internal mobility efforts. In our semi-annual development talks, managers and employees set a development plan for future development opportunities specific to each individual.

Compensation and Benefits

We provide competitive compensation for our employees and a range of flexible benefits, including a tailored incentive mix program, giving our employees the flexibility to choose the incentive mix that best works for them, an industry-leading parental leave policy, flexible public holidays, and one full day of paid time off a year for our employees to give back to social causes of their choice. We continue to embrace our Work from Anywhere program adopted in 2021 that allows most employees to elect their work location from physical office space, a co-working space, or at home.

Health, Safety, and Wellness

We provide our employees and their families with robust healthcare benefits and a variety of mental health and wellness programs. Through Heart & Soul, our global mental health initiative, we focus on raising awareness and building knowledge, enabling self-care and professional support, and normalizing the conversation around mental health issues.

Equity, Diversity and Impact

Our Equity, Diversity and Impact (“EDI”) efforts focus on pay equity, fairness, and equal access to career growth opportunities. EDI not only contributes to a workplace where everyone can thrive but also powers innovation and helps bring our values to life. During 2024, we continued our efforts to build a team that attracts, grows, and retains talent from all backgrounds. To do this, we embedded inclusion mindset content into our manager training program, co-designed a fair and transparent process for hiring homegrown talent, and continued to support Belonging Groups that are open to all employees and help foster belonging and inclusion for our employees.

See “Item 6.D. Employees” for more information about our employees.

Environmental Sustainability

We strive to be part of the solution for addressing the climate crisis through our operations. Our approach focuses on two main areas of impact—reducing our greenhouse gas (“GHG”) emissions and using our platform to inspire and support climate engagement and action among creators and listeners.

As a digital platform, the majority of our GHG emissions are Scope 3, which means they fall outside our direct control. We are teaming up with key partners, industry associates, and academic institutions to drive initiatives to reach our long-term goal of net zero emissions by the end of 2030 by identifying levers to reduce our climate impact.

We also continue to leverage our platform to raise awareness of the climate crisis by creating climate change content as well as curating content to make climate-related content more accessible to users.

As we execute our sustainability initiatives, we expect to incur additional costs. Timing and investments to implement our sustainability initiatives are subject to uncertainties. See "Item 3.D. Risk Factors—Risks Related to Our Operations—We are subject to risks associated with increased scrutiny of environmental, social, and governance matters."

C. Organizational Structure

The Company's principal subsidiaries as at December 31, 2024 are as follows:

Name	Principal activities	Proportion of voting rights and shares held (directly or indirectly)	Country of incorporation
Spotify AB	Main operating company	100 %	Sweden
Spotify USA Inc.	USA operating company	100 %	USA
Spotify Ltd	Sales, marketing, contract research and development, and customer support	100 %	U.K.
Spotify Spain S.L.	Sales, marketing, and other support services	100 %	Spain
Spotify GmbH	Sales, marketing, and other support services	100 %	Germany
Spotify France SAS	Sales, marketing, and other support services	100 %	France
Spotify Canada Inc.	Sales, marketing, and other support services	100 %	Canada
Spotify Australia Pty Ltd	Sales, marketing, and other support services	100 %	Australia
Spotify Brasil Serviços De Música LTDA	Sales, marketing, and other support services	100 %	Brazil
Spotify Japan K.K.	Sales, marketing, and other support services	100 %	Japan
Spotify India LLP	Sales, distribution, and marketing	100 %	India
S Servicios de Música México, S.A. de C.V.	Sales, marketing, and other support services	100 %	Mexico
Spotify Singapore Pte Ltd.	Sales, marketing, and other support services	100 %	Singapore
Spotify Italy S.r.l.	Sales, marketing, and other support services	100 %	Italy

D. Property, Plant and Equipment

Spotify's principal operational offices are located in Stockholm, Sweden and New York, New York, comprising approximately 485,000 and 594,000 square feet of office space, respectively, with lease terms expiring by December 2028 and April 2034, respectively. Currently, we occupy approximately 226,000 and 378,000 square feet of these offices, respectively. The remaining space has been vacated and is intended for sublease, with certain portions already subleased. We also lease regional offices in Los Angeles, California; Miami, Florida; Boston, Massachusetts; Minneapolis, Minnesota; Nashville, Tennessee; and Washington D.C. We also lease other offices in Sweden and lease office space in other jurisdictions, including Argentina, Australia, Belgium, Brazil, Canada, Denmark, France, Germany, India, Indonesia, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, Singapore, South Africa, Spain, Taiwan, the United Arab Emirates, and the United Kingdom.

During 2023, as a result of our Work From Anywhere program and a comprehensive review of our real estate footprint and space utilization trends (collectively, the "Office Space Optimization Initiative"), we made the strategic decision to reduce our real estate footprint in certain locations and initiate subleases of these leased office spaces. As a result of this initiative, during the years ended December 31, 2024 and 2023, we recognized non-cash impairment charges of €43 million and €123 million, respectively, which represents the write-down of these real estate assets, including lease right-of-use assets and property and equipment. See Note 3 and Note 10 to our consolidated financial statements included elsewhere in this report for additional information.

We believe that our existing facilities are adequate to meet current requirements and that suitable additional or substitute space will be available as needed to accommodate any further physical expansion of operations and for any additional offices.

Item 4A. Unresolved Staff Comments

None

Item 5. Operating and Financial Review and Prospects

For discussion related to our financial condition, changes in financial condition, and results of operations for 2023 compared to 2022, refer to Part I, Item 5. Operating and Financial Review and Prospects, in our Annual Report on Form 20-F for the fiscal year ended December 31, 2023, which was filed with the SEC on February 8, 2024.

Overview

We are the world's most popular audio streaming subscription service. With a presence in 184 countries and territories, our platform includes 675 million MAUs and 263 million Premium Subscribers as of December 31, 2024.

We currently monetize our Service through both subscriptions and advertising. Our Premium Subscribers grew 11% year-over-year as of December 31, 2024 to 263 million. Our 675 million MAUs grew 12% year-over-year as of December 31, 2024.

Audiobooks

The Company continued to expand the availability of audiobooks on our Premium Service. Currently, audiobooks are available for eligible Premium Subscribers in 10 markets. On March 1, 2024, the Company also launched an Audiobook Access Tier in the U.S., offering Ad-Supported Users specified hours of audiobook access a month. During the second quarter of 2024, the Company also launched a Basic plan to eligible users in select markets, offering certain benefits of the Premium Service without the monthly audiobook listening time.

Impairment of real estate assets

As a result of the Office Space Optimization Initiative, during the years ended December 31, 2024 and 2023, we recognized non-cash impairment charges of €43 million and €123 million, respectively, which represents the write-down of these real estate assets, including lease right-of-use assets, leasehold improvements and property and equipment. See Note 3 and Note 10 to our consolidated financial statements included elsewhere in this report for further details.

Current macroeconomic environment

The global macroeconomic environment continues to be uncertain, reflecting the impacts of inflation, changes in interest rates, changes in trade policies, geopolitical conflicts in Europe and the Middle East, and related market uncertainty. We will continue to actively monitor and respond accordingly to the macroeconomic environment.

For additional information, refer to the risk factors discussed under "Item 3.D. Risk Factors" included elsewhere in this report.

How We Generate Revenue

We operate and manage our business in two reportable segments—Premium and Ad-Supported. We identify our reportable segments based on the organizational units used by the chief operating decision maker to monitor performance and make operating decisions. See Note 23 to our consolidated financial statements included elsewhere in this report for additional information regarding our reportable segments.

Premium

Our Premium Service provides users with unlimited online and offline high-quality streaming access to our catalog of music and podcasts. In select markets, the Premium Service provides eligible users with limited online and offline streaming access to our catalog of audiobooks. In addition to accessing our catalog on computers, tablets, and mobile devices, users can connect through speakers, receivers, televisions, cars, game consoles, and smart devices. The Premium Service offers a music listening experience without commercial breaks.

As part of our Subscription Offerings, we also offer a Basic plan to eligible users in select markets that provides certain benefits of the Premium Service without the monthly audiobook listening time and an Audiobook Access Tier in the U.S. that provides specified hours of audiobook access a month without all of the benefits of the Premium Service.

We generate revenue for our Premium segment through the sale of subscriptions to the Subscription Offerings. The Subscription Offerings are primarily sold directly to end users. The Premium Service is also sold through partners who are generally telecommunications companies that bundle the subscription with their own services or collect payment for the stand-alone subscriptions from their end customers. Premium partner subscription revenue is based on a per-subscriber rate in a negotiated partner agreement. We also bundle the Premium Service with other services.

We offer a variety of subscription pricing plans for our Premium Service and Basic plan, including our Standard Plan, Family Plan, Duo Plan, and Student Plan, among others, to appeal to users with different lifestyles and across various demographics and age groups. Our pricing varies by plan and is adapted to each local market to align with consumer purchasing power, general cost levels, and willingness to pay for an audio service. Our Family Plan consists of one primary Premium Subscriber and up to five additional sub-accounts, allowing up to six Premium Subscribers per Family Plan subscription. Our Duo Plan consists of one primary subscriber and one additional sub-account, allowing up to two Premium Subscribers per Duo Plan subscription.

In addition, as we have entered into new markets where recurring subscription services are less common, we have expanded our subscription products to include prepaid options and durations other than monthly (both longer and shorter durations), as well as expanded payment options.

Revenue from our Premium segment is a function of the price of our Subscription Offerings and the number of subscribers who subscribe to our Subscription Offerings. As of December 31, 2024 and 2023, we had 263 million and 236 million Premium Subscribers, respectively. New Premium Subscribers are primarily sourced from the conversion of our Ad-Supported Users. Through both our online platform and external marketing efforts, we engage our Ad-Supported Users by highlighting key features that encourage conversion to our subscription offerings. These efforts include product links, campaigns targeting existing users, and performance marketing across leading social media platforms. Additionally, new subscriber growth is also driven by the success of converting users from our trial programs to full-time Premium Subscribers. These trial campaigns typically offer certain features of our Premium Service for free or at a discounted price for a period of time.

The rate of net growth in Premium Subscribers is also affected by our ability to retain our existing Premium Subscribers and the mix of subscription pricing plans. New features and functionality have helped increase Premium Subscriber engagement over time. From a product perspective, while our Family Plan, Duo Plan, and our Student Plan have lower price points per Premium Subscriber than our Standard plan, each of these Plans has aided retention across the Premium Service.

Our platform is built to work across multiple devices, including smartphones, desktops, cars, game consoles, and in-home devices. We have found that Premium Subscribers who access our Service through multiple devices have higher engagement and lower churn, which increases their expected lifetime value to Spotify.

Ad-Supported

Our Ad-Supported Service has no subscription fees and generally provides Ad-Supported Users with limited on-demand online access to our catalog of music and unlimited online access to our catalog of podcasts on their computers, tablets, mobile devices, and other smart devices. Our Ad-Supported Service serves as both a Premium Subscriber acquisition channel and a robust option for users who are unable or unwilling to pay a monthly subscription fee but still want to enjoy access to a wide variety of high-quality audio content.

We generate revenue for our Ad-Supported segment primarily from the sale of display, audio, and video advertising delivered through advertising impressions. We generally enter into arrangements with advertising agencies that purchase advertising on behalf of their clients and we also enter into arrangements directly with some large advertisers. These advertising arrangements are typically sold on a cost-per-thousand impressions (“CPM”) basis and are evidenced by contracts that specify the terms of the arrangement such as the type of advertising product, pricing, insertion dates, and number of impressions in a stated period (“Insertion Order”). Additionally, we generate revenue through arrangements with certain advertising automated exchanges, an internal self-serve platform, and advertising marketplace programs to distribute advertising inventory for purchase on an auction or fixed CPM basis.

Revenue from our Ad-Supported segment is dependent primarily on the number and hours of engagement of our Ad-Supported Users and podcast listeners and our ability to provide innovative advertising products that are relevant to those users and enhance returns for our advertising partners. Revenue is generally recognized based on the number of impressions delivered.

Our advertising strategy centers on the belief that advertising products that are based in music and podcasts and are relevant to Ad-Supported Users and podcast listeners can enhance user experiences and provide even greater returns for advertisers. We have historically introduced, and continue to introduce, new advertising products across both music and podcast content. Offering advertisers additional ways to purchase advertising on an automated basis is a key way that we continue to expand our portfolio of advertising products and the number of advertisers we can serve, enhancing our advertising revenue potential. Furthermore, we continue to focus on analytics and measurement tools to evaluate, demonstrate, and improve the effectiveness of advertising campaigns on our platform.

The Spotify Audience Network ("SPAN") is an audio advertising marketplace that connects advertisers to listeners across our owned and exclusive podcasts, podcasts from enterprise publishers via Megaphone, and podcasts from emerging creators via Spotify for Creators. Through SPAN, we provide hosting and ad-insertion capabilities for audio publishers that allow us to sell targeted advertising to brand partners that enables them to reach listeners both on and off our platform. Most of these agreements require us to share associated revenues and can include minimum guarantees.

In addition, certain of our two-sided marketplace offerings result in advertising revenues.

Revenue from our Ad-Supported segment will also be impacted by the demographic profile of our Ad-Supported Users and podcast listeners and our ability to enable advertisers to reach their target audience with relevant advertising in the geographic markets in which we operate. A large percentage of our Ad-Supported Users are between 18 and 34 years old. This is a highly sought-after demographic that has traditionally been difficult for advertisers to reach. By offering advertisers increased "self-serve options," we continue to improve the efficiency and scalability of our advertising platforms. Additionally, we believe that our largest markets, including Europe and North America, are among the top advertising markets globally. However, our continuing expansion into new geographic markets will present monetization challenges. Monetizing our Ad-Supported User base has historically been, and is expected to remain, more challenging in our two fastest growing regions, Latin America and the rest of the world, compared to Europe and North America.

Components of our Operating Results

Cost of Revenue. Cost of revenue consists predominantly of royalty and distribution costs related to content streaming. We incur royalty costs, which we pay to certain record labels, music publishers, audiobook publishers, and other rights holders, for the right to stream content to our users. Music royalties are typically calculated monthly based on the combination of a number of different variables. Generally, Subscription Offering music royalties are based on the greater of a percentage of relevant revenue and a per user amount. Music royalties for the Ad-Supported Service are typically a percentage of relevant revenue, although certain agreements are based on the greater of a percentage of relevant revenue and an amount for each time a track is streamed. We have negotiated lower per user amounts for our lower priced subscription plans such as our Family Plan, Duo Plan, and Student Plan. In our agreements with certain record labels, the percentage of revenue used in the calculation of royalties is generally dependent upon certain targets being met. The targets can include such measures as the number of applicable Premium Subscribers, the ratio of Ad-Supported Users to applicable Premium Subscribers, and/or the rates of applicable Premium Subscriber churn. In addition, royalty rates vary by country. Some of our royalty agreements require that royalty costs be paid in advance or are subject to minimum guaranteed amounts. For the majority of royalty agreements, incremental costs incurred due to unrecouped advances and minimum guarantees have not been significant to date. We also have certain so-called most favored nation royalty agreements, which require us to record additional costs if certain material contract terms are not as favorable as the terms we have agreed to with similar licensors. Cost of revenue also reflects discounts provided by certain rights holders in return for promotional activities in connection with marketplace programs. Additionally, it includes the costs of discounted trials. Royalties payable in relation to audiobook licenses are generally consumption-based.

Cost of revenue also includes the cost of podcast content assets (both produced and licensed). Amortization of podcast content assets is recorded over the shorter of the estimated useful economic life or the license period (if relevant) and begins at the release of each episode. Certain fixed fees to access content are recorded on a straight-line basis over the applicable license period. We make payments to podcast publishers, whose content we monetize through advertising sales in SPAN, which are also included in cost of revenue.

Cost of revenue also includes credit card and payment processing fees for subscription revenue, advertising serving, advertising measurement, customer service, certain employee compensation and benefits, cloud computing, streaming, facility, and equipment costs.

Research and Development. We invest heavily in research and development in order to drive user engagement and customer satisfaction on our platform, which we believe helps drive organic growth in MAUs, which, in turn, drives additional growth in, and better retention of, Premium Subscribers, as well as increased advertising opportunities to our users. We aim to design products and features that create and enhance user experiences, and new technologies are at the core of many of these opportunities. Research and development expenses were 9%, 13%, and 12% of our total revenue in each of 2024, 2023, and 2022, respectively. Expenses primarily comprise costs incurred for the development of products related to our platform and Service, as well as new and existing advertising products and improvements to our mobile application and desktop application and streaming services. The costs incurred include related facility costs, consulting costs, and employee compensation and benefits costs. We expect engineers to represent a significant portion of our employees over the foreseeable future.

Many of our new products and improvements to our platform require large investments and involve substantial time and risks to develop and launch. Some of these products may not be well received or may take a long time for users to adopt. As a result, the benefits of our research and development investments are difficult to forecast.

Sales and Marketing. Sales and marketing expenses primarily comprise employee compensation and benefits, public relations, branding, consulting expenses, customer acquisition costs, advertising, marketing events and trade shows, the cost of working with content creators and rights holders to promote the availability of new releases on our platform, and the costs of providing free trials. Expenses included in the cost of providing free trials are derived primarily from per user royalty fees determined in accordance with the rights holder agreements.

General and Administrative. General and administrative expenses primarily comprise employee compensation and benefits for functions such as finance, accounting, analytics, legal, human resources, consulting fees, and other costs including facility and equipment costs, directors' and officers' liability insurance, and director fees.

Key Performance Indicators

We use certain key performance indicators to monitor and manage our business. We use these indicators to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions. We believe these indicators provide useful information to investors in understanding and evaluating our operating results in the same manner we do.

MAUs

We track MAUs as an indicator of the size of the audience engaged with our Service. We define MAUs as the total count of Ad-Supported Users and Premium Subscribers that have consumed content for greater than zero milliseconds in the last thirty days from the period-end indicated. Reported MAUs may overstate the number of unique individuals who actively use our Service within a thirty-day period as one individual may register for, and use, multiple accounts. Additionally, although we strive to detect and minimize non-bona fide accounts that may typically be created in an attempt to artificially stream content, they may contribute, from time to time, to an overstatement in our reported MAUs. Our MAUs in the tables below are inclusive of Ad-Supported Users who may have employed methods to limit or otherwise avoid being served advertisements. For additional information, refer to the risk factors discussed under "Item 3.D. Risk Factors" included elsewhere in this report.

The table below sets forth our MAUs as of December 31, 2024, 2023, and 2022.

	As of December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in millions, except percentages)						
MAUs	675	602	489	73	12 %	113	23 %

MAUs were 675 million as of December 31, 2024. This represented an increase of 12% from the preceding fiscal year. MAUs increased due to our continued investment in driving the growth of our Service through successful consumer marketing campaigns, enhanced content offerings, and product enhancements, resulting in continued user engagement and customer satisfaction.

Premium Subscribers

We define Premium Subscribers as users that have completed registration with Spotify and have activated a payment method for the Subscription Offerings. Our Premium Subscribers include all registered accounts in our Family Plan and Duo Plan. Our Family Plan consists of one primary subscriber and up to five additional sub-accounts, allowing up to six Premium Subscribers per Family Plan Subscription. Our Duo Plan consists of one primary subscriber and up to one additional sub-account, allowing up to two Premium Subscribers per Duo Plan Subscription. Premium Subscribers include subscribers in a grace period of up to 30 days after failing to pay their subscription fee.

The table below sets forth our Premium Subscribers as of December 31, 2024, 2023, and 2022.

	As of December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in millions, except percentages)						
Premium Subscribers	263	236	205	27	11 %	31	15 %

Premium Subscribers were 263 million as of December 31, 2024. This represented an increase of 11% from the preceding fiscal year. Our free trial offers and global campaigns were meaningful contributors of total gross additions in Premium Subscribers, while our Family Plan also accounted for a significant portion of gross additions in Premium Subscribers. In addition, there was an increase in the number of Premium Subscribers on our Duo Plan.

Ad-Supported MAUs

We define Ad-Supported MAUs as the total count of Ad-Supported Users that have consumed content for greater than zero milliseconds in the last thirty days from the period-end indicated.

The table below sets forth our Ad-Supported MAUs as of December 31, 2024, 2023, and 2022.

	As of December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in millions, except percentages)						
Ad-Supported MAUs	425	379	295	46	12 %	84	28 %

Ad-Supported MAUs were 425 million as of December 31, 2024. This represented an increase of 12% from the preceding fiscal year. Ad-Supported MAUs increased due to our continued investment in driving the growth of our Ad-Supported Service through successful consumer marketing campaigns, enhanced content offerings, and product enhancements, resulting in continued Ad-Supported User engagement and customer satisfaction.

Premium ARPU

Premium ARPU is a monthly measure defined as Premium revenue recognized in the quarter indicated divided by the average daily Premium Subscribers in such quarter, which is then divided by three months. Annual figures are calculated by averaging Premium ARPU for the four quarters in such fiscal year.

The table below sets forth our average Premium ARPU for the years ended December 31, 2024, 2023, and 2022.

	Year ended December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
Premium ARPU	€ 4.69	€ 4.39	€ 4.52	€ 0.30	7 %	€ (0.13)	(3)%

For the year ended December 31, 2024, Premium ARPU was €4.69. This represented an increase of 7% from the preceding fiscal year. The increase of €0.30 was primarily driven by price increases resulting in an increase in Premium ARPU of €0.49, partially offset by changes in product and market mix, decreasing Premium ARPU by €0.12, as well as unfavorable movements in foreign exchange rates, decreasing Premium ARPU by €0.07.

The table below sets forth our average Premium ARPU for the quarters ended December 31, 2024, 2023, and 2022.

	Three months ended December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
Premium ARPU	€ 4.85	€ 4.60	€ 4.55	€ 0.25	5 %	€ 0.05	1 %

For the quarter ended December 31, 2024, Premium ARPU was €4.85. This represented an increase of 5% year-over-year. The increase of €0.25 was primarily driven by price increases resulting in an increase in Premium ARPU of €0.39, partially offset by changes in product and market mix, decreasing Premium ARPU by €0.11.

A. Operating Results

Revenue

	Year ended December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in € millions, except percentages)						
Premium	13,819	11,566	10,251	2,253	19 %	1,315	13 %
Ad-Supported	1,854	1,681	1,476	173	10 %	205	14 %
Total	15,673	13,247	11,727	2,426	18 %	1,520	13 %

Premium revenue

For the years ended December 31, 2024 and 2023, Premium revenue comprised 88% and 87%, respectively, of our total revenue. For the year ended December 31, 2024, as compared to 2023, Premium revenue increased by €2,253 million or 19%. The increase was due primarily to an increase in the number of Premium Subscribers and an increase in Premium ARPU of 7%, as noted above.

Ad-Supported revenue

For the years ended December 31, 2024 and 2023, Ad-Supported revenue comprised 12% and 13%, respectively, of our total revenue. For the year ended December 31, 2024, as compared to 2023, Ad-Supported revenue increased by €173 million or 10%. This increase was due primarily to growth in music impressions sold which increased revenue in our direct and programmatic channels as well as our self-serve platform by €114 million. Ad sales from podcasts, and growth in marketplace programs, also increased revenue by €58 million for the year ended December 31, 2024.

Foreign exchange impact on total revenue

The general movement of the Euro relative to certain foreign currencies, as well as movement in the Argentine Peso, for the year ended December 31, 2024, as compared to 2023, had an unfavorable net impact on our revenue. We estimate that total revenue for the year ended December 31, 2024 would have been approximately €243 million higher if foreign exchange rates had remained consistent with foreign exchange rates for the year ended December 31, 2023.

Cost of revenue

	Year ended December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in € millions, except percentages)						
Premium	9,324	8,231	7,355	1,093	13 %	876	12 %
Ad-Supported	1,625	1,619	1,446	6	— %	173	12 %
Total	10,949	9,850	8,801	1,099	11 %	1,049	12 %

Premium cost of revenue

For the year ended December 31, 2024, as compared to 2023, Premium cost of revenue increased by €1,093 million, or 13%, and Premium cost of revenue as a percentage of Premium revenue decreased from 71% to 67%. The increase in Premium cost of revenue was driven primarily by increases in Premium revenue driving increases in music royalties as well as an increase in audiobook licensing costs, partially offset by benefits from certain marketplace programs. These collectively resulted in higher royalty costs of €1,078 million. Additionally, there was an increase in payment processing fees of €40 million. The year ended December 31, 2024 included a charge of €19 million related to a regulatory contribution, for which there were no material comparable charges during the year ended December 31, 2023.

Ad-Supported cost of revenue

For the year ended December 31, 2024, as compared to 2023, Ad-Supported cost of revenue increased by €6 million, and Ad-Supported cost of revenue as a percentage of Ad-Supported revenue decreased from 96% to 88%. The increase was driven primarily by an increase in advertising revenue and the volume of streams driving increases in music royalties, partially offset by benefits from certain marketplace programs, resulting in higher royalty costs of €62 million. Additionally, there was an increase of €8 million related to impairment of real estate assets. These increases were partially offset by a reduction in podcast production and personnel costs of €28 million. Additionally, the year ended December 31, 2023 included €49 million of strategic realignment and reorganization costs relating to the write-off of content assets, contract termination and other related costs, and employee severance, for which there were no material comparable charges during the year ended December 31, 2024.

Foreign exchange impact on total cost of revenue

The general movement of the Euro relative to certain foreign currencies, as well as movement in the Argentine Peso, for the year ended December 31, 2024, as compared to 2023, had a favorable net impact on our cost of revenue. We estimate that total cost for the year ended December 31, 2024 would have been approximately €181 million higher, if foreign exchange rates had remained consistent with foreign exchange rates for the year ended December 31, 2023.

Gross profit and gross margin

	Year ended December 31,			Change			
	2024	**2023**	**2022**	**2024 vs. 2023**		**2023 vs. 2022**	
	(in € millions, except percentages)						
Gross profit							
Premium	4,495	3,335	2,896	1,160	35 %	439	15 %
Ad-Supported	229	62	30	167	269 %	32	107 %
Consolidated	4,724	3,397	2,926	1,327	39 %	471	16 %
Gross margin							
Premium	33 %	29 %	28 %				
Ad-Supported	12 %	4 %	2 %				
Consolidated	30 %	26 %	25 %				

Premium gross profit and gross margin

For the year ended December 31, 2024, as compared to 2023, Premium gross profit increased by €1,160 million and Premium gross margin increased from 29% to 33%. Premium gross margin increased due primarily to revenue growth outpacing music royalty costs and audiobook licensing costs, and benefits from certain marketplace programs. Additionally, the increase in gross margin was supported by a reduction in streaming delivery costs during the year ended December 31, 2024.

Ad-Supported gross profit and gross margin

For the year ended December 31, 2024, as compared to 2023, Ad-Supported gross profit increased by €167 million to a gross profit of €229 million, and Ad-Supported gross margin increased from 4% to 12%. The increase in Ad-Supported gross margin was due primarily to the strategic realignment and reorganization costs incurred during the year ended December 31, 2023, for which there were no material comparable reorganization charges during the year ended December 31, 2024. Ad-supported gross margin also increased due to a reduction in podcast production and personnel costs, growth in benefits from certain marketplace programs, and a reduction in streaming delivery costs during the year ended December 31, 2024.

Consolidated Operating Expenses

Research and development

	Year ended December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in € millions, except percentages)						
Research and development	1,486	1,725	1,387	(239)	(14)%	338	24 %
As a percentage of revenue	9 %	13 %	12 %				

For the year ended December 31, 2024, as compared to 2023, research and development costs decreased by €239 million, or 14%. There were employee severance costs of €119 million during the year ended December 31, 2023 for which there were no material comparable charges for the year ended December 31, 2024. The decrease was also due to a decrease in personnel-related costs of €106 million that included salaries and other employee benefits as a result of decreased headcount during the year ended December 31, 2024. In addition, there was a decrease in impairment charges on real estate assets of €66 million and a decrease in share-based compensation of €43 million. Additionally, there was a decrease of €12 million in IT related costs, and a decrease of €10 million in costs for external contractors. These decreases were partially offset by an increase of €150 million in social costs due primarily to changes in share price movements.

Sales and marketing

	Year ended December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in € millions, except percentages)						
Sales and marketing	1,392	1,533	1,572	(141)	(9)%	(39)	(2)%
As a percentage of revenue	9 %	12 %	13 %				

For the year ended December 31, 2024, as compared to 2023, sales and marketing expense decreased by €141 million, or 9%. There were employee severance costs of €44 million during the year ended December 31, 2023 for which there were no material comparable charges for the year ended December 31, 2024. The decrease was also due to a decrease in personnel-related costs of €36 million that included salaries and other employee benefits as a result of decreased headcount during the year ended December 31, 2024. In addition, there was also a decrease in advertising costs of €64 million and a decrease in impairment charges on real-estate assets of €12 million. These decreases were partially offset by an increase of €41 million in social costs due primarily to changes in share price movements.

General and administrative

	Year ended December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in € millions, except percentages)						
General and administrative	481	585	626	(104)	(18)%	(41)	(7)%
As a percentage of revenue	3 %	4 %	5 %				

For the year ended December 31, 2024, as compared to 2023, general and administrative expense decreased by €104 million or 18%. There were employee severance costs of €34 million during the year ended December 31, 2023 for which there were no material comparable charges for the year ended December 31, 2024. The decrease was also due to a decrease in personnel-related costs of €28 million that included salaries and other employee benefits as a result of decreased headcount during the year ended December 31, 2024. There was also a decrease of €13 million related to depreciation of real-estate assets and other facilities costs and a decrease in impairment charges on real-estate assets of €12 million. These decreases were partially offset by an increase of €28 million in social costs due primarily to changes in share price movements.

Finance income

Finance income consists of fair value adjustment gains on certain financial instruments, interest income earned on our cash and cash equivalents and short term investments, interest income on our finance lease receivables, dividends received on our long term investments, and foreign currency gains.

	Year ended December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in € millions, except percentages)						
Finance income	328	161	421	167	104 %	(260)	(62)%
As a percentage of revenue	2 %	1 %	4 %				

For the year ended December 31, 2024, as compared to 2023, finance income increased by €167 million. The increase was due primarily to an increase in interest income of €86 million and an increase of €53 million in foreign exchange gains on the remeasurement of monetary assets and liabilities in a transaction currency other than the functional currency. The year ended December 31, 2024 also included dividend income of €19 million related to our long term investments, with no such amount recognized within finance income during the year ended December 31, 2023.

Finance costs

Finance costs consist of fair value adjustment losses on certain financial instruments, interest expense, and foreign currency losses.

	Year ended December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in € millions, except percentages)						
Finance costs	(352)	(220)	(132)	(132)	60 %	(88)	67 %
As a percentage of revenue	(2)%	(2)%	(1)%				

For the year ended December 31, 2024, as compared to 2023, finance costs increased by €132 million. The increase was due primarily to an increase in fair value movements on the Exchangeable Notes of €141 million and an increase in fair value movements on the warrants of €26 million. These increases were offset by a decrease of €29 million in foreign exchange losses on the remeasurement of monetary assets and liabilities in a transaction currency other than the functional currency.

Income tax expense

	Year ended December 31,			Change			
	2024	2023	2022	2024 vs. 2023		2023 vs. 2022	
	(in € millions, except percentages)						
Income tax expense	203	27	60	176	652 %	(33)	(55)%
As a percentage of revenue	1 %	— %	1 %				

For the year ended December 31, 2024, income tax expense was €203 million, as compared to income tax expense of €27 million for the year ended December 31, 2023. The increase of €176 million was primarily related to the increase in taxable profits of subsidiaries of the Company and does not reflect a €148 million excess tax benefit of share-based compensation deductions recognized in equity. The tax charge in 2024 also includes a net benefit of €43 million from the recognition of deferred tax assets in Sweden partway through the year, some of which have subsequently been realized. The net deferred tax benefit in 2023 was €16 million.

B. Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents, short term investments, and cash generated from operating activities. In addition, we generate cash inflows from the exercise of stock options, which can be significant depending on activity in the period. Cash and cash equivalents and short term investments consist mostly of cash on deposit with banks, time deposits, investments in money market funds, and investments in government securities, corporate notes, fixed income funds, and collateralized reverse purchase agreements. Cash and cash equivalents and short term investments increased by €3,234 million from €4,214 million as of December 31, 2023 to €7,448 million as of December 31, 2024.

We believe our existing cash and cash equivalents, short term investments, and the cash flow we generate from our operations will be sufficient to meet our working capital and capital expenditure needs and other liquidity requirements for at least the next 12 months. However, our future capital requirements may be materially different than those currently planned in our budgeting and forecasting activities and depend on many factors, including our rate of revenue growth, the timing of new product introductions, market acceptance of our products, the acquisition of other companies, competitive factors, and global economic conditions. To the extent that current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may be required to seek additional equity or debt financing. The sale of additional equity would result in additional dilution to our shareholders, while the incurrence of debt financing would result in debt service obligations. Such debt instruments also could introduce covenants that might restrict our operations. We cannot assure you that we could obtain additional financing on favorable terms, or at all. See “Item 3.D. Risk Factors—Risks Related to Our Operations—We may require additional capital to support our strategic objectives, and this capital might not be available on acceptable terms, if at all.”

We continue to evaluate our real estate footprint to optimize our global office space while making necessary investments in offices and information technology infrastructure to grow our business. We fund these investments using current cash and cash equivalents and the cash flow we generate from operations. Given the impact of our Work From Anywhere program and in conjunction with a strategic review of our real estate footprint and space utilization trends, our focus has shifted more towards optimizing our current portfolio and reviewing our real estate needs around the world as opposed to significant expansion of our presence in current markets. This has resulted in a reduction of our real estate footprint as we have decided to sublease certain leased office space. See Note 3 and Note 10 to our consolidated financial statements included elsewhere in this report for additional information.

Share repurchase program

On August 20, 2021, the Company announced that the board of directors had approved a program to repurchase up to $1.0 billion of the Company’s ordinary shares. Repurchases of up to 10,000,000 of the Company’s ordinary shares were authorized at the Company’s general meeting of shareholders on April 21, 2021. The repurchase program will expire on April 21, 2026. Since the commencement of this repurchase program, the Company has repurchased 469,274 shares for €91 million under this program. There were no repurchases under this program for the year ended December 31, 2024.

The timing and actual number of shares repurchased depends on a variety of factors, including price, general business and market conditions, and alternative investment opportunities. The repurchase program is executed consistent with the Company’s capital allocation strategy of prioritizing investment to grow the business over the long term. The repurchase program does not obligate the Company to acquire any particular amount of ordinary shares, and the repurchase program may be suspended or discontinued at any time at the Company’s discretion. The Company uses current cash and cash equivalents and the cash flow it generates from operations to fund the share repurchase program.

Exchangeable Notes

On March 2, 2021, Spotify USA Inc. issued US $1,500 million in aggregate principal amount of the Exchangeable Notes. Net proceeds from the issuance of the Exchangeable Notes were €1,223 million after deducting transaction costs. See Note 18 to our consolidated financial statements included elsewhere in this report for further information regarding our Exchangeable Notes.

Cash flow

	Year ended December 31,		
	2024	2023	2022
	(in € millions)		
Net cash flows from operating activities	2,301	680	46
Net cash flows used in investing activities	(1,486)	(217)	(423)
Net cash flows from/(used in) financing activities	729	234	(40)

For the year ended December 31, 2024, as compared to 2023, net cash flows from operating activities increased by €1,621 million. The increase was due primarily to an increase of €1,611 million in operating income adjusted for non-cash items including depreciation, amortization, impairment, and share-based compensation expense. This increase was partially offset by unfavorable changes in working capital movements of €88 million, principally in trade and other liabilities and deferred revenue, partially offset by favorable changes in trade receivables and other assets.

For the year ended December 31, 2024, as compared to 2023, net cash flows used in investing activities increased by €1,269 million. The increase was due primarily to an increase in net cash outflows from purchases and sales and maturities of short term investments of €1,260 million.

For the year ended December 31, 2024, as compared to 2023, net cash flows from financing activities increased by €495 million. The increase was due primarily to an increase in proceeds from the exercise of stock options of €567 million. This increase was partially offset by an increase in payments for employee taxes withheld from restricted stock units of €67 million.

Free Cash Flow:

We define "Free Cash Flow" as net cash flows from operating activities less capital expenditures and change in restricted cash. Based on our definition, our Free Cash Flow is summarized as follows:

	Year ended December 31,		
	2024	2023	2022
	(in € millions)		
Net cash flows from operating activities	2,301	680	46
Capital expenditures	(17)	(6)	(25)
Change in restricted cash	1	4	—
Free Cash Flow	**2,285**	**678**	**21**

We believe Free Cash Flow is a useful supplemental financial measure for us and investors in assessing our ability to pursue business opportunities and investments and to service our debt. Free Cash Flow is not a measure of our liquidity under IFRS and should not be considered as an alternative to net cash flows from operating activities.

Free Cash Flow is a non-IFRS measure and is not a substitute for IFRS measures in assessing our overall financial performance. Because Free Cash Flow is not a measurement determined in accordance with IFRS, and is susceptible to varying calculations, it may not be comparable to other similarly titled measures presented by other companies. You should not consider Free Cash Flow in isolation, or as a substitute for an analysis of our results as reported on our consolidated financial statements appearing elsewhere in this report.

For the year ended December 31, 2024, as compared to 2023, Free Cash Flow increased by €1,607 million. The increase in Free Cash Flow was due primarily to an increase in net cash flows from operating activities of €1,621 million, as described above.

Restrictions on subsidiaries to transfer funds

The payment of dividends and the making, or repayment, of loans and advances to the Company by the Company's direct subsidiaries and by its indirect subsidiaries to their respective parent entities are subject to various restrictions. Future indebtedness of these subsidiaries may prohibit the payment of dividends or the making, or repayment, of loans or advances to the Company. In addition, the ability of any of the Company's direct or indirect subsidiaries to make certain distributions may be limited by the laws of the relevant jurisdiction in which the subsidiaries are organized or located. Since the Company is expected to rely primarily on dividends from its direct and indirect subsidiaries to fund its financial and other obligations, restrictions on its ability to receive such funds may adversely impact the Company's ability to fund its financial and other obligations.

Indebtedness

As of December 31, 2024, our outstanding indebtedness, other than lease liabilities, consisted primarily of the Exchangeable Notes that mature on March 15, 2026 and bear no interest. See Note 18 to our consolidated financial statements included elsewhere in this report for further information regarding our Exchangeable Notes. We may from time to time seek to incur additional indebtedness. Such indebtedness, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors.

Off-balance sheet arrangements

As of December 31, 2024, we do not have transactions with unconsolidated entities, such as entities often referred to as structured finance or special purpose entities, whereby we have financial guarantees, subordinated retained interests, derivative instruments, or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity that provides financing, liquidity, market risk, or credit risk support to us.

Contractual obligations

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2024:

Contractual obligations:	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	Payments due by period				
			(in € millions)		
Minimum guarantees (1)	4,420	3,021	1,395	4	—
Exchangeable Notes (2)	1,449	—	1,449	—	—
Lease obligations (3)	745	114	205	150	276
Purchase obligations (4)	1,687	598	991	30	68
Deferred consideration	15	15	—	—	—
Total	**8,316**	**3,748**	**4,040**	**184**	**344**

(1) We are subject to minimum royalty payments associated with our license agreements for the use of licensed content. See Part I, "Item 3.D. Risk Factors."
(2) Consists of principal on our 0.00% Exchangeable Notes due March 15, 2026.
(3) Included in the lease obligations are short term leases and certain lease agreements that we have entered into, but had not yet commenced as of December 31, 2024. Lease obligations primarily relate to our office space and our subleased properties. The lease terms are up to 9 years. See Note 10 to the consolidated financial statements included elsewhere in this report for further details regarding leases.
(4) We are subject to various non-cancelable purchase obligations and service agreements with minimum spend commitments, including a service agreement with Google for the use of Google Cloud Platform and certain podcast and marketing commitments.

C. Research and Development, Patents and Licenses

For a detailed analysis of research and development policies and costs, see "Item 4.B. Business Overview" and discussions elsewhere in this "Item 5. Operating and Financial Review and Prospects."

D. Trend Information

Our results reflect the effects of our trial programs, both discounted and free trials, in addition to seasonal trends in user behavior and, with respect to our Ad-Supported segment, advertising behavior. Historically, Premium Subscriber growth accelerates when we run such trial programs. Since 2022, we have run three programs per year during the second, third, and fourth quarters.

For our Ad-Supported segment, typically we experience higher advertising revenue in the fourth quarter of each calendar year due to greater advertising demand during the holiday season. However, in the first quarter of each calendar year, we typically experience a seasonal decline in advertising revenue due to reduced advertiser demand.

Other than as disclosed here and elsewhere in this report, we are not aware of any trends, uncertainties, demands, commitments, or events since December 31, 2024 that are reasonably likely to have a material effect on our revenues, income, profitability, liquidity, or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB. Preparing these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results may differ from these estimates.

The critical accounting policies, estimates, assumptions, and judgments that we believe to have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

Premium Revenue

In arrangements where we have multiple performance obligations to the customer, the transaction price is allocated to each performance obligation based on the relative stand-alone selling price. We generally determine stand-alone selling prices based on the prices charged to customers; but where stand-alone selling prices are not directly observable, estimation techniques are used which may include competitor pricing and other observable inputs. In the markets where we offer audiobook listening time as part of the Premium subscription, we satisfy our performance obligation to provide a monthly entitlement to specified hours of audiobook content as these hours are consumed and recognize revenue over time using an output method based on the proportion of hours consumed. Additionally, we estimate how many hours of audiobook content will not be used by eligible Premium Subscribers and recognize the revenue attributable to the unexercised rights in proportion to the pattern of audiobook consumption.

Share-based Compensation

Our employees and members of our board of directors receive remuneration in the form of share-based compensation transactions, whereby employees render services in consideration for equity instruments.

The fair value of a stock option is estimated on the grant date using the Black-Scholes option-pricing model. The fair value of an RSU or restricted stock award is measured using the fair value of our ordinary shares on the date of the grant. Stock-based compensation expense is recognized, net of forfeitures, over the requisite service periods of the awards, which is four years from the grant date.

Our use of the Black-Scholes option-pricing model requires the input of highly subjective assumptions, including expected term of the option, expected volatility of the price of our ordinary shares, risk-free interest rates, and the expected dividend yield of our ordinary shares. The assumptions used in our option-pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

We also must estimate a forfeiture rate to calculate the stock-based compensation expense for our awards. Our forfeiture rate is based on an analysis of our actual forfeitures. We will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover, and other factors. Changes in the estimated forfeiture rate can have a significant impact on our stock-based compensation expense as the cumulative effect of adjusting the rate is recognized in the period the forfeiture estimate is changed. A higher revised forfeiture rate than previously estimated will result in an adjustment that will decrease the stock-based compensation expense recognized in the consolidated statement of operations. A lower revised forfeiture rate than previously estimated will result in an adjustment that will increase the stock-based compensation expense recognized in the consolidated statement of operations.

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we accumulate additional data related to our ordinary shares, we may have refinements to our estimates, which could materially impact our future share-based compensation expense.

Social costs are payroll taxes associated with employee salaries and benefits, including share-based compensation. Social costs in connection with granted options and RSUs are accrued over the vesting period based on the intrinsic value of the award that has been earned at the end of each reporting period. The amount of the liability reflects the amortization of the award and the impact of expected forfeitures. The social cost rate at which the accrual is made generally follows the tax domicile within which other compensation charges for a grantee are recognized.

Content

We incur royalty costs for the right to stream content to our users, paid to record labels, music publishers, and other rights holders. Royalties are calculated using negotiated rates in accordance with license agreements, estimates of those rates in instances where rights holders are not identified, or rates as determined by government bodies. Calculations are based on either Premium and Ad-Supported revenue earned or user/usage measures or a combination of these. The rights holder agreements are complex and our determination of royalties payable involves certain significant judgments, assumptions, and estimates in addition to complex systems and a significant volume of data to be processed and analyzed. In particular, in certain jurisdictions rights holders have several years to claim royalties for works streamed each month. As such, the royalty costs incurred in a period might not be fully settled for a number of years and are estimated. The estimate of royalty costs requires us to make assumptions about the rates to be recorded for streams where the rights holder is not identified and the potential incidence of duplicate claims. These estimates are subject to revision until settlement. Considering the number of variables impacting the amounts owed, the actual outcome could be different than our estimates, resulting in an additional accrual or release of previously recorded liabilities.

Some rights holders have allowed the use of their content on our platform while negotiations of the terms and conditions of individual agreements or determination of statutory rates are ongoing. In these instances, royalties are calculated based on our best estimate of the eventual payout.

On May 16, 2024, the Mechanical Licensing Collective ("MLC"), an entity designated to administer a blanket compulsory license available under U.S. law, filed a lawsuit against Spotify USA Inc. in the U.S. District Court for the Southern District of New York (*Mechanical Licensing Collective v. Spotify USA Inc.*, No. 1:24-cv-03809), alleging that beginning with its March 2024 reporting, Spotify USA Inc. improperly reported and underpaid royalties for its Premium Service as a bundle that includes a monthly allocation of audiobook access. On January 29, 2025, the MLC's lawsuit was dismissed with prejudice. The MLC is entitled to appeal this decision. If the MLC were to appeal and ultimately be entirely successful in its case, the additional royalties that would be due in relation to the period March 1, 2024 to December 31, 2024 would be approximately €150 million, plus potentially penalties and interest, which we cannot reasonably estimate.

Many of the rights holders agreements include the right to audit our royalty payments, and any such audit could result in disputes over whether we have paid the proper royalties. Given the complexity of the arrangements, if such a dispute were to occur, we could be required to pay additional royalties, and the amounts involved could be material.

The majority of our rights holder liabilities are settled on commercial payment terms shortly after they are incurred. However, certain of these liabilities are not settled for more significant periods of time due to uncertainties related to the reasons discussed above. Of the total accruals and provisions to rights holders at December 31, 2024 and December 31, 2023, approximately €351 million and €455 million, respectively, relate to liabilities that were incurred more than 12 months prior to the date of the statement of financial position. An additional €18 million of expense was included in the consolidated statement of operations for the year ended December 31, 2024 due to an increase of estimates included in the financial statements at December 31, 2023.

We have certain arrangements whereby royalty costs are paid in advance or are subject to minimum guaranteed amounts. These minimum guarantee amounts have been disclosed in Note 24 of the consolidated financial statements included elsewhere in this report. An accrual is established when actual royalty costs to be incurred during a contractual period are expected to fall short of the minimum guaranteed amounts. For minimum guarantee arrangements for which we cannot reliably predict the underlying expense, we will expense the minimum guarantee on a straight-line basis over the term of the arrangement. We also have certain royalty arrangements where we would have to make additional payments if the royalty rates for specified periods were below those paid to certain other licensors (most favored nation clauses). For rights holders with this clause, we compare royalties incurred to date plus estimated royalties payable for the remainder of the period to estimates of the royalties payable to other appropriate rights holders, and the shortfall, if any, is recognized on a straight-line basis over the period of the applicable most favored nation clause. An accrual and expense is recognized when it is probable that we will make additional royalty payments under these terms. The expense related to these accruals is recognized in cost of revenue.

Amortization of podcast content assets is recorded in cost of revenue over the shorter of the estimated useful economic life or the license period, and begins at the release of each episode. The economic life and expected amortization profile of podcast content assets is estimated by management based on historical listening patterns and is evaluated on an ongoing basis. Determining these estimates requires significant judgment by management.

Provisions

From time to time, we are involved in legal actions or other third-party assertions related to content on our platform and our operations. There can be no assurance these actions or other third-party assertions will be resolved without costly litigation in a manner that does not adversely impact our financial position, results of operations, or cash flows, or without requiring higher royalty payments in the future, which may adversely impact gross margins. We record a liability when it is probable that a loss has been incurred and the amount can be reasonably estimated. In determining the probability of a loss and consequently determining a reasonable estimate, management is required to use significant judgment. Given the uncertainties associated with any litigation, the actual outcome can be different from our estimates and could adversely affect our results of operations, financial position, and cash flows. See "Item 3.D. Risk Factors—Risks Related to Securing the Rights to the Content We Stream—Our royalty payment system is complex, and it is difficult to estimate the amount payable under our license agreements or relevant statutes."

Exchangeable Notes

Our Exchangeable Notes are re-measured at each reporting date using valuation models using input data. They are accounted for in their entirety at fair value, with any change in fair value after initial measurement being recorded in finance income or cost in the consolidated statement of operations, except that changes in fair value that are due to changes in own credit risk will be presented separately in other comprehensive income and will not be reclassified to the consolidated statement of operations. The fair value of the Exchangeable Notes is estimated using a combination of a binomial option pricing model and prices observed for the Exchangeable Notes in an over-the-counter market on the last trading day of the reporting period. Our ordinary share price is a primary driver of the fair value of the Exchangeable Notes. If factors change and different assumptions are used, our finance (costs)/income could be materially different in the future. Please refer to “Item 11. Quantitative and Qualitative Disclosures About Market Risk” included elsewhere in this report for additional information on the share price risk related to our Exchangeable Notes.

See Note 22 to our consolidated financial statements included elsewhere in this report for additional information on the valuation models used for our Exchangeable Notes.

Warrants

We issued certain non-compensatory warrants in the Company to a holder that is an employee and a member of management of Spotify Technology S.A. and its subsidiaries (the “Group”) pursuant to a subscription agreement. See “Item 6. Directors, Senior Management and Employees—E. Share Ownership—Warrants.” On July 25, 2024, the Company issued 118,891 ordinary shares and 1,188,910 beneficiary certificates upon the net settlement of 800,000 outstanding warrants and no warrants remain outstanding as of December 31, 2024.

See Note 22 to our consolidated financial statements included elsewhere in this report for additional information on the valuation models used for our warrants.

Income Taxes

We are subject to income taxes in Luxembourg, Sweden, the United States, and numerous foreign jurisdictions. Significant judgment is required in determining our uncertain tax positions. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax assets in excess of deferred tax liabilities are recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reviewed at each reporting date and are not recorded when, in management’s assessment, it is not probable that the related tax benefit will be realized. We believe it is possible that within the next 12 months sufficient positive evidence will exist to support the recognition of U.S. Federal and State deferred tax assets. At December 31, 2024 the total unrecognized balance in the U.S. was €780 million. The exact timing and amount of recognition is dependent on various factors including, but not limited to, the level of profitability and the level of benefit from share-based compensation deductions in future periods. The recognition of U.S. deferred tax assets would result in an income tax benefit in the consolidated statement of operations as well as a credit to equity recorded in the quarter in which the determination is made.

In determining the amount of current and deferred income tax, we take into account the impact of uncertain tax positions and whether additional taxes, interest, or penalties may be due. Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We adjust these reserves when facts and circumstances change, such as the closing of a tax audit, new information presented by a tax authority, or changes in tax legislation. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and operating results.

We are subject to the continuous examination of our income tax returns by various tax authorities which could result in assessments against us. There are currently ongoing tax audits in several jurisdictions, and most of these audits involve transfer pricing matters. Tax authorities in certain jurisdictions have challenged our tax positions. We regularly assess the likely outcomes of these audits, taking into account any new information available, in order to determine the appropriateness of the tax reserves recorded on the balance sheet. If we conclude that it is not probable that our tax position will be accepted, the effect of that uncertainty is reflected at either the most likely amount or the expected value, taking into account a range of possible outcomes. The resolution of tax examinations may be significant to the consolidated financial statements.

Impairment of real estate assets

In connection with the Office Space Optimization Initiative, we have recognized non-cash impairment charges to write-down the related real estate assets, which included lease right-of-use assets, leasehold improvements and property and equipment, to their recoverable amounts. To determine the recoverable amounts of these real estate assets, we utilized discounted cash flow models to estimate the fair value less cost of disposal. The development of discounted cash flow models required the application of level 3 inputs and significant judgment in determining market participant assumptions, including the projected sublease income over the remaining lease terms, expected vacancy periods prior to the commencement of future subleases, expected lease incentives offered to future tenants, and discount rates that reflect the level of risk associated with these future cash flows. Management's estimates of recoverable amounts are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. See Note 10 to our consolidated financial statements included elsewhere in this report for additional information.

Goodwill Impairment

In accordance with the accounting policy described in Note 2 to our consolidated financial statements included elsewhere in this report, we annually perform an impairment test regarding goodwill. The assumptions used for estimating fair value and assessing available headroom based on conditions that existed at the testing date are disclosed in Note 12 to our consolidated financial statements included elsewhere in this report.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included elsewhere in this report for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the dates of the statement of financial position included in this report.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets forth the names, ages, and positions of our senior management and directors as of the date of this report:

Name	Age	Position
Daniel Ek	41	Founder, Chief Executive Officer, Chairman, and Director
Martin Lorentzon	55	Co-Founder and Director
Katarina Berg (1)	56	Chief Human Resources Officer
Dustee Jenkins	46	Chief Public Affairs Officer
Christian Luiga	56	Chief Financial Officer
Alex Norström	48	Co-President, Chief Business Officer
Gustav Söderström	48	Co-President, Chief Product & Technology Officer
Christopher Marshall	56	Lead Independent Director
Barry McCarthy	71	Director
Shishir Mehrotra	45	Director
Heidi O'Neill	60	Director
Ted Sarandos	60	Director
Thomas Staggs	64	Director
Mona Sutphen	57	Director
Padmasree Warrior	64	Director

(1) Ms. Berg notified the Company that she will resign from the Company effective on March 31, 2025.

The business address of each director and each of Mr. Ek, Ms. Berg, Mr. Luiga, Mr. Norström, and Mr. Söderström is Regeringsgatan 19, 111 53 Stockholm, Sweden. The business address of Ms. Jenkins is 150 Greenwich Street, 63rd Floor, New York, New York 10007. The following is a brief biography of each of our senior managers and directors:

Daniel Ek is our founder, Chief Executive Officer, and Chairman of our board of directors. As our Chief Executive Officer and Chairman, Mr. Ek is responsible for guiding the vision and strategy of the Company and leading the management team. He has been a member of our board of directors since July 21, 2008, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2024. Prior to founding Spotify in 2006, Mr. Ek founded Advertigo, an online advertising company acquired by Tradedoubler, held various senior roles at the Nordic auction company Tradera, which was acquired by eBay, and served as Chief Technology Officer at Stardoll, a fashion and entertainment community for pre-teens. He currently serves on the boards of directors of a number of private companies.

Martin Lorentzon is our co-founder and a member of our board of directors. He has been a member of our board of directors since July 21, 2008, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2024. Mr. Lorentzon previously served as Chairman of our board of directors from 2008 to 2016. In addition to his role on our board of directors, Mr. Lorentzon served as a member of the board of directors of Telia Company AB ("Telia Company"), Sweden's main telecom operator, from 2013 to 2018. In 1999, Mr. Lorentzon founded Tradedoubler, an internet marketing company based in Stockholm, Sweden, and initially served as a member of its board of directors. Additionally, Mr. Lorentzon has held senior roles at Telia Company and Cell Ventures. He holds a Master of Science in Civil Engineering from the Chalmers University of Technology.

Katarina Berg is our Chief Human Resources Officer. She oversees all aspects of human resource management and is responsible for developing and executing the people strategy in support of our overall business plan. Ms. Berg serves as a member of the board of directors of Personio GmbH and Investor AB and as a member of the advisory board of Bambuser AB. Before joining our team, Ms. Berg held human resources roles in various multinational companies, such as Swedbank, 3 Scandinavia, and Kanal 5 (SBS Broadcasting). Ms. Berg holds a Master of Arts in Human Resources Management and Development in Behavioral Science from Lund University.

Dustee Jenkins is our Chief Public Affairs Officer. In this capacity, she oversees all external communications, government affairs, trust and safety, as well as enterprise-wide internal communications in more than 180 markets. Prior to joining Spotify, Ms. Jenkins was Senior Vice President and Chief Communications Officer at Target. She previously served as a director at Public Strategies, Inc. (now Hill+Knowlton Strategies) specializing in crisis and financial transactions, the director of communications of the Department of Housing and Urban Development as an appointee of President George W. Bush, and Press Secretary for U.S. Senator Kay Bailey Hutchison. Ms. Jenkins also serves on the board of directors of Tech:NYC.

Christian Luiga is our Chief Financial Officer. He is responsible for overseeing the Company's financial affairs, including financial planning and analysis, audit and risk, investor relations, accounting, corporate development, tax, and treasury, and legal affairs. Before joining the Company in 2024, Mr. Luiga served as Deputy Chief Executive Officer and Chief Financial Officer of Saab AB, a European defense and security company. He previously held several key leadership roles at Telia Company AB, a European telecommunications company, including President and Acting Chief Executive Officer and Chief Financial Officer. Mr. Luiga serves as a member of the board of directors of Axfood AB where he chairs the audit committee.

Alex Norström is our Co-President, Chief Business Officer. He oversees our subscriber and advertising businesses and all licensed, distributed, and owned content on the platform across music, podcasts, and audiobooks. In addition, he has responsibility for marketing, global markets, partnerships, licensing, payments, and customer service. Mr. Norström was previously our Chief Freemium Business Officer and prior to that our Chief Premium Business Officer, Vice President of Growth, and Vice President of Subscriptions. Prior to joining Spotify in 2011, Mr. Norström was Chief New Business Officer at King.com Ltd. He was a member of the board of directors of Circle from 2016 through December 2019. Mr. Norström holds a Master of Science in Business & Economics with a Major in Finance from the Stockholm School of Economics.

Gustav Söderström is our Co-President, Chief Product & Technology Officer. He is responsible for our global product and technology strategy, overseeing the product, design, data, and engineering teams at the Company. Mr. Söderström is a startup seed investor and founder of 13th Lab (acquired by Facebook's Oculus). Before joining the Company in 2009, Mr. Söderström was director of product and business development for Yahoo! Mobile from 2006 to 2009. In 2003, Mr. Söderström founded Kenet Works, a company that developed community software for mobile phones and served as the company's Chief Executive Officer until it was acquired by Yahoo! in 2006. Mr. Söderström holds a Master of Science in Electrical Engineering from KTH Royal Institute of Technology.

Christopher (Woody) Marshall is a member of our board of directors. He has been a member of our board of directors since June 16, 2015, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2024. In addition to his role on our board of directors, Mr. Marshall currently serves on the boards of directors of Payoneer Global, Inc., where he serves as the chair of the nominating and corporate governance committee, and Nerdy, Inc., where he serves as the chair of the compensation committee, as well as a number of private companies. Since 2008, he also has served as a general partner of Technology Crossover Ventures, a private equity firm. Prior to that, Mr. Marshall spent 12 years at Trident Capital, a venture capital firm. Mr. Marshall holds a Bachelor of Arts in Economics from Hamilton College and a Master of Business Administration from the Kellogg School of Management at Northwestern University.

Barry McCarthy is a member of our board of directors. He has been a member of our board of directors since January 8, 2020, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2024. Mr. McCarthy previously served as our Chief Financial Officer from 2015 to January 2020. Prior to joining Spotify, Mr. McCarthy was a private investor and served as a member of the board of directors of several private companies, including Spotify from 2014 to 2015. He also has served as a member of the board of directors of Instacart from 2021 to 2024 (Chairman of the audit committee), Pandora from 2011 to 2013 (Chairman of the audit committee), Eventbrite from 2011 to 2015, Chegg from 2010 to 2015 (Chairman of the audit committee), and MSD Acquisition Corp. from 2021 to 2022 (Chairman of the audit committee). He previously served as the President and CEO and a member of the board of directors of Peloton Interactive Inc. from 2022 to 2024. From 2011 to 2022, Mr. McCarthy served as an Executive Adviser to Technology Crossover Ventures. From 1999 to 2010, Mr. McCarthy served as the Chief Financial Officer and Principal Accounting Officer of Netflix. Before joining Netflix, Mr. McCarthy served in various management positions in management consulting, investment banking, and media and entertainment. Mr. McCarthy holds a Bachelor of Arts in History from Williams College and a Master of Business Administration in Finance from the Wharton School at the University of Pennsylvania.

Shishir Mehrotra is a member of our board of directors. He has been a member of our board of directors since June 13, 2017, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2024. Mr. Mehrotra previously served as our Strategic Advisor to the Chief Executive Officer from December 2015 to May 2017. Mr. Mehrotra is the CEO of Grammarly, Inc. Previously, he was the CEO and Co-Founder of Coda, Inc., which was acquired by Grammarly, Inc. Mr. Mehrotra has previously served as Chief Product and Technology Officer for YouTube at Google and Director of Program Management at Microsoft. Mr. Mehrotra holds a Bachelor of Science in Computer Science and a Bachelor of Science in Mathematics from the Massachusetts Institute of Technology.

Heidi O'Neill is a member of our board of directors. She has been a member of our board of directors since December 5, 2017, and her term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2024. In addition to her role on our board of directors, Ms. O'Neill serves on the board of directors of Hyatt Hotels Corp. She previously served as a member of the board of directors of Skullcandy, where she also was the Chair of the compensation committee, and the Nike School Innovation Fund, of which she was a founding member. Ms. O'Neill also serves as the President of Consumer, Product and Brand, a division of Nike, Inc.

Ted Sarandos is a member of our board of directors. He has been a member of our board of directors since September 13, 2016, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2024. In addition to his role on our board of directors, Mr. Sarandos serves on the board of directors of Netflix. He also serves as chairman of the board of trustees for the Academy Museum of Motion Pictures and the Treasurer for the board of directors of Exploring the Arts. He also serves on the board of trustees for the American Film Institute and is a member of the Executive Committee of the Academy of Television Arts and Sciences, as well as a Henry Crown Fellow at the Aspen Institute. Mr. Sarandos is the co-CEO of Netflix and has led the company's moves into streaming, international and original programming. He has been at Netflix since 2000.

Thomas Staggs is a member of our board of directors. He has been a member of our board of directors since June 13, 2017, and his term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2024. In addition to his role on our board of directors, Mr. Staggs serves as the co-Chairman and co-CEO of Candle Media LLC and as a partner of Smash Capital Advisors LP. Mr. Staggs previously served as a top executive at The Walt Disney Company, most recently serving as its Chief Operating Officer. Prior to that, he was Chairman of Walt Disney Parks and Resorts Worldwide after having been Disney's Chief Financial Officer for nearly 12 years. As Chairman of Disney Parks, Mr. Staggs more than doubled operating profits while overseeing the company's roughly 140,000 cast members. While at Disney, he helped lead the purchases of Pixar, Marvel Entertainment, and Cap Cities/ABC. He also served as a member of the board of directors at Euro Disney SCA from 2002 until 2015. Mr. Staggs holds a Bachelor of Science in Business from the University of Minnesota and a Master of Business Administration from the Stanford Graduate School of Business.

Mona Sutphen is a member of our board of directors. She has been a member of our board of directors since April 21, 2021, and her term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2024. She is currently a partner at The Vistria Group, a Chicago-based private equity firm, and is a venture advisor and co-founder of several technology start-ups. Previously, she was a partner at Macro Advisory Partners ("MAP"), where she led the firm's U.S. practice advising Fortune 100 clients on emerging risks and opportunities across a range of sectors, including technology platform regulation, market entry strategies, and political dynamics and regulatory risks. Prior to joining MAP, Ms. Sutphen was a managing director at UBS AG, where she developed new tools for political risk evaluation impacting capital markets. From 2009 to 2011, she served as White House Deputy Chief of Staff for Policy for President Barack Obama, advancing the administration's policy and regulatory agenda. She also served on the President's Intelligence Advisory Board and was a career diplomat earlier in her career, serving in Asia, Europe, and at the United Nations. Ms. Sutphen is a Trustee of Putnam Mutual Funds and serves on the boards of directors of Novata and Unitek Learning. She is a member of the Council on Foreign Relations, serves on the board of directors of the International Rescue Committee, and is a Trustee of Mount Holyoke College. Ms. Sutphen has a Bachelor of Arts from Mount Holyoke College and a Master of Science from London School of Economics.

Padmasree Warrior is a member of our board of directors. She has been a member of our board of directors since June 13, 2017, and her term will expire on the date of the general meeting of shareholders to be held to approve the annual accounts of 2024. In addition to her role on our board of directors, Ms. Warrior serves as a member of the board of directors of Mahindra & Mahindra. She previously served as a member of the board of directors of Microsoft from 2015 to 2023, The Gap, Inc. from 2013 to 2016, and Box, Inc. from 2014 to 2016. From 2008 to 2015 Ms. Warrior worked at Cisco, most recently as Chief Technology and Strategy Officer. She served as the Chief Executive Officer of NIO USA and Chief Development Officer of NIO Inc. from December 2015 to 2018. In 2019, she founded Fable Group, where she serves as President and Chief Executive Officer. She holds a Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology and a Master of Science in Chemical Engineering from Cornell University.

Family Relationships

There are no family relationships between any of the directors. There are no family relationships between any director and any of the senior management of our Company.

Arrangements or Understandings

None of our senior management or directors has any arrangement or understanding with our major shareholders, customers, suppliers, or other persons pursuant to which such senior management or director was selected as such.

B. Compensation

This section discusses the principles underlying the material components of our executive compensation program for a subset of our executive leadership team, who we refer to as our "named executive officers," and the factors relevant to an analysis of these policies and decisions. As a foreign private issuer, we provide disclosure of executive compensation as required by legislation applicable to companies incorporated in Luxembourg and are not required to disclose executive compensation according to the disclosure requirements applicable to U.S. domestic issuers. However, we have elected to voluntarily provide certain additional executive compensation disclosures and, as such, this section includes certain additional disclosures that are consistent with or similar to those required to be made by U.S. domestic issuers. Our "named executive officers" for 2024 are:

- Daniel Ek, who is our Founder and serves as our Chief Executive Officer ("CEO"), Chairman, and Director and is our principal executive officer;
- Paul Vogel, who served as our Chief Financial Officer ("CFO") and our principal financial officer until March 31, 2024;
- Christian Luiga, who has served as our CFO and principal financial officer since September 16, 2024[1];
- Dustee Jenkins, who serves as our Chief Public Affairs Officer;
- Alex Norström, who serves as our Co-President, Chief Business Officer; and
- Gustav Söderström, who serves as our Co-President, Chief Product & Technology Officer.

(1) Ben Kung, the Company's Vice President of Financial Planning and Analysis, served as interim CFO until Mr. Luiga's start date.

Specifically, this section provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each compensation component that we provide. In addition, we explain how and why the people experience and compensation committee of our board of directors arrived at specific compensation policies and decisions involving our named executive officers during 2024.

Each of the key elements of our executive compensation program is discussed in more detail below. Our compensation programs are designed to be flexible and complementary and to collectively serve their principles and objectives.

Executive Compensation Philosophy and Objectives

We operate in the highly competitive and dynamic digital media industry as the world's most popular global audio streaming subscription service. This industry is characterized by rapidly changing market requirements and the emergence of new competitors. To succeed in this environment, we must continuously develop solutions that meet the needs of our growing user base in a rapidly changing environment, efficiently develop and refine new and existing products and services, and demonstrate a strong return on investment to our advertisers. To achieve these objectives, we need a highly talented and seasoned team of data scientists, engineers, product designers, product managers, and other business professionals.

We recognize that our future success depends on our continuing ability to attract, develop, motivate, and retain highly qualified and skilled employees, which is driven by our compensation, culture and reputation, and the strength of our brand. We strive to create an environment that is responsive to the needs of our employees, is open towards employee communication and continual performance feedback, encourages teamwork, and rewards commitment and performance. The principles and objectives of our compensation and benefits programs for our executive leadership team and other employees are to:

- attract, engage, and retain the best executives to work for us, with experience and managerial talent that enables us to be an employer of choice in highly competitive and dynamic industries;
- align compensation with our corporate strategies, business and financial objectives, and the long-term interests of our shareholders;
- motivate and reward executives whose knowledge, skills, and performance ensure our continued success; and
- ensure that our total compensation is fair, reasonable, and competitive.

We compete with many other companies in seeking to attract and retain experienced and skilled executives. To meet this challenge, we have embraced a compensation philosophy that offers our executive leadership team competitive compensation and benefits packages that motivate and reward our executive leadership team for delivering financial and strategic results that lead to long-term value creation for our stockholders.

Roles of Our Board of Directors, People Experience and Compensation Committee, and Chief Executive Officer in Compensation Decisions

The initial compensation arrangements with our executive leadership team, including the named executive officers, have been determined in arms-length negotiations with each individual executive. Typically, our CEO has been responsible for negotiating these arrangements, except with respect to his own compensation, with the oversight and final approval of the members of our board of directors or the people experience and compensation committee. The compensation arrangements have been influenced by a variety of factors, including, but not limited to:

- our financial condition and available resources;
- our need for that particular position to be filled;
- our board of directors' evaluation of the competitive market based on the third-party data provided by Compensia, Inc. ("Compensia"), our people experience and compensation committee's independent compensation consultant, competitive pay practices for comparable positions at companies of comparable scale and in relevant business segments, as further described below, and the experience of the members of the people experience and compensation committee with other companies;
- the length of service of an individual; and
- the compensation levels of other members of the executive leadership team, each as of the time of the applicable compensation decision.

Following the establishment of the initial compensation arrangements, our CEO, board of directors, and people experience and compensation committee have been responsible for overseeing our executive compensation program, as well as determining and approving the ongoing compensation arrangements for members of the executive leadership team, including the other named executive officers. Typically, our CEO reviews the performance of the other members of the executive leadership team, including the other named executive officers, and based on this review, along with the factors described above, makes recommendations to the people experience and compensation committee with respect to the total compensation, including each individual component of compensation, of these individuals for the coming year. There is no predetermined time of year for these reviews, although they are generally performed on an annual basis coinciding with our Company-wide employee compensation review beginning in March. Further, the people experience and compensation committee reviews the performance of our CEO, and based on this review and the factors described above, recommends his total compensation to our board of directors for approval. Since July 1, 2017, our CEO has not been awarded any compensation, but from time to time he has been provided with the opportunity to purchase non-compensatory warrants at fair market value through D.G.E. Investments, an entity indirectly wholly owned by him, as described below in "Warrants."

The current compensation levels of our executive leadership team, including the named executive officers, primarily reflect the varying roles and responsibilities of each individual.

Engagement of Compensation Consultant

The people experience and compensation committee has engaged the services of Compensia to provide executive compensation advisory services. The people experience and compensation committee directed Compensia to develop a peer group of comparable companies in our sector and prepare a competitive market analysis of our executive compensation program to assist it in determining the appropriate level of overall compensation, as well as assess each separate component of compensation, with the goal of understanding the competitiveness of the compensation we offer to our executive leadership team. In 2023, the people experience and compensation committee approved the compensation peer group (the "Peer Group") for fiscal year 2024.

The Peer Group for 2024 consisted of the following companies:

Activision Blizzard	Airbnb	Autodesk	Block
Booking Holdings	DoorDash	eBay	Electronic Arts
Expedia Group	Intuit	MercadoLibre	Netflix
PayPal Holdings	Sirius XM Holdings	Snap	Take-Two Interactive
Uber Technologies	Warner Bros. Discovery	Zalando	

The 2024 Peer Group consists of companies that have similar business characteristics to those of the Company. Our Peer Group is reviewed periodically as warranted and revised as appropriate to ensure that the companies in the group continue to be a reasonable comparison for compensation purposes. In 2024, the companies included in the Peer Group were slightly refined relative to the 2023 group to remove Twitter, which was acquired by X Holdings I, Inc. in April 2022, and IAC/InterActive Corp, and add Airbnb and DoorDash. In general, the removed peer companies no longer fit the selection criteria, while the additions reflect companies with financial and industry characteristics more similar to our Company.

The people experience and compensation committee bases its executive compensation decisions, at least in part, by reference to the compensation of the executives holding comparable positions at this group of comparable peer companies, as it may be adjusted from time to time. In 2024, Compensia provided the people experience and compensation committee with total cash compensation data and total compensation data (including cash compensation and equity compensation) at various percentiles within the Peer Group. The people experience and compensation committee considered this data in determining the compensation levels of our named executive officers, but we did not benchmark our executive compensation to any pre-determined target percentile of market. The people experience and compensation committee sought to compensate our named executive officers at a level that would allow us to successfully recruit and retain the best possible talent for our executive leadership team. Overall, Compensia's analysis of our Peer Group indicated that the target total cash compensation for our named executive officers was at approximately the 25th percentile of our Peer Group. Our total compensation for our named executive officers other than our CEO (who, as we note below, did not receive any cash or equity compensation in 2024), including cash and equity compensation, was between the 50th and 75th percentile of our Peer Group. As discussed below, we rely heavily on our equity awards to incentivize our employees, including each of our named executive officers.

Compensation Philosophy

We design the principal components of our executive compensation program to fulfill one or more of the principles and objectives described above. Compensation of our named executive officers consists of the following elements:

- base salary;
- incentive compensation;
- certain severance benefits;
- retirement savings plans; and
- health and welfare benefits and certain limited perquisites and other personal benefits.

We offer cash compensation in the form of base salaries that we believe appropriately reward our executive leadership team members for their individual contributions to our business. We have opted not to offer annual cash bonuses to our executive leadership team members, as we believe they do not incentivize the long-term growth of the Company, but we may award our executives discretionary cash incentive compensation from time to time.

We offer equity awards as part of an incentive mix program to incentivize our executive leadership team to focus on the growth of our overall enterprise value and, correspondingly, the creation of value for our shareholders. As a result of this compensation practice, a greater percentage of each executive leadership team member's total compensation has been tied to shareholder returns, with cash compensation kept at modest levels, which provides an opportunity to be well-rewarded through equity if we perform well over time.

Except as described below, we have not adopted any policy or guidelines for allocating compensation between currently-paid and long-term compensation, between cash and non-cash compensation, or among different forms of non-cash compensation.

Each of the primary elements of our executive compensation program is discussed in more detail below. We believe that, as a part of our overall executive compensation policy, each individual element serves our objectives described above.

Executive Compensation Program Components

The following describes the primary components of our executive compensation program for each of our named executive officers, the rationale for that component, and how compensation amounts are determined.

Base Salary and Bonus

Generally, each named executive officer's initial base salary was established through arms-length negotiation at the time the individual was hired, taking into account his or her qualifications, experience, and prior salary level. Thereafter, the base salaries of the named executive officers are reviewed periodically by our people experience and compensation committee, and adjustments are made as deemed appropriate.

Since July 1, 2017, our CEO has not received a base salary; however, the people experience and compensation committee may, from time to time, provide Mr. Ek with a discretionary bonus as it determines to be appropriate. Mr. Ek has not received a bonus since 2018.

Additionally, in connection with his commencement of employment, we offered Mr. Luiga a sign-on bonus in an aggregate amount of SEK 14,000,000 in order to incentivize him to join the Company. Pursuant to his employment agreement, Mr. Luiga received the first installment of his sign-on bonus equal to SEK 7,000,000 in October 2024. The second installment of Mr. Luiga's sign-on bonus is expected to be paid in April 2025, subject to Mr. Luiga's continued employment through the payment date. For further information on Mr. Luiga's sign-on bonus, please see "Employment Agreements" below.

As of the end of fiscal year 2024, our named executive officers were entitled to the following annual base salaries:

Named Executive Officer	Annual Base Salary ($)
Daniel Ek[(1)]	$ —
Christian Luiga[(2)]	$ 295,000
Dustee Jenkins	$ 860,000
Alex Norström[(3)]	$ 311,000
Gustav Söderström[(4)]	$ 271,000

(1) Since July 1, 2017, Mr. Ek has not received a base salary.
(2) Mr. Luiga was paid in Swedish krona. Such amounts are based on the exchange rate of SEK 11.07 per dollar as of December 31, 2024 as published by Reuters.
(3) Mr. Norström was paid in Swedish krona and British pound. Such amounts are based on the exchange rate of SEK 11.07 per dollar and GBP 0.80 per dollar as of December 31, 2024 as published by Reuters.
(4) Mr. Söderström was paid in Swedish krona. Such amounts are based on the exchange rate of SEK 11.07 per dollar as of December 31, 2024 as published by Reuters.

One-Year Retention Plan

On March 1, 2023, each of our named executive officers who was employed at that time (other than Mr. Ek) was granted a cash retention bonus in the amount set forth below:

Named Executive Officer	Retention Bonus ($)
Daniel Ek	$ —
Paul Vogel	$ 691,200
Dustee Jenkins	$ 571,895
Alex Norström	$ 1,664,000
Gustav Söderström	$ 1,664,000

The retention bonuses vested in full on the 12-month anniversary of the grant date (i.e., March 1, 2024). The vested retention bonus was paid in the pay period following the vesting date.

Long-Term Incentives

Each of our named executive officers, other than Mr. Ek, has been granted equity awards in the Company, which allow them to share in the future appreciation of the Company, subject to certain vesting conditions, as described in more detail below. These equity awards are designed to foster a long-term commitment to us by our named executive officers, provide a balance to the salary component of our compensation program, align a portion of our executives' compensation to the interests of our shareholders, promote retention, and reinforce our pay-for-performance structure (as discussed in more detail below).

Long-term incentive awards are provided upon hire as well as during employment at the Company's discretion.

We maintain an incentive mix program, which is intended to provide our named executive officers as well as all other permanent employees with maximum flexibility and individual autonomy, by allowing our employees to have the ability to choose their own composition of long-term incentive awards. Employees are informed of their intended aggregate dollar amount of long-term incentive compensation, and they can allocate such dollar amount among at-the-money stock options, out-of-the-money stock options with a closing price equal to 150% of the closing price per ordinary share on the grant date, RSUs, or cash. Employees can choose to have one or two types of equity awards and/or cash and can mix their programs in portions of 25%, 50%, and 75%. Each type of long-term incentive award vests on the same schedule: 3/48ths of the equity award and/or cash payment vests on the first day of the third calendar month following the date of grant, and thereafter 1/48th of the equity award and/or cash payment vests on the first day of each calendar month, subject to continued employment.

For 2024 compensation, the amount of any cash award chosen was equal to 100% of the dollar amount the employee allocated to cash; the number of RSUs provided was equal to the dollar amount the employee allocated to RSUs divided by the closing price per ordinary share on the grant date; the number of at-the-money options provided was equal to three times the dollar amount the employee allocated to such stock options divided by such closing price; and the number of out-of-the-money stock options provided was equal to six times the dollar amount the employee allocated to stock options divided by such closing price.

For further information on our equity award programs, please see "—Stock Options," "—Restricted Stock Units" and "—Cash Program" below.

In 2024, each of our named executive officers, other than Messrs. Ek and Vogel, participated in the incentive mix program. Mr. Vogel was not eligible to participate in the program because he left the company in March 2024. The following table shows the dollar amount of incentive compensation awarded to each named executive officer, as well as the allocations chosen by each such individual:

Named Executive Officer	Aggregate Long-Term Incentive Award Dollar Value ($)	2024 At-the-Money Stock Option Allocation	2024 Out-of-the-Money Stock Option Allocation	2024 RSU Allocation	2024 Cash Allocation ($)
Daniel Ek	—	—	—	—	—
Christian Luiga	5,000,000	9,989	—	—	3,750,000
Dustee Jenkins	4,500,000	12,796	—	12,796	—
Alex Norström	12,500,000	71,090	—	23,697	—
Gustav Söderström	12,500,000	142,180	—	—	—

Long-Term Incentive Award Decisions

Each year our people experience and compensation committee reviews and, if needed, recommends updates to our current equity program to our board of directors for approval in order to incentivize our employees, including our named executive officers. Our people experience and compensation committee, in consultation with our CEO, determines the aggregate dollar value of the long-term incentive compensation to be awarded to each executive leadership team member. In making these decisions, the people experience and compensation committee takes into consideration the Company's financial results and market conditions, as well as the factors described above.

Retirement Savings and Other Benefits

Our retirement programs are designed to comply with local laws and regulations. For our employees who reside in Sweden, including Messrs. Luiga and Söderström (and, for a portion of the year following his return to Sweden in August 2024, Mr. Norström), we participate in an occupational pension plan. Pursuant to such plan we pay a premium of 4.5% of each such employee's monthly base salary up to an annual income ceiling and 30% of monthly base salary on amounts above such annual income ceiling. Employees also may contribute additional amounts through a salary exchange program pursuant to which eligible employees are given the opportunity to enhance their pension savings by choosing to exchange a portion of their base salary for additional pension contributions. Certain legal limitations apply to the amount of contributions that may be made to the occupational pension plan. During the portion of 2024 during which Mr. Norström resided in the U.K., Mr. Norström was not eligible to participate in the Swedish occupational pension plan, and he did not elect to participate in our pension plan for U.K.-based employees during this period.

For our employees in the United States who satisfy certain eligibility requirements, including Mr. Vogel (prior to his departure) and Ms. Jenkins, we have established a 401(k) retirement savings plan. Under the 401(k) plan, eligible employees may elect to reduce their current compensation by up to the prescribed annual limit and contribute these amounts to the 401(k) plan. The Company matches up to 50% of the employee's contributions up to 6% of their eligible compensation. Employees vest in the employer contributions ratably over one year.

The Company does not maintain any defined benefit plans for any of its named executive officers.

Employee Benefits and Perquisites

Additional benefits received by our employees who reside in Sweden, including Messrs. Ek, Luiga, and Söderström (and, for a portion of 2024, Mr. Norström), include private healthcare, accident insurance, life and long-term disability insurance, travel insurance, and parental leave. Additional benefits received by our U.S. employees, including Mr. Vogel (prior to his departure) and Ms. Jenkins, include medical, dental, and vision benefits, medical, and dependent care flexible spending accounts, short-term and long-term disability insurance, basic life insurance coverage, and parental leave. Additional benefits received by our employees who reside in the U.K., including, for a portion of 2024, Mr. Norström, include medical and dental benefits, life and long-term disability insurance, and parental leave. These benefits are provided to our named executive officers on the same general terms as they are provided to all of our full-time employees in the applicable countries.

We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices in the competitive market.

We do not view perquisites or other personal benefits as a significant component of our executive compensation program. We generally provide relocation assistance to all of our employees, when applicable. In addition, the personal safety of our employees, including our named executive officers, is of the highest importance to us and in 2024 we paid for personal security services, including home security services, for certain named executive officers pursuant to the Company's personal security program for senior management. Although we consider these personal security services to be appropriate and necessary for the reasons described above, the costs related to such services are reported as other compensation to our named executive officers in the "2024 Summary Compensation Table" below. In the future, we may provide other perquisites or other personal benefits in limited circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive leadership team members more efficient and effective, and for recruitment, motivation, or retention purposes. All future practices with respect to perquisites or other personal benefits for our named executive officers will be approved and subject to periodic review by the people experience and compensation committee. We do not expect these perquisites to be a significant component of our compensation program.

Severance

Each of our named executive officers is entitled to severance upon certain qualifying terminations. For further information on such amounts please see "—Employment Agreements" below.

CFO Transition

As previously announced, Mr. Vogel, the Company's Chief Financial Officer, ceased employment with the Company on March 31, 2024. In connection with his departure, Mr. Vogel received severance consistent with the terms of his employment agreement with the Company.

On September 16, 2024, Mr. Luiga commenced service as our Chief Financial Officer. Ben Kung, the Company's Vice President of Financial Planning and Analysis, served as interim CFO until Mr. Luiga's start date.

Employment Agreements

We have, or one of our subsidiaries has, entered into employment agreements with Messrs. Ek, Luiga, Norström, Söderström, and Vogel (prior to his departure), and Ms. Jenkins. We currently do not have employment agreements or other service contracts with any members of our board of directors, except for Mr. Ek.

Daniel Ek

Mr. Ek's employment agreement provides for an indefinite term that automatically expires upon Mr. Ek's retirement, which shall be at age of 65, and a fixed monthly salary (although the board of directors determined that, commencing July 1, 2017, Mr. Ek would no longer receive an annual salary). The employment agreement further entitles Mr. Ek to a six-month notice period prior to termination, other than in connection with his retirement, provided that we may terminate the agreement with immediate effect if Mr. Ek has grossly neglected his obligations or otherwise materially breached the contract. In the event of termination of employment by us (other than due to gross neglect), in addition to pay during the notice period, Mr. Ek is also entitled to a severance payment equal to six times his monthly salary, less any income from future employment, payable in monthly installments following termination. Using Mr. Ek's current base salary, he would be entitled to no payments under this arrangement. Mr. Ek would not be entitled to a notice period or severance upon his retirement.

Mr. Ek's employment agreement contains post-termination non-competition covenants that we could choose to enforce for 12 months following any type of termination of employment, except termination by us due to any reason other than breach of contract by Mr. Ek. In consideration for the non-competition covenant, we would be required to pay Mr. Ek, in monthly installments during his restricted period, 12 times his monthly salary, less any income from future employment up to 60% of Mr. Ek's monthly salary. Using Mr. Ek's current base salary, he would be entitled to no payments under this arrangement. Such payment will not be made during any period Mr. Ek is otherwise receiving severance pay from us or if Mr. Ek's employment ceases as a result of retirement or termination by us due to Mr. Ek's breach of contract. If we decide not to enforce the non-competition covenant, the corresponding payment obligation would also cease. Mr. Ek's employment agreement also includes employee and customer non-solicitation clauses that will apply for 12 months post-termination and that do not require us to pay any additional consideration.

Christian Luiga, Alex Norström and Gustav Söderström

The following is a description of our employment agreements with Messrs. Luiga, Norström, and Söderström. Before his departure, Mr. Vogel was party to an employment agreement with us that provided substantially the same benefits and protections as those provided to Messrs. Norström and Söderström. Our employment agreements provide for an indefinite employment period, a base salary and participation in our benefit programs and long-term incentive compensation plans. The agreements entitle the executives to a three-month notice period prior to termination, provided that we may terminate the agreement with immediate effect in connection with a termination for "Cause" (as defined in the relevant agreement). In addition, upon a termination without Cause, subject to the executive's execution and non-revocation of a release of claims, each executive would be entitled to a severance amount equal to the executive's respective base salary for six months. If we terminate the executive at any time during the three-month notice period, the executive will also be entitled to pay in lieu of notice through the end of the notice period, subject to compliance with certain restrictive covenants. If Mr. Luiga's, Norström's or Söderström's employment is terminated within 12 months after a change in control of the Company, if the executive is required to perform duties that are materially inconsistent with those normally performed by the executive, or if the executive is otherwise constructively dismissed following the change in control, subject to the executive's execution and non-revocation of a release of claims, the executive would be entitled to receive a lump sum severance payment of 12 months' salary. Notwithstanding the foregoing, Messrs. Luiga, Norström, and Söderström will not be entitled to the change in control severance described above in the event of certain asset sales where the executive continues his employment in the same or greater capacity following the transaction or the executive is offered continued employment in connection with the transaction and the executive's employment agreement is assumed by the surviving entity following the transaction. The executives are also subject to a nine-month post-termination non-competition covenant (with such period commencing on the first day of the notice period, or, for Mr. Luiga, the termination date) and a two-year (or, for Mr. Luiga, six-month) post-termination employee and a two-year (or, for Mr. Luiga, 18-month) customer non-solicitation covenant.

Additionally, as described above, Mr. Luiga's employment agreement provides for a sign-on bonus in an aggregate amount of SEK 14,000,000. Mr. Luiga received the first installment of his sign-on bonus equal to SEK 7,000,000 in October 2024. The second installment of Mr. Luiga's sign-on bonus is expected to be paid in April 2025, subject to Mr. Luiga's continued employment through the payment date. Each installment of Mr. Luiga's sign-on bonus is subject to repayment if Mr. Luiga voluntarily resigns within 12 months of the applicable payment date, prorated for the number of fully completed months of employment during the applicable 12-month period.

Further, in July 2023, we entered into a transfer letter and U.K. employment contract with Mr. Norström in connection with his temporary transfer from Sweden to the U.K., which provided for (i) a fixed term of employment at Spotify Ltd from August 21, 2023 to August 18, 2024, (ii) continued vesting of Mr. Norström's equity awards in accordance with their terms during such period, and (iii) substantially the same terms as described for Mr. Norström above. Mr. Norström returned from the U.K. to Sweden in August 2024 and, accordingly, the transfer letter and U.K. employment contract described above are no longer in effect.

For further information on the post-termination treatment of our equity awards held by Messrs. Luiga, Norström, and Söderström, please see "—Stock Options" and "—Restricted Stock Units" below.

Dustee Jenkins

The following is a description of our employment agreement with Ms. Jenkins. Ms. Jenkins' employment agreement provides for an indefinite employment period, a base salary and participation in our benefit programs and long-term incentive compensation plans. Pursuant to her employment agreement, Ms. Jenkins is entitled to a three-month notice period prior to termination, provided that we may terminate the agreement with immediate effect in connection with a termination for "Cause" (as defined in her agreement). In addition, upon a termination without Cause, subject to Ms. Jenkins' execution and non-revocation of a release of claims, she would be entitled to a severance amount equal to her base salary for three months and subsidized health benefits for three months. If we terminate Ms. Jenkins at any time during the three-month notice period, she will also be entitled to pay in lieu of notice through the end of the notice period, subject to compliance with certain restrictive covenants. Notwithstanding the foregoing, Ms. Jenkins will not be entitled to the severance described above in the event of certain asset sales where she continues her employment in the same or greater capacity following the transaction or she is offered continued employment in connection with the transaction and her employment agreement is assumed by the surviving entity following the transaction. Ms. Jenkins is also subject to a six-month post-termination non-competition covenant (with such period commencing on the termination date) and a two-year post-termination employee and customer non-solicitation covenant.

For further information on the post-termination treatment of our equity awards held by Ms. Jenkins, please see "—Stock Options" and "—Restricted Stock Units" below.

Clawback Policy

In 2023, we adopted a Clawback Policy in compliance with the SEC rules and New York Stock Exchange listing standards to recover any excess incentive-based compensation from current and former executive officers after an accounting restatement.

C. Board Practices

Board of Directors Structure

Our board of directors currently consists of ten directors and is composed of Class A and Class B directors. Our articles of association provide that the board of directors must be composed of at least three members. Each director holds office for the term decided by the general meeting of the shareholders or until his or her successor has been appointed. For more information on the date of expiration of each director's term and the length of time each director has served, see "Item 6.A. Directors and Senior Management." Our directors may be removed at any time, with or without cause, by a resolution of the shareholders' meeting. See "Item 10.B. Memorandum and Articles of Association."

People Experience and Compensation Committee

Our board of directors has established a people experience and compensation committee that consists of Christopher Marshall, Martin Lorentzon, Shishir Mehrotra, and Heidi O'Neill. Mr. Marshall is the chair of our people experience and compensation committee. Our people experience and compensation committee has the following responsibilities, among others:

- reviewing and making recommendations to our board of directors related to our incentive-compensation plans and equity-based plans;

- establishing and reviewing the overall compensation philosophy of the Company;
- overseeing matters relating to the attraction, engagement, development, and retention of directors and employees, including executive officers;
- reviewing and approving total compensation for our chief executive officer and other executive officers;
- reviewing and making recommendations regarding the compensation to be paid to our non-employee directors;
- selecting and retaining a compensation consultant;
- monitoring our diversity, inclusion, and belonging strategy; and
- such other matters that are specifically delegated to the people experience and compensation committee by our board of directors from time to time.

Audit Committee

Our board of directors has established an audit committee that consists of Thomas Staggs, Christopher Marshall, Mona Sutphen, and Padmasree Warrior. Mr. Staggs is the chair of our audit committee. All audit committee members satisfy the "independence" requirements set forth under the rules of the NYSE and in Rule 10A-3 under the Exchange Act. Our audit committee has the following responsibilities, among others:

- appointing and replacing our independent registered public accounting firm, subject to shareholder approval;
- retaining, compensating, evaluating, and overseeing the work of our independent registered public accounting firm;
- reviewing with our independent registered public accounting firm any difficulties or material audit issues and the Company's response to any management letters provided by the independent registered public accounting firm;
- discussing the annual audited financial statements and quarterly financial statements with management and our independent registered public accounting firm;
- reviewing and evaluating the Company's enterprise risk management, including the Company's data protection and cybersecurity programs;
- monitoring proposed changes in laws, rules, and regulations, and reviewing the Company's material corporate policies and regulatory strategy;
- monitoring our climate strategy; and
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time.

D. Employees

In 2024, 2023, and 2022, we had 7,691, 9,123, and 8,359 full-time employees on average, respectively. The following table describes our average number of employees by department per fiscal year:

	December 31,			% Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Content Production and Customer Service	502	663	785	(24)%	(16)%
Sales and Marketing	2,177	2,403	2,043	(9)%	18 %
Research and Development	3,944	4,719	4,169	(16)%	13 %
General and Administrative	1,068	1,338	1,362	(20)%	(2)%

The following table describes our average number of employees by geographic location:

	December 31,		
	2024	2023	2022
United States	3,690	4,574	4,332
Sweden	1,397	1,706	1,853
United Kingdom	874	1,048	881

Additionally, for the years ended December 31, 2024, 2023, and 2022, we had an average of approximately 1,730, 1,795, and 1,294 employees and contractors, respectively, in the aggregate in Argentina, Australia, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, India, Indonesia, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, Singapore, South Africa, South Korea, Spain, Taiwan, and United Arab Emirates. From time to time, we have engaged temporary employees to fill open positions. Our global workforce is predominantly non-unionized, although we have some employees in the U.S. and internationally who are represented by unions or works councils.

E. Share Ownership

The following table provides information regarding share ownership by our officers and directors as of December 31, 2024.

Name of Beneficial Owner	Number of Shares Owned	Approximate Percentage of Outstanding Ordinary Shares	Number of Shares Underlying Options	Option Exercise Price ($)	Option Expiration Date	Restricted Stock Units
Daniel Ek[(1)]	29,105,267	14.3 %	—	$ —	—	—
Martin Lorentzon[(2)]	20,006,383	9.8 %	7,517	$ 271.40	5/29/2025	—
	—	— %	3,758	$ 180.93	5/29/2025	—
	—	— %	11,260	$ 362.36	5/31/2026	—
	—	— %	24,120	$ 169.16	5/31/2027	—
	—	— %	6,627	$ 153.92	6/1/2028	—
	—	— %	6,505	$ 470.43	6/3/2029	—
Katarina Berg	52,671	*	9,960	$ 321.28	3/1/2026	1,297
	—	— %	5,819	$ 151.25	3/1/2027	—
	—	— %	6,043	$ 263.75	3/1/2029	—
Dustee Jenkins	18,493	*	156	$ 321.28	3/1/2026	23,052
	—	— %	354	$ 238.38	9/1/2026	—
	—	— %	5,165	$ 151.25	3/1/2027	—
	—	— %	10,397	$ 263.75	3/1/2029	—
Eve Konstan[(3)]	23,708	*	65	$ 321.28	3/1/2026	790
	—	— %	43	$ 238.38	9/1/2026	—
	—	— %	550	$ 151.25	3/1/2027	—
Christian Luiga	—	*	9,989	$ 375.40	10/1/2029	—
Alex Norström	54,438	*	3,216	$ 321.28	3/1/2026	52,458
	—	— %	32,617	$ 151.25	3/1/2027	—
	—	— %	133,106	$ 117.20	3/1/2028	—
	—	— %	71,090	$ 263.75	3/1/2029	—
Gustav Söderström	8,880	*	7,263	$ 321.28	3/1/2026	—
	—	— %	264,463	$ 151.25	3/1/2027	—
	—	— %	244,212	$ 117.20	3/1/2028	—
	—	— %	142,180	$ 263.75	3/1/2029	—
Christopher Marshall[(4)]	84,520	*	5,630	$ 241.57	5/31/2026	1,498
	—	— %	12,060	$ 112.77	5/31/2027	—
	—	— %	4,970	$ 153.92	6/1/2028	—
Barry McCarthy[(5)]	376,297	*	15,033	$ 271.40	5/29/2025	—
	—	— %	5,630	$ 241.57	5/31/2026	—
	—	— %	12,060	$ 112.77	5/31/2027	—
	—	— %	6,627	$ 153.92	6/1/2028	—

	—	— %	3,252	$	313.62	6/3/2029	—
Shishir Mehrotra	55,453	*	5,630	$	362.36	5/31/2026	685
	—	— %	18,090	$	169.16	5/31/2027	—
	—	— %	9,940	$	230.88	6/1/2028	—
	—	— %	4,879	$	470.43	6/3/2029	—
Heidi O’Neill	6,304	*	—	$	—	—	4,598
Ted Sarandos	13,783	*	5,630	$	241.57	5/31/2026	—
	—	— %	12,060	$	112.77	5/31/2027	—
	—	— %	6,627	$	153.92	6/1/2028	—
	—	— %	3,252	$	313.62	6/3/2029	—
Thomas Staggs[(6)]	23,248	*	5,961	$	362.36	5/31/2026	—
	—	— %	2,981	$	241.57	5/31/2026	—
	—	— %	6,562	$	169.16	5/31/2027	—
	—	— %	9,843	$	112.77	5/31/2027	—
	—	— %	7,212	$	153.92	6/1/2028	—
	—	— %	3,539	$	313.62	6/3/2029	—
Mona Sutphen	—	*	703	$	362.36	5/31/2026	1,656
	—	— %	1,055	$	241.57	5/31/2026	—
	—	— %	11,317	$	169.16	5/31/2027	—
	—	— %	2,265	$	112.77	5/31/2027	—
	—	— %	2,439	$	313.62	6/3/2029	—
Padmasree Warrior	7,137	*	3,758	$	180.93	5/29/2025	753
	—	— %	2,815	$	241.57	5/31/2026	—
	—	— %	1,657	$	153.92	6/1/2028	—
	—	— %	1,626	$	313.62	6/3/2029	—

* Represents beneficial ownership of less than 1%.

(1) Includes 12,473,298 ordinary shares held by D.G.E. Investments Limited (“D.G.E. Investments”). Mr. Ek is the sole shareholder of D.G.E. Holding Limited (“D.G.E. Holding”), which is the sole shareholder of D.G.E. Investments. Also includes 4,276,200 ordinary shares held by Tencent Music Entertainment Hong Kong Limited (“TME Hong Kong”), 9,076,240 ordinary shares held by Image Frame Investment (HK) Limited (“Image Frame”), 3,227,920 ordinary shares held by Tencent Mobility Limited, and 51,609 ordinary shares held by Distribution Pool Limited. Mr. Ek exercises voting power over the ordinary shares held by TME Hong Kong, Image Frame, Tencent Mobility Limited, and Distribution Pool Limited through his indirect ownership of D.G.E. Investments, which holds an irrevocable proxy with regard to these ordinary shares. As such, Mr. Ek may be deemed to share beneficial ownership of the ordinary shares held by TME Hong Kong, Image Frame, Tencent Mobility Limited, and Distribution Pool Limited. Additionally, each of D.G.E. Holding and Mr. Ek may be deemed to share beneficial ownership of the ordinary shares held by D.G.E. Investments. The business address of D.G.E. Holding is 1 Alexandrou Panagouli, Office 2B, Novel Tower, 6057 Larnaca, Cyprus.

(2) Includes 20,000,000 ordinary shares held by Rosello Company Limited (“Rosello”). Mr. Lorentzon is the sole shareholder of Amaltea S.à r.l. (“Amaltea”), which is the sole shareholder of Rosello. As such, each of Amaltea and Mr. Lorentzon may be deemed to share beneficial ownership of the ordinary shares held by Rosello. The business address of Rosello is 22 Stasikratous Street, Office 001, 1065 Nicosia, Cyprus.

(3) Ms. Konstan served as the Company’s General Counsel until she resigned from the Company as of January 31, 2025.

(4) Includes (i) 84,520 ordinary shares held by Marshall Carroll 2000 Trust; (ii) 688 ordinary shares held by Marshall Partners; (iii) 1,380 shares held by Mr. Marshall for the benefit of TCV VIII Management, L.L.C. (“TCV VIII Management”) and TCV XI Management, L.L.C. (“TCV XI Management”); and (iv) 22,660 non-qualified stock options held by Mr. Marshall for the benefit of TCV VIII Management and TCV XI Management. Mr. Marshall is a trustee of the Marshall Carroll 2000 Trust and a general partner of Marshall Partners. Mr. Marshall disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. Mr. Marshall and the other members of TCV VIII Management and TCV XI Management (collectively, the “Management Members”) may be deemed to have the shared power to dispose or direct the disposition of the 1,380 ordinary shares, the 11,164 unvested non-qualified stock options, and the 11,496 vested non-qualified stock options held by Mr. Marshall. The Management Members disclaim beneficial ownership of the ordinary shares and the ordinary shares issuable upon vesting of non-qualified stock options and RSUs, except to the extent of their respective pecuniary interest therein.

(5) Includes 376,297 ordinary shares held by Rivers Cross Trust, an entity wholly owned by Mr. McCarthy. The business address of Rivers Cross Trust is 3875 Woodside Rd, Woodside, CA 94062.

(6) Includes 23,094 ordinary shares held by the Staggs Trust, a revocable inter-vivos trust established by Mr. Staggs and his spouse. The business address of the Staggs Trust is 9200 Sunset Blvd, Los Angeles, CA 90069.

Stock Options

As noted above, we have granted stock options to our named executive officers and other employees, including as part of the incentive mix program. Each stock option represents the right to purchase one of our ordinary shares at an exercise price equal to the fair market value of an ordinary share on the applicable grant date. The stock options generally vest as to 3/48ths of the total number of options granted on the first day of the third calendar month following the date of grant, and as to 1/48th of the total number of options granted on the first day of each calendar month thereafter, subject to continued employment. The options generally expire on the fifth anniversary of the date of grant, and vested options may be exercised at any time prior to the expiration of the option term. For our employees in certain countries, upon the exercise of a stock option, the Company is required to pay a social security contribution in an amount equal to the spread value of the option multiplied by the applicable tax rate.

Upon the termination of an optionee’s employment for any reason, all unvested options held by the optionee will generally be immediately forfeited. However, for certain employees, including the named executive officers, upon termination of an optionee’s employment (i) by the Company for any reason other than Cause or (ii) by the optionee due to the Company’s material breach of the optionee’s employment agreement, a portion of unvested options will immediately vest. The portion of unvested options that will accelerate and vest ranges from six to twelve months’ worth of unvested options, depending on the optionee. If the optionee resigns; if we terminate the optionee’s employment other than as a result of death, disability or “Cause” (as defined in the applicable option plan); or if the optionee retires, the optionee’s vested options will remain exercisable for 90 days following such termination. If the optionee’s termination of employment occurs due to death or disability, the vested options will remain exercisable for 194 days following termination. In either case, the option will no longer be exercisable after the expiration date. Upon termination for Cause, vested options will immediately be forfeited. We also may cancel an optionee’s options upon the optionee’s commission of a material breach of the terms and conditions governing the options.

The board of directors may, among other things, provide for a new exercise period upon a change in control. If the board of directors sets a new exercise period, 50% of each holder’s unvested options will accelerate and vest. Following such acceleration, the board of directors may choose to allow the unvested options to continue to vest or lapse. If the board allows the unvested options to continue vesting, 3/96th of the unvested options will vest after the first cliff vesting date as described above, and 1/96th of the remaining options will vest on each subsequent regularly scheduled vesting occasion. If we or our successor terminates an optionee’s employment without Cause in connection with or within six months following a transaction constituting a change in control, any unvested stock options held by the optionee will vest as of such termination. In addition, for certain employees, including the named executive officers, if in connection with or within six months following a change in control, such employee (i) resigns because he or she is required to perform duties that are materially inconsistent with the ones normally performed by someone in such position or (ii) otherwise experiences a constructive termination, any unvested stock options held by the employee will vest as of such resignation. The plans provide for other potential adjustments to the stock options in the event of corporate transactions.

Restricted Stock Units

As noted above, we have granted RSUs to our named executive officers and other employees, including as part of the incentive mix program. Each RSU represents the right to receive one of our ordinary shares. The RSUs generally vest as to 3/48ths of the total number of RSUs granted on the first day of the third calendar month following the date of grant, and thereafter as to 1/48th of the total number of RSUs granted on the first day of each calendar month thereafter, subject to continued employment.

All unvested RSUs will generally be forfeited upon any termination of employment. However, for certain employees, including the named executive officers, upon termination of an employee’s employment (i) by the Company for any reason other than Cause or (ii) by the employee due to the Company’s material breach of the employee’s employment agreement, a portion of the individual’s unvested RSUs will immediately vest. The portion of unvested RSUs that will accelerate and vest will be equal to the number of such RSUs that would have otherwise vested between six and 12 months following the termination, depending on the employee. If we or our successor terminates the employee’s employment without Cause in connection with or within six months following a transaction constituting a change in control, any unvested RSUs held by the individual will vest as of such termination. In addition, for certain employees, including the named executive officers, if in connection with or within six months following a change in control, the individual (i) resigns because he or she is required to perform duties that are materially inconsistent with the ones normally performed by someone in such position or (ii) otherwise experiences a constructive termination, all of the individual’s outstanding unvested RSUs will accelerate and vest.

For our employees in certain countries, upon vesting of an RSU, the Company is required to pay a social security contribution in an amount equal to the profit an employee realizes upon vesting multiplied by the applicable tax rate. The RSUs are settled in ordinary shares on or as soon as reasonably practicable (but no later than 30 days) following full vesting.

The plans provide for other potential adjustments to the RSUs in the event of corporate transactions. If the holder commits a material breach of the terms and conditions governing RSUs, we may cancel the unvested RSUs.

Cash Program

As noted above, we also offer cash awards as part of our incentive mix program to all permanent employees, including our named executive officers. Pursuant to the cash alternative of the incentive mix program, the named executive officers who choose to include cash in their incentive mix composition will receive a fixed cash payment upon each vesting date. As noted above, for the cash awards granted in 2024, 3/48ths of the cash payment vested on the first day of the third calendar month following the date of grant, and thereafter 1/48th of the cash payment granted vests on the first day of each calendar month thereafter, subject to continued employment.

Warrants

On July 1, 2019, Mr. Ek purchased, through D.G.E. Investments, 800,000 non-compensatory warrants in the Company, pursuant to a subscription agreement. Each warrant was purchased for $20.61, the then-current fair market value per share. The terms and conditions for the warrants provided that D.G.E. Investments may purchase the ordinary shares underlying the warrants for $190.09 per share at any time prior to July 1, 2022. On July 1, 2022, 800,000 warrants that were granted on July 1, 2019 expired unexercised.

On August 23, 2021, Mr. Ek purchased, through D.G.E. Investments, 800,000 non-compensatory warrants in the Company, pursuant to a subscription agreement. Each warrant was purchased for $46.01, the then-current fair market value per share. The terms and conditions for the warrants provided that D.G.E. Investments may purchase the ordinary shares underlying the warrants for $281.63 per share at any time through August 23, 2024. On July 25, 2024, Mr. Ek, through D.G.E. Investments, exercised 800,000 non-compensatory warrants in the Company that were granted on August 23, 2021. Subsequently, on July 25, 2024, the Company issued 118,891 ordinary shares and 1,188,910 beneficiary certificates to Mr. Ek, through D.G.E. Investments, upon the net settlement of the 800,000 non-compensatory warrants.

As of December 31, 2024, there were no outstanding warrants.

Compensation Tables

2024 Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the years ended December 31, 2024, 2023, and 2022.

Name and Principal Position	Year	Salary ($)	Bonus ($)[1]	Option Awards ($)[2]	Stock Awards ($)[3]	Non-Equity Incentive Compensation Plan ($)[4]	All Other Compensation ($)	Total ($)
Daniel Ek (CEO)[5]	2024	—	—	—	—	—	667,308 [6]	667,308
	2023	—	—	—	—	—	1,431,654	1,431,654
	2022	—	—	—	—	—	181,085	181,085
Paul Vogel (Former CFO)[7]	2024	186,000	691,200	—	—	—	324,937 [8]	1,202,137
	2023	600,000	—	—	4,319,992	—	16,326	4,936,318
	2022	600,000	—	6,187,244	—	—	9,988	6,797,232
Christian Luiga (CFO)[9]	2024	79,000 [14]	632,377	1,572,064	—	3,750,000	15,193 [10]	6,048,634
Dustee Jenkins (Chief Public Affairs Officer)	2024	860,000	571,895	1,504,635	3,374,945	—	3,187 [11]	6,314,662
	2023	860,000	—	—	1,750,030	1,750,000	—	4,360,030
Alex Norström (Co-President, Chief Business Officer)	2024	311,000 [14]	1,664,000 [15]	8,359,222	6,250,084	—	22,765 [12]	16,607,071
	2023	320,000 [14]	—	7,145,501	5,200,047	—	87,750	12,753,298
	2022	325,000 [14]	—	5,087,287	3,700,029	—	86,289	9,198,605
Gustav Söderström (Co-President, Chief Product & Technology Officer)	2024	271,000 [14]	1,664,000 [15]	16,718,457	—	—	80,412 [13]	18,733,869
	2023	300,000 [14]	—	14,291,007	—	—	78,036	14,669,043
	2022	312,500 [14]	—	13,749,472	—	—	95,772	14,157,744

(1) Amounts reflect one-time retention bonuses paid to Messrs. Söderström, Norström, Vogel, and Ms. Jenkins in March 2024, and the first installment of Mr. Luiga's sign-on bonus paid in October 2024. Mr. Luiga was paid in Swedish krona and such amount is based on the exchange rate of SEK 11.07 per dollar as of December 31, 2024 as published by Reuters.

(2) Amounts reflect the grant-date Black-Scholes value of the stock options granted to our named executive officers, computed in accordance with IFRS 2, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate

the value of all option awards made to executive officers in "Operating and Financial Review and Prospects" and in Note 17 of the consolidated financial statements included elsewhere in this report.

(3) Amounts reflect the grant-date fair value of the RSUs granted, computed in accordance with IFRS 2, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all stock awards made to executive officers in "Operating and Financial Review and Prospects" and in Note 17 of the consolidated financial statements included elsewhere in this report.

(4) Amount reflects the cash award granted to Mr. Luiga and Ms. Jenkins as part of our incentive mix program. 3/48ths of the cash awards vested on the third calendar month following the date of grant, and 1/48th of the cash award granted vests on the first day of each calendar month thereafter, subject to continued employment.

(5) Since July 1, 2017, Mr. Ek has not received a base salary; however, the people experience and compensation committee may, from time to time, provide Mr. Ek with a discretionary bonus as it determines to be appropriate. Mr. Ek has not received a bonus since 2018.

(6) For 2024, amount reflects $667,308 for personal security services. These 2024 dollar amounts are based on a currency translation of EUR 1.03 per dollar and SEK 11.07 per dollar as published by Reuters on December 31, 2024.

(7) Mr. Vogel ceased employment with the Company on March 31, 2024.

(8) Amount reflects $5,590 for matching contributions to the 401(k) plan. Additionally, the amount includes subsidized health benefits of $19,346 and severance payments of $300,000 in accordance with the terms of Mr. Vogel's employment agreement with the Company.

(9) Mr. Luiga's service as the Company's Chief Financial Officer commenced on September 16, 2024. Amount reflects the actual base salary in dollars earned by Mr. Luiga during fiscal year 2024. These 2024 dollar amounts are based on a currency translation of SEK 11.07 per dollar as published by Reuters on December 31, 2024.

(10) Amount reflects $15,193 for contributions to the Swedish retirement plan. These 2024 dollar amounts are based on a currency translation of SEK 11.07 per dollar as published by Reuters on December 31, 2024.

(11) For 2024, amount reflects $3,187 for personal security services. These 2024 dollar amounts are based on a currency translation of EUR 1.03 per dollar as published by Reuters on December 31, 2024.

(12) Amount reflects $22,765 for contributions to the Swedish retirement plan. These 2024 dollar amounts are based on a currency translation of SEK 11.07 per dollar as published by Reuters on December 31, 2024.

(13) Amount reflects $80,412 for contributions to the Swedish retirement plan. These 2024 dollar amounts are based on a currency translation of SEK 11.07 per dollar as published by Reuters on December 31, 2024.

(14) Messrs. Söderström and Norström were each paid in Swedish krona in 2022, 2023, and 2024. Mr. Luiga was paid in Swedish krona in 2024.The 2022 dollar amounts are based on a currency translation of SEK 9.60 per dollar as published by Reuters on December 31, 2022. The 2023 dollar amounts are based on a currency translation of SEK 10.08 per dollar as published by Reuters on December 31, 2023. The 2024 dollar amounts are based on a currency translation of SEK 11.07 per dollar as published by Reuters on December 31, 2024. The amounts include vacation pay received by Messrs. Söderström and Norström pursuant to Swedish standards. Additionally, for a portion of 2023 and 2024, Mr. Norström was paid in British pound. The 2023 dollar amounts are based on a currency translation of GBP 0.79 per dollar as published by Reuters on December 31, 2023. The 2024 dollar amounts are based on a currency translation of GBP 0.80 per dollar as published by Reuters on December 31, 2024.

(15) Amounts were paid to Messrs. Söderström and Norström in Swedish krona and British pound, respectively, based on the applicable exchange rates at the time of payment.

Grants of Plan-Based Awards in 2024

The following table sets forth information regarding grants of plan-based awards made to our named executive officers during the year ended December 31, 2024:

Name[(1)]	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards	All Other Stock Awards: Number of Shares of Stocks or Units (# shares)[(2)]	All Other Option Awards: Number of Securities Underlying Options (# shares)[(3)]	Exercise or Base Price of Option Awards Per Ordinary Share ($)	Grant Date Fair Value of Stock and Option Awards ($)[(3)]
Daniel Ek	—	—	—	—	—	—
Christian Luiga	10/1/2024	3,750,000 (4)	—	9,989	375.40	1,572,064
Dustee Jenkins	3/1/2024	—	12,796	12,796	263.75	4,879,580
Alex Norström	3/1/2024	—	23,697	71,090	263.75	14,609,305
Gustav Söderström	3/1/2024	—	—	142,180	263.75	16,718,457

(1) Mr. Vogel was not eligible to receive equity awards in 2024 because he left the company in March 2024.

(2) All stock awards were issued under the Company's Terms and Conditions Governing Employee Restricted Stock Units 2021/2026 in Spotify Technology S.A. and all option awards were issued under the Company's Terms and Conditions Governing Employee Stock Options 2021/2026 in Spotify Technology S.A.

(3) Amounts of option awards reflect the grant-date Black-Scholes value of the stock options granted during 2024 computed in accordance IFRS 2, rather than the amounts paid to or realized by the named individual. Amounts of stock awards reflect the grant-date fair value of the RSUs granted, computed in accordance with IFRS 2, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all option awards made to executive officers in "Operating and Financial Review and Prospects" and in Note 17 of the consolidated financial statements included elsewhere in this report.

(4) Amount reflects the cash award granted to Mr. Luiga as part of our incentive mix program. 3/48ths of the cash award vested on the third calendar month following the date of grant, and 1/48th of the cash award granted vests on the first day of each calendar month thereafter, subject to continued employment.

Outstanding Equity Awards at 2024 Fiscal Year-End

The following table summarizes the number of ordinary shares underlying outstanding equity incentive plan awards for each named executive officer as of December 31, 2024:

		Option Awards				Ordinary Share Awards	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number Of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price ($)	Option Expiration Date	Number Of Ordinary Shares That Have Not Vested (#)(3)	Market Value of Ordinary Shares That Have Not Vested ($)(2)
Daniel Ek	—	—	—	—	—	—	—
Christian Luiga	10/1/2024	—	9,989	375.40	10/1/2029	—	—
Dustee Jenkins	3/1/2021	—	156	321.28	3/1/2026	—	—
	3/1/2021	—	—	—	—	117	52,343
	9/1/2021	—	354	238.38	9/1/2026	—	—
	9/1/2021	—	—	—	—	265	118,556
	3/1/2022	—	5,165	151.25	3/1/2027	—	—
	3/1/2022	—	—	—	—	3,874	1,733,150
	3/1/2023	—	—	—	—	8,399	3,757,545
	3/1/2024	—	10,397	263.75	3/1/2029		—
	3/1/2024	—	—	—	—	10,397	4,651,410
Alex Norström	3/1/2021	804	2,412	321.28	3/1/2026	—	—
	3/1/2021	—	—	—	—	603	269,770
	3/1/2022	2,039	30,578	151.25	3/1/2027	—	—
	3/1/2022	—	—	—	—	7,645	3,420,220
	3/1/2023	58,234	74,872	117.20	3/1/2028	—	—
	3/1/2023	—	—	—	—	24,957	11,165,263
	3/1/2024	13,330	57,760	263.75	3/1/2029	—	—
	3/1/2024	—	—	—	—	19,253	8,613,407
Gustav Söderström	3/1/2021	1,816	5,447	321.28	3/1/2026	—	—
	3/1/2022	181,818	82,645	151.25	3/1/2027	—	—
	3/1/2023	94,468	149,744	117.20	3/1/2028	—	—
	3/1/2024	26,659	115,521	263.75	3/1/2029	—	—

(1) Of each option grant, 3/48ths of the total number of options granted vested on the first day of the third calendar month following the date of grant, and 1/48th of the total number of options granted vests on the first day of each calendar month thereafter, subject to continued employment.
(2) Values were calculated based on a $447.38 closing price of our ordinary shares, as reported on the New York Stock Exchange (the "NYSE") on December 31, 2024.
(3) Of each RSU grant, 3/48ths of such RSU grant vested on the first day of the third calendar month following the date of the grant and 1/48th of such RSU grant vests on the first day of each calendar month thereafter, subject to continued employment.

2024 Option Exercises and Stock Vested

The following table summarizes stock option exercises by and vesting of stock applicable to our named executive officers during the year ended December 31, 2024:

	Option Awards		Stock Awards	
Name	Number of Ordinary Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]	Number of Ordinary Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[2]
Daniel Ek[3]	—	—	—	—
Paul Vogel	77,571	7,843,505	8,877 (4)	2,201,748
Christian Luiga	—	—	—	—
Dustee Jenkins	10,399	2,851,006	10,421 (5)	3,310,051
Alex Norström	188,129	30,514,040	25,430 (6)	7,974,751
Gustav Söderström	300,254	50,542,322	—	—

(1) Represents the difference between the market value per share of the shares acquired on exercise, as determined based on the closing price of our ordinary shares as reported on the NYSE on the date of exercise, and the exercise price of the option.
(2) Value realized is calculated based on the closing price of our ordinary shares as reported on the NYSE on the date of vesting.
(3) As described above, on July 25, 2024, Mr. Ek, through D.G.E. Investments, exercised 800,000 non-compensatory warrants in the Company that were granted on August 23, 2021. Subsequently, on July 25, 2024, the Company issued 118,891 ordinary shares and 1,188,910 beneficiary certificates to Mr. Ek through D.G.E. Investments, upon the net settlement of the 800,000 non-compensatory warrants.
(4) Includes 4,122 RSUs which the Company retained as part of a net share settlement to satisfy the applicable tax withholding liability of Mr. Vogel related to the vesting of such RSUs.
(5) Includes 5,500 RSUs which the Company retained as part of a net share settlement to satisfy the applicable tax withholding liability of Ms. Jenkins related to the vesting of such RSUs.
(6) Includes 12,250 RSUs which the Company retained as part of a net share settlement to satisfy the applicable tax withholding liability of Mr. Norström related to the vesting of such RSUs.

Non-Employee Director Compensation

Similar to our executive compensation decisions, the people experience and compensation committee bases its decisions regarding non-employee director compensation, at least in part, by reference to the compensation of the non-employee directors in the Peer Group (as described above in "—Engagement of Compensation Consultant"). Our non-employee directors are also eligible to participate in our incentive mix program, which is intended to provide our non-employee directors with maximum flexibility and individual autonomy, by allowing our non-employee directors to have the ability to choose their own composition of long-term incentive awards each year. For further information on our incentive mix program, please see "—Long Term Incentives" above. Each such grant generally vests ratably over four years. The non-employee director RSUs will fully vest upon the occurrence of a change in control. Like employee RSUs, the RSUs are settled within 30 days following vesting, and unvested RSUs are forfeited on termination of service. The plans provide for certain potential adjustments in the event of corporate transactions.

Each year, our people experience and compensation committee reviews and, if needed, recommends updates regarding non-employee director compensation to our board of directors. In addition, the compensation for our board of directors is subject to shareholder approval.

In 2024, each of our non-employee directors participated in the incentive mix program. None of our non-employee directors are party to a service contract with us that provides for any benefits upon termination of service. The following table shows the dollar amount of incentive compensation allocated to each non-employee director, as well as the allocations chosen by each such individual:

Name	Aggregate Long-Term Incentive Award Dollar Value ($)	2024 At-the-Money Stock Option Allocation	2024 Out-of-the-Money Stock Option Allocation	2024 RSU Allocation	2024 Cash Allocation ($)
Martin Lorentzon	340,000	—	6,505	—	—
Christopher Marshall	340,000	—	—	1,084	—
Barry McCarthy	340,000	3,252	—	—	—
Shishir Mehrotra	340,000	—	4,879	271	—
Heidi O’Neill	340,000	—	—	1,084	—
Ted Sarandos	340,000	3,252	—	—	—
Thomas Staggs	370,000	3,539	—	—	—
Mona Sutphen	340,000	2,439	—	—	85,000
Padmasree Warrior	340,000	1,626	—	—	170,000

2024 Director Compensation

The following table sets forth information concerning the compensation of our non-employee directors during the year ended December 31, 2024:

Name(1)	Fees Earned or Paid in Cash ($)	Stock Awards ($)(2)	Stock Options ($)(3)	Total ($)
Martin Lorentzon	—	—	752,626	752,626
Christopher Marshall	—	339,964	—	339,964
Barry McCarthy	—	—	456,418	456,418
Shishir Mehrotra	—	84,991	564,497	649,488
Heidi O’Neill	—	339,964	—	339,964
Ted Sarandos	—	—	456,418	456,418
Thomas Staggs	—	—	496,687	496,687
Mona Sutphen	85,000	—	342,301	427,301
Padmasree Warrior	170,000	—	228,192	398,192

(1) Mr. Ek serves on our board of directors. His compensation is fully reflected in the Summary Compensation Table.

(2) Amounts reflect the grant-date fair value of the RSUs granted computed in accordance with IFRS 2, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all stock awards made in “Operating and Financial Review and Prospects” and in Note 17 of the consolidated financial statements included elsewhere in this report.

(3) Amounts reflect the aggregate grant-date Black-Scholes value of the stock options granted during 2024 computed in accordance IFRS 2, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all option awards made in “Operating and Financial Review and Prospects” and in Note 17 of the consolidated financial statements included elsewhere in this report.

The following table shows the aggregate numbers of stock awards and stock options held as of December 31, 2024 by each non-employee director who was serving as of December 31, 2024:

Name	Restricted Stock Units Outstanding at Fiscal Year End	Stock Options Outstanding at Fiscal Year End
Martin Lorentzon	—	59,787
Christopher Marshall	1,498	22,660
Barry McCarthy	—	42,602
Shishir Mehrotra	685	38,539
Heidi O'Neill	4,598	—
Ted Sarandos	—	27,569
Thomas Staggs	—	36,098
Mona Sutphen	1,656	17,779
Padmasree Warrior	753	9,856

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

None.

Item 7. Major Shareholders and Related Party Transactions.

A. Major Shareholders

The following table sets forth, as of December 31, 2024 (except where noted), the number of our ordinary shares and beneficiary certificates held by each person we know to be the beneficial owner of more than 5% of our ordinary shares and beneficiary certificates, respectively, and the percentage of total votes held by each such person. The voting rights of our major shareholders are the same as the voting rights of holders of our ordinary shares and beneficiary certificates who are not our major shareholders. As of December 31, 2024, the registrar and transfer agent for our Company reported that 172,451,326 of our ordinary shares were held by 436 record holders in the United States and none of our beneficiary certificates were held by record holders in the United States. Our beneficiary certificates carry no economic rights and are issued to provide the holders of such beneficiary certificates additional voting rights; however, each beneficiary certificate entitles its holder to one vote.

In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities and includes the ordinary shares issuable pursuant to options, warrants, and RSUs that are exercisable or settled within 60 days of December 31, 2024. Ordinary shares issuable pursuant to options, warrants, and RSUs are deemed outstanding for computing the percentage of the class beneficially owned by the person holding such options, warrants, and RSUs but are not deemed outstanding for computing the percentage of the class beneficially owned by any other person. The percentage of beneficial ownership for the following table is based on 203,844,409 total ordinary shares and 324,732,980 total beneficiary certificates outstanding as of December 31, 2024.

Name	Ordinary Shares		Beneficiary Certificates[5]		Percent of Total Voting Power
	Number	Percent	Number	Percent	
Daniel Ek[1][6]	29,105,267	14.3 %	124,732,980	38.4 %	29.1 %
Martin Lorentzon[2]	20,051,949	9.8 %	200,000,000	61.6 %	41.6 %
Baillie Gifford & Co[3]	15,570,335	7.6 %	—	—	2.9 %
Tencent[4]	16,631,969	8.2 %	—	—	— [6]

(1) Includes 12,473,298 ordinary shares that are held by D.G.E. Investments. Mr. Ek is the sole shareholder of D.G.E. Holding, which is the sole shareholder of D.G.E. Investments. Mr. Ek exercises voting power over the ordinary shares held of record by TME Hong Kong, Image Frame, Tencent Mobility Limited, and Distribution Pool Limited through his indirect ownership of D.G.E. Investments, which holds an irrevocable proxy with regard to these ordinary shares. As such, Mr. Ek may be deemed to share beneficial ownership of the ordinary shares held of record by TME Hong Kong, Image Frame, Tencent Mobility Limited, and Distribution Pool Limited. Additionally, each of D.G.E. Holding and Mr. Ek may be deemed to share beneficial ownership of the ordinary shares held of record by D.G.E. Investments. The business address of D.G.E. Holding and D.G.E. Investments is 1 Alexandrou Panagouli, Office 2B, Novel Tower, 6057 Larnaca, Cyprus. The business address of Mr. Ek is c/o Spotify AB Regeringsgatan 19, 111 53 Stockholm, Sweden.

(2) Includes 20,000,000 ordinary shares held by Rosello. Also includes 45,566 ordinary shares issuable pursuant to options that are held of record by Mr. Lorentzon that are exercisable within 60 days of December 31, 2024. Mr. Lorentzon is the sole shareholder of Amaltea, which is the sole

shareholder of Rosello. As such, each of Amaltea and Mr. Lorentzon may be deemed to share beneficial ownership of the shares held of record by Rosello. The business address of Rosello is 22 Stasikratous Street, Office 001, 1065 Nicosia, Cyprus.

(3) Based on information reported on Schedule 13G/A, as filed by Baillie Gifford & Co (Scottish partnership) (“Baillie Gifford”) with the SEC on November 5, 2024, Baillie Gifford has the following powers with respect to our ordinary shares: (i) sole voting power: 11,508,150; (ii) shared voting power: 0; (c) sole dispositive power: 15,570,335; and (iv) shared dispositive power: 0. The business address for Baillie Gifford is Carlton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, U.K.

(4) Includes 4,276,200 ordinary shares held of record by TME Hong Kong, 9,076,240 ordinary shares held of record by Image Frame, 3,227,920 ordinary shares held of record by Tencent Mobility Limited, and 51,609 ordinary shares held by Distribution Pool Limited received in connection with a distribution in kind of the Company’s ordinary shares by a fund in which an affiliate of Distribution Pool Limited is a limited partner. Tencent is also the majority equity holder of TME, which is the sole shareholder of TME Hong Kong. Each of Image Frame, Tencent Mobility Limited, and Distribution Pool Limited is wholly owned by Tencent Holdings Limited ("Tencent"). As such, Tencent may be deemed to share beneficial ownership of the ordinary shares held of record by each of TME Hong Kong, Image Frame, Tencent Mobility Limited, and Distribution Pool Limited. The address for Tencent is Level 29, Three Pacific Place, 1 Queen’s Road East, Wanchai, Hong Kong.

(5) Our shareholders have authorized the issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company without reserving to our existing shareholders a preemptive right to subscribe for the beneficiary certificates issued in the future. Pursuant to our articles of association, our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. We have issued ten beneficiary certificates per ordinary share issued by us and held of record to entities beneficially owned by our founders, Daniel Ek and Martin Lorentzon, for a total of 324,732,980 beneficiary certificates outstanding as of December 31, 2024. The beneficiary certificates carry no economic rights and are issued to provide the holders of such certificates additional voting rights. Each beneficiary certificate entitles its holder to one vote. The beneficiary certificates, subject to certain exceptions, are non-transferable and shall be automatically canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked. See “Item 10.B. Memorandum and Articles of Association.”

(6) Mr. Ek exercises voting power over the ordinary shares held of record by TME Hong Kong, Image Frame, Tencent Mobility Limited, and Distribution Pool Limited through his indirect ownership of D.G.E. Investments, which holds an irrevocable proxy with regard to these ordinary shares.

Change in Control Arrangements

None applicable.

B. Related Party Transactions

Luxembourg law prescribes certain procedures for related party transactions with directors, and our articles of association mandate that directors with a direct or indirect personal interest in any transaction that conflicts with the Company’s interest shall make that interest known and recorded in the board minutes and shall not participate in discussing or voting on such transaction. In addition, our articles of association provide that any such conflict of interest must be reported to the next general meeting of shareholders of the Company prior to any resolution taking place at such meeting.

Please see “Item 6. Directors, Senior Management and Employees—E. Share Ownership—Warrants” and Note 25 to the consolidated financial statements included elsewhere in this report for a description of the transactions relating to the warrants purchased by Mr. Ek.

We have entered into an indemnification agreement with each of our directors, executive officers, and certain other employees. The indemnification agreements and our articles of association require us to indemnify our directors and officers to the fullest extent permitted by Luxembourg law.

Related Party Transaction Policy

Our board of directors has adopted the Related Party Transaction Policy, which requires that any material transaction between us and any related party, including our directors and senior management as well as their family members, be reviewed and approved by the audit committee to ensure that the transaction is on terms comparable to those that could be obtained in arm’s length dealings with an unrelated third party.

C. Interests of Experts and Counsel

Not applicable

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Refer to “Item 18. Financial Statements” for our consolidated financial statements and report of our independent registered public accounting firm included elsewhere in this document.

Legal or arbitration proceedings

Refer to Notes 21 and 24 of the consolidated financial statements included elsewhere in this report for information regarding provisions made for legal proceedings.

Dividend Policy

We have never declared or paid any cash dividends on our share capital, and we do not expect to pay dividends or other distributions on our ordinary shares in the foreseeable future. There are no legislative or other legal provisions currently in force in Luxembourg or arising under our articles of association that restrict the payment of dividends or distributions to holders of our ordinary shares not resident in Luxembourg, except for regulations restricting the remittance of dividends, distributions, and other payments in compliance with United Nations and EU sanctions. We currently intend to retain any future earnings for working capital and general corporate purposes. Under Luxembourg law, the amount and payment of dividends or other distributions is determined by a simple majority vote at a general shareholders' meeting based on the recommendation of our board of directors, except in certain limited circumstances. Pursuant to our articles of association, the board of directors has the power to pay interim dividends or make other distributions in accordance with applicable Luxembourg law. Distributions may be lawfully declared and paid if our net profits and/or distributable reserves are sufficient under Luxembourg law. All of our ordinary shares rank *pari passu* with respect to the payment of dividends or other distributions unless the right to dividends or other distributions has been suspended in accordance with our articles of association or applicable law. Holders of beneficiary certificates are not entitled to receive any dividend payments with respect to such beneficiary certificates.

Under Luxembourg law, at least 5% of Spotify Technology S.A.'s net profits per year must be allocated to the creation of a legal reserve until such reserve has reached an amount equal to 10% of our issued share capital. The allocation to the legal reserve becomes compulsory again when the legal reserve no longer represents 10% of our issued share capital. The legal reserve is not available for distribution.

We are a holding company and have no material assets other than our indirect ownership of ordinary shares in our operating subsidiaries. Our ability to generate income and pay dividends is dependent on the ability of our subsidiaries to declare and pay dividends or lend funds to us.

The registrar and transfer agent for Spotify's ordinary shares is Computershare Trust Company, N.A.

B. Significant Changes

There have been no significant changes since the date of the financial statements included elsewhere in this annual report. Please see Note 27 of the consolidated financial statements included elsewhere in this report for details of events after the reporting period.

Item 9. The Offer and Listing

A. Offer and Listing Details

Our ordinary shares are listed on the NYSE under the symbol "SPOT."

B. Plan of Distribution

Not applicable.

C. Markets

Our ordinary shares are listed and traded on the NYSE.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are registered with the Luxembourg Trade and Companies' Register under number B.123.052. Our corporate purpose, as stated in Article 3 of our articles of association, is the acquisition and holding of direct or indirect interests in Luxembourg and/or in foreign undertakings, as well as the administration, development, and management of our holdings. We may provide any financial assistance to subsidiaries, affiliated companies, or other companies forming part of the group to which we belong, including, but not limited to, the providing of loans and the granting of guarantees or securities in any kind or form. We also may use our funds to invest in real estate, intellectual property rights, or any other movable or immovable assets in any kind or form. We may borrow in any kind or form and privately issue bonds or notes. In general, we may carry out any commercial, industrial, or financial operation that we may deem useful in the accomplishment and development of our purposes.

See Exhibit 2.1 to this Annual Report on Form 20-F for more information.

C. Material Contracts

The following is a summary of a material agreement, other than material agreements entered into in the ordinary course of business, to which we are or have been a party for the two years immediately preceding the date of this report:

- Investor Agreement by and among Spotify Technology S.A., TME, TME Hong Kong, Tencent, Image Frame, and with respect to certain sections only, D.G.E. Investments and Rosello, dated as of December 15, 2017, pursuant to which an affiliate of Tencent purchased ordinary shares of Spotify through a secondary purchase. Additionally, pursuant to this Investor Agreement, D.G.E. Investments, an entity indirectly wholly owned by Mr. Ek, shall have the sole and exclusive right to vote, in its sole and absolute discretion, any of our securities beneficially owned by the Tencent Investors or their controlled affiliates on all proposals, resolutions, and other matters for which a vote, consent, or other approval (including by written consent) of the holders of our securities is sought or upon which such holders are otherwise entitled to vote or consent.

D. Exchange Controls

We are not aware of any governmental laws, decrees, regulations or other legislation in Luxembourg that restrict the export or import of capital, including the availability of cash and cash equivalents for use by our affiliated companies, or that affect the remittance of dividends, interest or other payments to non-resident holders of our securities, except for regulations restricting the remittance of dividends, distributions, and other payments in compliance with United Nations and EU sanctions.

E. Taxation

Luxembourg Tax Considerations

The following is an overview of certain material Luxembourg tax consequences of purchasing, owning, and disposing of the ordinary shares issued by us. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own, or deposit our ordinary shares. It is included herein solely for preliminary information purposes and is not intended to be, nor should it be construed to be, legal or tax advice. Prospective purchasers of our ordinary shares should consult their own tax advisers as to the applicable tax consequences of the ownership of our ordinary shares, based on their particular circumstances. The following description of Luxembourg tax law is based upon Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities as of the date of this annual report and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis. Please be aware that the residence concept used under the respective headings below applies for Luxembourg tax assessment purposes only. Any reference in this section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax laws and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), and personal income tax (*impôt sur le revenu des personnes physiques*) generally. Corporate taxpayers may further be subject to net wealth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably applies to most corporate taxpayers resident of Luxembourg for tax purposes. Corporate taxpayers may further be subject to a top-up tax arising under any legislation implementing the OECD's Tax Challenges Arising from Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two), (the "OECD Pillar Two Model Rules"), Council Directive (EU) 2022/2523 of December 14, 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (the "Pillar Two Directive"), the Luxembourg law of December 22, 2023 implementing the Pillar Two Directive (the "Pillar Two Law") or similar rules. Individual taxpayers are generally subject to personal income tax and to the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Company

Income Tax

As the Company is a fully-taxable Luxembourg company, its net taxable profit is as a rule subject to corporate income tax ("CIT") and municipal business tax ("MBT") at ordinary rates in Luxembourg.

The taxable profit as determined for CIT purposes is applicable, with minor adjustments, for MBT purposes. CIT is levied at an effective maximum rate of 18.19% in 2024 (inclusive of the 7% surcharge for the employment fund). MBT is levied at a variable rate according to the municipality in which the Company is located (6.75% in the City of Luxembourg in 2024). The maximum aggregate CIT and MBT rate consequently amounts to 24.94% in 2024 for companies located in the City of Luxembourg. On December 11, 2024, Parliament approved a bill that reduces the maximum CIT rate to 16%. The maximum aggregate CIT and MBT rate now amounts to 23.87% (inclusive of the surcharge for the employment fund). The reduced CIT rate will apply as from the 2025 tax year.

Dividends and other payments derived from ordinary shares by the Company are subject to income taxes, unless the conditions of the participation exemption regime, as described below, are satisfied. Where the conditions of the participation exemption are not satisfied, a tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable but deductible as an operating expense from the tax base.

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from ordinary shares may be exempt from income tax if (i) the distributing company is a qualified subsidiary ("Qualified Subsidiary"), and (ii) at the time the dividend is put at the company's disposal, the Company has held or commits itself to hold for an uninterrupted period of at least 12 months shares representing a direct participation in the share capital of the Qualified Subsidiary (a) of at least 10%, or (b) of an acquisition price of at least €1.2 million (or an equivalent amount in another currency). A Qualified Subsidiary means (i) a Luxembourg resident fully-taxable company limited by share capital (*société de capitaux*), (ii) a company covered by Article 2 of the Council Directive 2011/96/EU of November 30, 2011 (the "EU Parent-Subsidiary Directive"), or (iii) a non-resident company limited by share capital (*société de capitaux*) liable to a tax corresponding to Luxembourg CIT.

Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. If the conditions of the participation exemption regime are not met, dividends derived by the Company from Qualified Subsidiaries may be exempt for 50% of their gross amount.

Capital gains realized by the Company on shares are subject to CIT and MBT at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime, capital gains realized on shares of a Qualified Subsidiary may be exempt from CIT and MBT at the level of the Company if at the time the capital gain is realized, the Company has held or commits itself to hold for an uninterrupted period of at least 12 months shares representing a direct participation in the share capital of the Qualified Subsidiary (i) of at least 10%, or (ii) of an acquisition price of at least €6 million (or an equivalent amount in another currency). Taxable gains are defined as the difference between the price for which shares have been disposed of and the lower of their cost or book value.

Withholding Tax

Dividends paid by us to the holders of our ordinary shares are as a rule subject to a 15% withholding tax in Luxembourg, unless a reduced withholding tax rate applies pursuant to an applicable double tax treaty or an exemption pursuant to the application of the Luxembourg domestic withholding tax exemption, and, to the extent withholding tax applies to Luxembourg entities, we are responsible for withholding amounts corresponding to such taxation at its source.

If the Company and a U.S. relevant holder are eligible for the benefits of the tax treaty concluded between the United States and Luxembourg (the "Treaty"), the rate of withholding on distributions shall not exceed 15%, or 5% if the U.S. relevant holder is a resident company that owns at least 10% of our Company's voting stock.

An exemption may apply under the withholding tax exemption (subject to the relevant anti-abuse rules) if cumulatively (i) the holder of our ordinary shares is an eligible parent ("Eligible Parent"), and (ii) at the time the income is made available, the holder of our ordinary shares has held or commits itself to hold for an uninterrupted period of at least 12 months a direct participation of at least 10% of our share capital or a direct participation of an acquisition price of at least €1.2 million (or an equivalent amount in another currency). Holding a participation through an entity treated as tax transparent from a Luxembourg income tax perspective is deemed to be a direct participation in proportion to the net assets held in this entity. An Eligible Parent includes (i) a company covered by Article 2 of the EU Parent-Subsidiary Directive or a Luxembourg permanent establishment thereof, (ii) a fully-taxable company limited by share capital (*société de capitaux*) resident in Luxembourg, (iii) a company resident in a State having a double tax treaty with Luxembourg and subject to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof, (iv) a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than an EU Member State and liable to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof, or (v) a Swiss company limited by share capital (*société de capitaux*) which is effectively subject to corporate income tax in Switzerland without benefiting from an exemption.

No withholding tax is levied on capital gains and liquidation proceeds. However, capital gains realized by a non-resident shareholder on the disposal of shares held in a Luxembourg company may be subject to Luxembourg CIT if they are deemed to be speculative (i.e. if shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition).

Net Wealth Tax

The Company is as a rule subject to Luxembourg net wealth tax ("NWT") on its net assets as determined for net wealth tax purposes. NWT is levied at the rate of 0.5% on net assets not exceeding €500 million and at the rate of 0.05% on the portion of the net assets exceeding €500 million. Net worth is referred to as the unitary value (*valeur unitaire*), as determined at January 1 of each year. The unitary value is in principle calculated as the difference between (i) assets estimated at their fair market value (*valeur estimée de réalisation*), and (ii) liabilities vis-à-vis third parties.

Under the participation exemption regime, a qualified shareholding held by the Company in a Qualified Subsidiary is exempt for net wealth tax purposes.

A minimum net wealth tax ("MNWT") is levied on companies having their statutory seat or central administration in Luxembourg. For entities for which the sum of fixed financial assets, receivables against related companies, transferable securities, and cash at bank exceeds 90% of their total balance sheet and €350,000, the MNWT is set at €4,815. For all other companies having their statutory seat or central administration in Luxembourg, which do not fall within the scope of the €4,815 MNWT, the MNWT ranges from €535 to €32,100, depending on the company's total balance sheet. On December 11, 2024, Parliament approved a bill that modifies the MNWT so that, starting in 2025, the tax is now determined solely on the basis of the company's total balance sheet and amounts to €4,815 for a company having a total balance sheet exceeding €2 million.

Top-up Tax

In December 2021, the OECD published final Pillar Two Model Rules for a global minimum tax (the "GloBE rules"). The GloBE rules aim to ensure that large multi-national enterprise groups pay a minimum tax of 15% on the income arising in each of the jurisdictions where they operate. Most rules apply to tax years starting on or after December 31, 2023. As a result, the Company may be subject to a top-up tax.

Other Taxes

The issuance of our ordinary shares and any other amendment of our articles of association are currently subject to a €75 fixed registration duty. The disposal of our ordinary shares is not subject to a Luxembourg registration tax or stamp duty, unless recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

Taxation of the Holders of Ordinary Shares

Luxembourg Tax Residency of the Holders of Our Ordinary Shares

A holder of our ordinary shares will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of our ordinary shares or the execution, performance, or enforcement of his/her rights thereunder.

Income Tax—Luxembourg Resident Holders

Luxembourg Individual Residents. Dividends and other payments derived from our ordinary shares by resident individual holders of our ordinary shares, who act in the course of the management of either their private wealth or their professional or business activity, are subject to income tax at the ordinary progressive rates. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable. 50% of the gross amount of dividends received from the Company by resident individual holders of our ordinary shares are exempt from income tax.

Capital gains realized on the disposal of our ordinary shares by resident individual holders of our ordinary shares, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if our ordinary shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains are subject to income tax as miscellaneous income at ordinary rates. A participation is deemed to be substantial where a resident individual holder of our ordinary shares holds or has held, either alone or together with his/her spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company whose ordinary shares are being disposed of. A holder of our ordinary shares is also deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realized on a substantial participation more than six months after the acquisition thereof are taxed according to the half-global rate method, (i.e., the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realized on the disposal of our ordinary shares by resident individual holders of our ordinary shares, who act in the course of their professional or business activity, are subject to income tax at ordinary rates. Taxable gains are determined as the difference between the price for which our ordinary shares have been disposed of and the lower of their cost or book value.

Luxembourg Fully-taxable Corporate Residents. Dividends and other payments derived from our ordinary shares by Luxembourg resident fully-taxable companies are subject to CIT and MBT, unless the conditions of the participation exemption regime, as described below, are satisfied. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable. If the conditions of the participation exemption regime are not met, 50% of the gross amount of dividends received by Luxembourg resident, fully-taxable companies from our ordinary shares are exempt from CIT and MBT.

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from our ordinary shares may be exempt from CIT and MBT at the level of the holder of our ordinary shares if cumulatively (i) the holder of our ordinary shares is an Eligible Parent, and (ii) at the time the dividend is put at the holder of our ordinary shares' disposal, the holder of our ordinary shares has held or commits itself to hold for an uninterrupted period of at least 12 months a qualified shareholding ("Qualified Shareholding"). A Qualified Shareholding means ordinary shares representing a direct participation of at least 10% in the share capital of the Company or a direct participation in the Company of an acquisition price of at least €1.2 million (or an equivalent amount in another currency). Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. If the conditions of the participation exemption regime are not met, dividends derived by the holder of the ordinary shares from the Company may be exempt for 50% of their gross amount. Ordinary shares held through a tax-transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Capital gains realized by a Luxembourg resident fully-taxable company on our ordinary shares are subject to CIT and MBT at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime, capital gains realized on our ordinary shares may be exempt from CIT and MBT at the level of the holder of our ordinary shares if cumulatively (i) the holder of our ordinary shares is an Eligible Parent, and (ii) at the time the capital gain is realized, the holder of our ordinary shares has held or commits itself to hold for an uninterrupted period of at least 12 months our ordinary shares representing a direct participation in the share capital of the Company of at least 10% or a direct participation in the Company of an acquisition price of at least €6 million (or an equivalent amount in another currency). Taxable gains are determined as the difference between the price for which our ordinary shares have been disposed of and the lower of their cost or book value.

Luxembourg Residents Benefiting from a Special Tax Regime. Holders of our ordinary shares who are either (i) an undertaking for collective investment governed by the amended law of December 17, 2010, (ii) a specialized investment fund governed by the amended law of February 13, 2007, (iii) a family wealth management company governed by the amended law of May 11, 2007, or (iv) a reserved alternative investment fund treated as a specialized investment fund for Luxembourg tax purposes governed by the amended law of July 23, 2016, are exempt from income tax in Luxembourg. Dividends derived from and capital gains realized on our ordinary shares are thus not subject to Luxembourg income tax in their hands.

Income Tax—Luxembourg Non-Resident Holders

Non-resident holders of our ordinary shares who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom our ordinary shares are attributable, are not liable to any Luxembourg income tax on income and gains derived from our ordinary shares except capital gains realized on (i) a substantial participation before the acquisition or within the first six months of the acquisition thereof, or (ii) a substantial participation more than six months after the acquisition thereof by a holder of our ordinary shares who has been a former Luxembourg resident for more than 15 years and has become a non-resident, at the time of transfer, less than five years ago. A participation is deemed to be substantial where a shareholder holds or has held, either alone or, in case of an individual shareholder, together with his/her spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company whose ordinary shares are being disposed of. A shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period).

If the Company and a U.S. relevant holder are eligible for the benefits of the Treaty, such U.S. relevant holder generally should not be subject to Luxembourg tax on the gain from the disposal of such ordinary shares unless such gain is attributable to a permanent establishment of such U.S. relevant holder in Luxembourg.

Non-resident holders of our ordinary shares which have a permanent establishment or a permanent representative in Luxembourg to which or whom our ordinary shares are attributable, must include any income received, as well as any gain realized, on the sale, disposal or redemption of our ordinary shares, in their taxable income for Luxembourg tax assessment purposes, unless the conditions of the participation exemption regime, as described below, are satisfied. If the conditions of the participation exemption regime are not fulfilled, 50% of the gross amount of dividends received by a Luxembourg permanent establishment or permanent representative may be, however, exempt from income tax. Taxable gains are determined as the difference between the price for which the ordinary shares have been disposed of and the lower of their cost or book value.

Under the participation exemption regime (subject to relevant anti-abuse rules), dividends derived from our ordinary shares may be exempt from income tax if cumulatively (i) our ordinary shares are attributable to a qualified permanent establishment ("Qualified Permanent Establishment"), and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it has held or commits itself to hold a Qualified Shareholding for an uninterrupted period of at least 12 months. A Qualified Permanent Establishment means (i) a Luxembourg permanent establishment of a company covered by Article 2 of the EU Parent-Subsidiary Directive, (ii) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux)* resident in a State having a tax treaty with Luxembourg, and (iii) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than an EU Member State. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Ordinary shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Under the participation exemption regime, capital gains realized on our ordinary shares may be exempt from income tax if (i) our ordinary shares are attributable to a Qualified Permanent Establishment, and (ii) at the time the capital gain is realized, the Qualified Permanent Establishment has held or commits itself to hold, for an uninterrupted period of at least 12 months, our ordinary shares representing a direct participation in the share capital of the Company of at least 10% or a direct participation in the Company of an acquisition price of at least €6 million (or an equivalent amount in another currency). Taxable gains are determined as the difference between the price for which our ordinary shares have been disposed of and the lower of their cost or book value.

Net Wealth Tax

Luxembourg resident holders of our ordinary shares, as well as non-resident holders of our ordinary shares who have a permanent establishment or a permanent representative in Luxembourg to which or whom our ordinary shares are attributable, are subject to Luxembourg NWT on our ordinary shares, except if the holder is (i) a resident or non-resident individual taxpayer, (ii) a securitization company governed by the amended law of March 22, 2004 on securitization, (iii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iv) a professional pension institution governed by the amended law of July 13, 2005, (v) a specialized investment fund governed by the amended law of February 13, 2007, (vi) a family wealth management company governed by the amended law of May 11, 2007, (vii) an undertaking for collective investment governed by the amended law of December 17, 2010, or (viii) a reserved alternative investment fund governed by the amended law of July 23, 2016. However, (i) a securitization company governed by the amended law of March 22, 2004 on securitization, (ii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iii) a professional pension institution governed by the amended law of July 13, 2005, and (iv) a tax opaque reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes and governed by the amended law of July 23, 2016, remain subject to MNWT.

Under the participation exemption, a Qualified Shareholding held in the Company by an Eligible Parent or attributable to a Qualified Permanent Establishment may be exempt. The net wealth tax exemption for a Qualified Shareholding does not require the completion of the 12-month holding period.

Other Taxes

Under Luxembourg tax law, where an individual holder of our ordinary shares is a resident of Luxembourg for inheritance tax purposes at the time of his or her death, our ordinary shares are included in his or her taxable basis for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of our ordinary shares upon the death of an individual holder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of our ordinary shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

U.S. Federal Income Tax Considerations

The following summary describes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of our ordinary shares. This summary deals only with our ordinary shares held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”). This summary also does not address the tax consequences that may be relevant to holders in special tax situations including, without limitation, dealers in securities, traders that elect to use a mark-to-market method of accounting, holders that own our ordinary shares as part of a “straddle,” “hedge,” “conversion transaction,” or other integrated investment, banks or other financial institutions, individual retirement accounts and other tax-deferred accounts, insurance companies, real estate investment trusts, regulated investment companies, tax-exempt organizations, U.S. expatriates, holders whose functional currency is not the U.S. dollar, holders subject to any alternative minimum tax, holders that acquired our ordinary shares in a compensatory transaction, holders that are resident in or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States to which the income from our ordinary shares is attributable, persons subject to special tax accounting as a result of any item of gross income with respect to our ordinary shares being taken into account in an applicable financial statement, or holders that actually or constructively own 10% or more of the total voting power or value of our ordinary shares.

This summary is based upon the Internal Revenue Code, applicable U.S. Treasury regulations, administrative pronouncements and judicial decisions, in each case as in effect on the date hereof, all of which are subject to change (possibly with retroactive effect). No ruling will be requested from the Internal Revenue Service (the “IRS”) regarding the tax consequences of owning and disposing of our ordinary shares, and there can be no assurance that the IRS will agree with the discussion set out below. This summary does not address any tax consequences other than U.S. federal income tax consequences (such as any estate or gift tax, the Medicare tax on net investment income, or any state, local, or non-U.S. tax consequences).

As used herein, the term “U.S. Holder” means a beneficial owner of our ordinary shares that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any state thereof or therein or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust (a) that is subject to the supervision of a court within the United States and the control of one or more United States persons as described in Internal Revenue Code Section 7701(a)(30), or (b) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

If an entity or other arrangement treated as a partnership for U.S. federal income tax purposes holds our ordinary shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of a partnership that holds our ordinary shares should consult their tax advisors regarding the U.S. federal income tax consequences of owning, and disposing of our ordinary shares.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING AND DISPOSING OF OUR ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Dividends

Subject to the discussion below under "—Passive Foreign Investment Company," the amount of dividends paid to a U.S. Holder with respect to our ordinary shares generally will be included in the U.S. Holder's gross income as ordinary income from foreign sources to the extent paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Distributions in excess of earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in our ordinary shares and thereafter as capital gain. However, we do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, U.S. Holders should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any distribution paid in foreign currency will be equal to the U.S. dollar value of such currency, translated at the spot rate of exchange on the date such distribution is received, regardless of whether the payment is, in fact, converted into U.S. dollars at that time.

Foreign withholding tax (if any) paid on dividends on our ordinary shares at the rate applicable to a U.S. Holder (taking into account any applicable income tax treaty) will, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such holder's U.S. federal income tax liability or, at such holder's election, eligible for deduction in computing such holder's U.S. federal taxable income. Dividends paid on our ordinary shares generally will constitute "passive category income" for purposes of the foreign tax credit. However, if we are a "United States-owned foreign corporation," solely for foreign tax credit purposes, a portion of the dividends allocable to our U.S. source earnings and profits may be recharacterized as U.S. source. A "United States-owned foreign corporation" is any foreign corporation in which United States persons own, directly or indirectly, 50% or more (by vote or by value) of the stock. In general, United States-owned foreign corporations with less than 10% of earnings and profits attributable to sources within the United States are excepted from these rules. Although we don't believe we are currently a "United States-owned foreign corporation," we may become one in the future. In such case, if 10% or more of our earnings and profits are attributable to sources within the United States, a portion of the dividends paid on our ordinary shares allocable to our U.S. source earnings and profits will be treated as U.S. source, and, as such, a U.S. Holder may not offset any foreign tax withheld as a credit against U.S. federal income tax imposed on that portion of dividends. Recently issued U.S. Treasury regulations further restrict the availability of foreign tax credits. However, a recent notice from the IRS indicates that the U.S. Treasury and the IRS are considering proposing amendments to such Treasury Regulations and allows, subject to certain conditions, taxpayers to defer the application of many aspects of such Treasury Regulations for taxable years beginning on or after December 28, 2021 and ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). The rules governing the treatment of foreign taxes imposed on a U.S. Holder and foreign tax credits are complex, and U.S. Holders should consult their tax advisors about the impact of these rules in their particular situations.

Dividends paid to a non-corporate U.S. Holder by a "qualified foreign corporation" may be subject to reduced rates of taxation if certain holding period and other requirements are met. "Qualified foreign corporation" generally includes a foreign corporation (other than a foreign corporation that is a PFIC (as defined below) with respect to the relevant U.S. Holder for the taxable year in which the dividends are paid or for the preceding taxable year) (i) whose ordinary shares are readily tradable on an established securities market in the United States, or (ii) which is eligible for benefits under a comprehensive U.S. income tax treaty that includes an exchange of information program and which the U.S. Treasury Department has determined is satisfactory for these purposes. Our ordinary shares are expected to be readily tradable on the NYSE, an established securities market. U.S. Holders should consult their own tax advisors regarding the availability of the reduced tax rate on dividends in light of their particular circumstances. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other U.S. corporations.

Disposition of Our Ordinary Shares

Subject to the discussion below under "—Passive Foreign Investment Company," a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes on the sale or other taxable disposition of our ordinary shares equal to the difference, if any, between the amount realized and the U.S. Holder's adjusted tax basis in our ordinary shares. In general, capital gains recognized by a non-corporate U.S. Holder, including an individual, are subject to a lower rate under current law if such U.S. Holder held shares for more than one year. The deductibility of capital losses is subject to limitations. Any such gain or loss generally will be treated as U.S. source income or loss for purposes of the foreign tax credit. A U.S. Holder's initial tax basis in our ordinary shares generally will equal the cost of such ordinary shares.

If the consideration received upon the sale or other taxable disposition of our ordinary shares is paid in foreign currency, the amount realized will be the U.S. dollar value of the payment received, translated at the spot rate of exchange on the date of taxable disposition. If our ordinary shares are treated as traded on an established securities market, a cash basis U.S. Holder and an accrual basis U.S. Holder who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS) will determine the U.S. dollar value of the amount realized in foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. An accrual basis U.S. Holder that does not make the special election will recognize exchange gain or loss to the extent attributable to the difference between the exchange rates on the sale date and the settlement date, and such exchange gain or loss generally will constitute ordinary income or loss.

Passive Foreign Investment Company

In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least (i) 75% of its gross income is classified as "passive income," or (ii) 50% of its assets (determined on the basis of a quarterly average) produce or are held for the production of passive income. For these purposes, passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets, and cash is considered a passive asset. In making this determination, the non-U.S. corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it holds a 25% or greater interest. Based on our historic and expected operations, composition of assets and market capitalization, we do not expect to be classified as a PFIC for the current taxable year ended December 31, 2024. However, the determination of whether we are a PFIC is made annually. Moreover, the value of our assets for purposes of the PFIC determination will generally be determined by reference to the public price of our ordinary shares, which may fluctuate significantly. Therefore, there is no assurance that we would not be classified as a PFIC in the future due to, for example, changes in the composition of our assets or income, as well as changes in our market capitalization. Under the PFIC rules, if we were considered a PFIC at any time that a U.S. Holder holds our ordinary shares, we would continue to be treated as a PFIC with respect to such holder's investment unless (i) we cease to be a PFIC, and (ii) the U.S. Holder has made a "deemed sale" election under the PFIC rules.

If we are considered a PFIC for any taxable year that a U.S. Holder holds our ordinary shares, any gain recognized by the U.S. Holder on a sale or other disposition of our ordinary shares would be allocated pro-rata over the U.S. Holder's holding period for the ordinary shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. Further, to the extent that any distribution received by a U.S. Holder on our ordinary shares exceeds 125% of the average of the annual distributions on the ordinary shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain on the sale or other disposition of ordinary shares if we were a PFIC, as described above. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the ordinary shares. If we are treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. Holder will be deemed to own shares in any of our subsidiaries that also are PFICs. A timely election to treat us as a qualified electing fund under the Internal Revenue Code would result in an alternative treatment. However, we do not intend to prepare or provide the information that would enable U.S. Holders to make a qualified electing fund election. If we are considered a PFIC, a U.S. Holder also will be subject to annual information reporting requirements. U.S. Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in the ordinary shares.

Information Reporting and Backup Withholding

Dividend payments and proceeds paid from the sale or other taxable disposition of ordinary shares may be subject to information reporting to the IRS. In addition, a U.S. Holder (other than exempt holders who establish their exempt status if required) may be subject to backup withholding on cash payments received in connection with dividend payments and proceeds from the sale or other taxable disposition of our ordinary shares made within the United States or through certain U.S.-related financial intermediaries.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number, makes other required certification and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Financial Asset Reporting

Certain U.S. Holders are required to report their holdings of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds certain threshold amounts. The ordinary shares are expected to constitute foreign financial assets subject to these requirements unless the ordinary shares are held in an account at certain financial institutions. U.S. Holders should consult their tax advisors regarding the application of these reporting requirements.

FATCA

Provisions under Sections 1471 through 1474 of the Internal Revenue Code and applicable U.S. Treasury regulations commonly referred to as "FATCA" generally impose 30% withholding on certain "withholdable payments" and, in the future, may impose such withholding on "foreign passthru payments" made by a "foreign financial institution" (each as defined in the Internal Revenue Code) that has entered into an agreement with the IRS to perform certain diligence and reporting obligations with respect to the foreign financial institution's U.S.-owned accounts. The United States has entered into an intergovernmental agreement, or IGA, with Luxembourg, implemented by the Luxembourg law dated July 24, 2015 and amended on June 18, 2020, which modifies the FATCA withholding regime described above. Under the regulations, any withholding on foreign passthru payments would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Although these regulations are not final, taxpayers generally may rely on them until final regulations are issued. U.S. Holders should consult their tax advisors regarding the potential impact of FATCA, the Luxembourg IGA and any non-U.S. legislation implementing FATCA on the investment in our ordinary shares.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

Our SEC filings are available to you on the SEC's website at http://www.sec.gov. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The information on that website is not part of this report.

We also make available on the Investors section of our website, free of charge, our annual reports on Form 20-F and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is www.spotify.com. The information on that website is not part of this report.

We announce material financial information to our investors using our Investors website (investors.spotify.com), SEC filings, press releases, public conference calls, and webcasts. We use these channels, as well as social media, to communicate with our users and the public about our company, our services, and other issues. It is possible that the information we post on these channels could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on the channels listed on our Investors website. Information contained on our website is not part of this annual report on Form 20-F or any other filings we make with the SEC.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Our activities expose us to a variety of market risks. Our primary market risk exposures relate to currency, interest rate, share price, investment, and inflation risks. To manage these risks and our exposure to the unpredictability of financial markets, we seek to minimize potential adverse effects on our financial performance and capital.

Volatile market conditions caused by significant events with macroeconomic impacts, including, but not limited to, inflation, changes in interest rates, changes in trade policies, geopolitical conflicts in Europe and the Middle East, and related market uncertainty, may result in significant changes in foreign exchange rates, interest rates, and share prices, both our own and those of third parties we use to value certain of our long term investments. Refer to Part I. "Item 3.D. Risk Factors" in this document for further discussion.

Financial risk management

Our operations are exposed to financial risks. To manage these risks efficiently, we have established guidelines in the form of a treasury policy that serves as a framework for our daily financial operations. The treasury policy stipulates the rules and limitations for the management of financial risks.

Financial risk management is centralized within Treasury, which is responsible for the management of financial risks. Treasury manages and executes the financial management activities, including monitoring the exposure of financial risks, cash management, and maintaining a liquidity reserve. Treasury operates within the limits and policies authorized by the board of directors.

Currency risk

Currency risk manifests itself in transaction exposure, which relates to business transactions denominated in foreign currency required by operations (purchasing and selling) and/or financing (interest and amortization). The volatility in foreign exchange rates, in particular a weakening of foreign currencies relative to the Euro, may negatively affect our revenue. Our general policy is to hedge transaction exposure on a case-by-case basis. Translation exposure relates to net investments in foreign operations. We do not conduct translation risk hedging.

Transaction exposure sensitivity

In most cases, our customers are billed in their respective local currency. Major payments, such as salaries, consultancy fees, and rental fees are settled in local currencies. Royalty payments are primarily settled in Euros and U.S. dollars. Hence, the operational need to net purchase foreign currency is due primarily to a deficit from such settlements.

The table below shows the immediate impact on net income before tax of a 10% strengthening of foreign currencies relative to the Euro in the closing exchange rate of significant currencies to which we have transaction exposure at December 31, 2024. The impact on net income before tax is due primarily to monetary assets and liabilities in a transactional currency other than the functional currency of a subsidiary within the Group. The sensitivity associated with a 10% weakening of a particular currency would be equal and opposite. This assumes that each currency moves in isolation.

2024	Swedish krona (SEK)	British pound (GBP)	U.S. dollar (USD)
		(in € millions)	
Increase/(decrease) in income before tax	(16)	(11)	70

Translation exposure sensitivity

The impact on our equity would be approximately €207 million if the Euro weakened by 10% against all translation exposure currencies, based on the exposure at December 31, 2024.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on earnings and cash flows. Our exposure to interest rate risk is related to our interest-bearing assets, including our cash and cash equivalents and our short term debt securities. Fluctuations in interest rates impact the yield of the investment. The sensitivity analysis considered the historical volatility of short term interest rates and we determined that it was reasonably possible that a change of 100 basis points could be experienced in the near term. A hypothetical 100 basis point decrease or increase in interest rates would have resulted in a change in interest income earned on our cash and cash equivalents and short term investments of €54 million for the year ended December 31, 2024.

Share price risk

Share price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the fair value of the Company's ordinary share price. Our exposure to this risk relates primarily to the Exchangeable Notes and accrual for social costs on outstanding share-based compensation awards.

A 10% decrease or increase in the Company's ordinary share price would have resulted in a fair value of the Exchangeable Notes ranging from €1,509 million to €1,575 million at December 31, 2024.

A 10% decrease or increase in the Company's ordinary share price would have resulted in a change of €33 million in the accrual for social costs on outstanding share-based compensation awards at December 31, 2024.

Investment risk

We are exposed to investment risk as it relates to changes in the market value of our long term investments, due primarily to volatility in the share price used to measure the investment and exchange rates. The majority of our long term investments relate to TME. A 10% decrease or increase in TME's share price would have resulted in the fair value of the Group's long term investment in TME ranging from €1,395 million to €1,705 million at December 31, 2024.

Inflation risk

Inflationary factors, such as increases in costs, may adversely affect our results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases for our Subscription Offerings or sale of advertisements. Our inability or failure to do so could harm our business, operating results, and financial condition.

Item 12. Description of Securities Other Than Equity Securities

Not applicable.

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None

Item 15. Controls and Procedures

A. Disclosure Controls and Procedures

As required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Annual Report on Form 20-F. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating and implementing possible controls and procedures.

B. Management's annual report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act). Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013). Based on our assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2024. The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Ernst & Young AB, an independent registered public accounting firm, as stated in their report that is included herein.

The effectiveness of any system of internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting can only provide reasonable, not absolute, assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure that such improvements will be sufficient to provide us with effective internal control over financial reporting.

C. Attestation report of the registered public accounting firm

Please see the report of Ernst & Young AB, an independent registered public accounting firm, included in "Item 18. Financial Statements."

D. Changes in internal control over financial reporting

There were no changes to our internal control over financial reporting during the year ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Thomas Staggs is an "audit committee financial expert," as defined in Item 16A of Form 20-F. All audit committee members satisfy the independence requirements set forth under the rules of the NYSE and in Rule 10A-3 under the Exchange Act.

Item 16B. Code of Ethics

We have adopted the Spotify Code of Conduct and Ethics, which applies to all of our directors, officers, employees, consultants, and others working on our behalf, and is intended to meet the definition of "code of ethics" under Item 16B of Form 20-F. The Spotify Code of Conduct and Ethics is available on our website at investors.spotify.com. We did not grant any waivers to the Spotify Code of Conduct and Ethics during the year ended December 31, 2024.

Item 16C. Principal Accountant Fees and Services

Ernst & Young AB have acted as our principal accountants for the years ended December 31, 2024 and 2023, respectively. The following table summarizes the charge for professional fees rendered in those periods:

	2024	**2023**
	(in € thousands)	
Audit fees	7,823	7,026
Audit-related fees	287	605
Tax fees	—	—
All other fees	—	—
Total	**8,110**	**7,631**

"Audit fees" are the aggregate fees earned by the Ernst & Young entities for the audit of our consolidated annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. "Audit-related fees" are fees charged by the Ernst & Young entities for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees." This category comprises fees for internal control reviews, agreed-upon procedure engagements and other attestation services subject to regulatory requirements. "Tax Fees" include fees billed for tax compliance. "All other fees" are the fees for products and services other than those in the above three categories.

All audit services and non-audit services to be performed for us by our independent auditor must be approved by our Audit Committee in advance to ensure that such engagements do not impair the independence of our independent registered public accounting firm. The Audit Committee generally pre-approves particular services or categories of services on a case-by-case basis. All services provided to us by our independent auditor in 2024 and 2023 were pre-approved by the Audit Committee.

Item 16D. Exemptions from the Listing Standards for Audit Committees

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On August 20, 2021, the Company announced that the board of directors had approved a program to repurchase up to $1.0 billion of the Company's ordinary shares. Repurchases of up to 10,000,000 of the Company's ordinary shares were authorized at the Company's general meeting of shareholders on April 21, 2021. The authorization to repurchase will expire on April 21, 2026 unless renewed by the decision of a general meeting of shareholders of the Company. The timing and actual number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities. The repurchase program will be executed consistent with the Company's capital allocation strategy of prioritizing investment to grow the business over the long term.

2024	Total Number of Shares Purchased(1)	Average Price Paid per Share(1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Value of Shares that May Yet Be Purchased Under the Plans or Programs
January	—	€ —	—	€ 865,013,110
February	500,000	€ —	—	€ 865,013,110
March	400,000	€ —	—	€ 865,013,110
April	1,000,000	€ —	—	€ 865,013,110
May	—	€ —	—	€ 865,013,110
June	1,000,000	€ —	—	€ 865,013,110
July	—	€ —	—	€ 865,013,110
August	1,000,000	€ —	—	€ 865,013,110
September	—	€ —	—	€ 865,013,110
October	—	€ —	—	€ 865,013,110
November	2,100,000	€ —	—	€ 865,013,110
December	—	€ —	—	€ 865,013,110
Total	**6,000,000**	**€ —**	**—**	**€ 865,013,110**

(1) During 2024, the Company issued 6,000,000 ordinary shares to its Netherlands subsidiary at par value and subsequently repurchased those shares at the same price. These shares are held in treasury in order to facilitate the fulfillment of option exercises and RSU releases under the Company's stock option and RSU plans. Price paid per share is equal to par value, or €0.000625 per share, as of the date of purchase.

(2) This column includes all the shares repurchased as a part of the repurchase program announced on August 20, 2021, as further described above. See Note 16 to our consolidated financial statements included in this report for additional details. As of December 31, 2024, we had repurchased a total of approximately €91 million under the share repurchase program.

As of December 31, 2024, the maximum value of shares that may yet be purchased under the share repurchase program announced on August 20, 2021 is approximately €865 million, translated into Euro from U.S. Dollars at the exchange rate as published by Reuters on December 31, 2024.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Our common shares are listed on the NYSE. For purposes of NYSE rules, so long as we are a foreign private issuer, we are eligible to take advantage of certain exemptions from NYSE corporate governance requirements provided in the NYSE rules. We are required to disclose the significant ways in which our corporate governance practices differ from those that apply to U.S. companies under NYSE listing standards. Set forth below is a summary of these differences:

Board Committees—The NYSE rules require domestic companies to have a compensation committee and a nominating and corporate governance committee composed entirely of independent directors, but as a foreign private issuer we are exempt from these requirements. We do not have a nominating and corporate governance committee.

Shareholder Approval of Equity Plans—The NYSE rules require shareholder approval of stock option plans and other equity compensation arrangements available to officers, directors or employees and any material amendments thereto, but as a foreign private issuer we are permitted to follow home country practice in lieu of those rules. Under home country practice, shareholder approval of stock option plans and other equity compensation arrangements is not required; however, we are required to seek shareholder approval of the compensation paid to our directors. The Company's board of directors approves the stock option plans and other equity compensation arrangements that do not require shareholder approval under our home country practice.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

Our board of directors has adopted the Company's Insider Trading Policy that governs all transactions involving the Company's securities by directors, officers, employees, consultants, and contractors and is reasonably designed to promote compliance with any insider trading laws, rules and regulations, and listing standards applicable to the Company. A copy of the Company's Insider Trading Policy is filed as Exhibit 11.1 to this Annual Report.

Item 16K. Cybersecurity

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program designed to protect the confidentiality, integrity, and availability of our systems and information. To protect our systems and information from cybersecurity threats, we use a variety of security tools and techniques designed to prevent, detect, investigate, contain, escalate, and recover from identified vulnerabilities and security incidents.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program and shares common methodologies and reporting channels that apply across the enterprise risk management program. Our Internal Audit & Risk team is principally responsible for facilitating our enterprise risk management program, in consultation with multiple functions at Spotify and reporting to the Audit Committee.

Our cybersecurity risk management program includes:

- an Information Security Policy that articulates our information security practices and procedures to maintain confidence in our business and to protect the confidentiality, integrity, and availability of the information we handle;
- a dedicated Head of Security responsible for executing on relevant internal and external requirements and identifying appropriate technical and organizational measures to deliver information security in compliance with those requirements (in consultation with our Data Protection Officer who is responsible for advising on legal obligations with regard to personal data privacy);
- a Security Governance, Risk, and Compliance team, led by our Head of Security, principally responsible for driving our cybersecurity risk management program, including a formal information security risk assessment on an annual basis; our risk remediations, prioritizations, and security safeguards; and risk awareness or education programs for employees relating to cybersecurity;
- the use of both internal and external resources, such as assessors, consultants, and auditors, where appropriate, to assess, test, or otherwise assist with aspects of our security controls;
- an external audit of our systems and environments in scope for Payment Card Industry Data Security Standards, including an external penetration test, on an annual basis;
- a cybersecurity incident response plan that includes procedures for assessing, responding to, remediating, resolving, and conducting post-analysis of cybersecurity incidents;
- cybersecurity training of our incident response personnel and senior management;
- various monitoring and detection tools, including a bug bounty program, to assist us in regularly identifying, assessing, prioritizing, and mitigating vulnerabilities in our products and services;

- a vendor assessment program designed to identify and mitigate cybersecurity risks associated with our use of third-party service providers; and
- contractual obligations on third-party vendors to report security incidents, risk identification, or other security-related issues promptly to Spotify.

We and certain of our third-party service providers have been subject to cyberattacks and security incidents in the past due to, for example, computer malware, viruses, computer hacking, credential stuffing, and phishing attacks. We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. However, because of our prominence, we believe that we are a particularly attractive target for such attacks, and we expect to continue to experience cyberattacks and security incidents in the future. See "Item 3.D. Risk Factors—Risks Related to Our Operations—Failure to maintain the integrity of our technology infrastructure and systems or the security of confidential information could result in civil liability, statutory fines, regulatory enforcement, and the loss of confidence in us by our users, advertisers, content providers, and other business partners, all of which could harm our business" and "—Interruptions, delays, or discontinuations in service arising from our own systems or from third parties could harm our business."

Cybersecurity Governance

Our board of directors considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee oversight of our cybersecurity and data protection programs.

The Audit Committee receives quarterly updates from management on our cybersecurity and data protection programs, including related trends or metrics. The Audit Committee also receives annual updates from our Head of Security and our Data Protection Officer regarding the state of our cybersecurity and data protection programs, including key issues, priorities, and challenges.

In addition to any reports from the Audit Committee to the full board regarding cybersecurity, management informs and updates the full board about any significant cybersecurity incidents. The full board also receives briefings from management on key components of our programs and any pressing risk or compliance matters.

Our management team, including the Head of Security, is responsible for assessing and managing material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our Head of Security has over 20 years of experience in executive leadership across multiple industries in the areas of information security, digital transformation, and enterprise risk management.

Our management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public, or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

PART III

Item 17. Financial Statements

See "Item 18. Financial Statements"

Item 18. Financial Statements

The audited Consolidated Financial Statements as required under Item 18 are attached hereto starting on page F-1 of this Form 20-F.

Item 19. Exhibits

The following are filed as exhibits hereto:

1.1	Amended and Restated Articles of Association of Spotify Technology S.A. (English Translation), as currently in effect.
2.1	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.1	Indenture, dated as of March 2, 2021, among Spotify USA Inc., Spotify Technology S.A. and U.S. Bank National Association, as trustee (filed as Exhibit 4.1 to Spotify Technology S.A.'s Form 6-K filed on March 2, 2021, File No. 001-38438, and incorporated herein by reference).
4.2	Form of certificate representing the 0% Exchangeable Senior Notes due 2026 (included as Exhibit A to Exhibit 4.1 to Spotify Technology S.A.'s Form 6-K filed on March 2, 2021, File No. 001-38438, and incorporated herein by reference).
4.3	Terms and Conditions Governing Employee Stock Options 2021/2026 in Spotify Technology S.A., dated April 1, 2021 (filed as Exhibit 4.4 to Spotify Technology S.A.'s Annual Report on Form 20-F filed on February 5, 2021, File No. 001-38438, and incorporated herein by reference).
4.4	First Amendment to Terms and Conditions Governing Employee Stock Options 2020/2025 and Terms and Conditions Governing Employee Restricted Stock Units 2020/2025 in Spotify Technology S.A., dated December 2, 2020 (filed as Exhibit 4.5 to Spotify Technology S.A.'s Annual Report on Form 20-F filed on February 5, 2021, File No. 001-38438, and incorporated herein by reference).
4.5	Terms and Conditions Governing Employee Stock Options 2020/2025 in Spotify Technology S.A., dated January 1, 2020 (filed as Exhibit 99.1 to Spotify Technology S.A.'s Form S-8 filed on December 30, 2019, File No. 333-235746, and incorporated herein by reference).
4.6	Terms and Conditions Governing Employee Restricted Stock Units 2021/2026 in Spotify Technology S.A., dated April 1, 2021 (filed as Exhibit 4.14 to Spotify Technology S.A.'s Annual Report on Form 20-F filed on February 5, 2021, File No. 001-38438, and incorporated herein by reference).
4.7	Terms and Conditions Governing Employee Restricted Stock Units 2020/2025 in Spotify Technology S.A., dated January 1, 2020 (filed as Exhibit 99.2 to Spotify Technology S.A.'s Form S-8 filed on December 30, 2019, File No. 333-235746, and incorporated herein by reference).
4.8	Terms and Conditions Governing Director Stock Options 2022/2026 in Spotify Technology S.A., dated April 20, 2022 (filed as Exhibit 99.1 to Spotify Technology S.A.'s Form S-8 filed on April 27, 2022, File No. 333-264508, and incorporated herein by reference).
4.9	Terms and Conditions Governing Director Stock Options 2021/2026 in Spotify Technology S.A., dated April 21, 2021 (filed as Exhibit 99.1 to Spotify Technology S.A.'s Form S-8 filed on April 28, 2021, File No. 333-255574, and incorporated herein by reference).

4.10	Terms and Conditions Governing Director Stock Options 2020/2025 in Spotify Technology S.A., dated April 22, 2020 (filed as Exhibit 99.1 to Spotify Technology S.A.'s Form S-8 filed on April 29, 2020, File No. 333-237908, and incorporated herein by reference).
4.11	Terms and Conditions Governing Director Restricted Stock Units 2022/2026 in Spotify Technology S.A., dated April 20, 2022 (filed as Exhibit 99.2 to Spotify Technology S.A.'s Form S-8 filed on April 27, 2022, File No. 333-264508, and incorporated herein by reference).
4.12	Terms and Conditions Governing Director Restricted Stock Units 2021/2026 in Spotify Technology S.A., dated April 21, 2021 (filed as Exhibit 99.2 to Spotify Technology S.A.'s Form S-8 filed on April 28, 2021, File No. 333-255574, and incorporated herein by reference).
4.13	Terms and Conditions Governing Director Restricted Stock Units 2020/2025 in Spotify Technology S.A., dated April 22, 2020 (filed as Exhibit 99.2 to Spotify Technology S.A.'s Form S-8 filed on April 29, 2020, File No. 333-237908, and incorporated herein by reference).
4.14	Terms and Conditions Governing Consultant Stock Options 2022/2026 in Spotify Technology S.A., dated April 20, 2022 (filed as Exhibit 99.3 to Spotify Technology S.A.'s Form S-8 filed on April 27, 2022, File No. 333-264508, and incorporated herein by reference).
4.15	Terms and Conditions Governing Consultant Stock Options 2021/2026 in Spotify Technology S.A., dated April 1, 2021 (filed as Exhibit 4.31 to Spotify Technology S.A.'s Annual Report on Form 20-F filed on February 5, 2021, File No. 001-38438, and incorporated herein by reference).
4.16	First Amendment to Terms and Conditions Governing Consultant Stock Options 2020/2025 and Terms and Conditions Governing Consultant Restricted Stock Units 2020/2025 in Spotify Technology S.A., December 2, 2020 (filed as Exhibit 4.32 to Spotify Technology S.A.'s Annual Report on Form 20-F filed on February 5, 2021, File No. 001-38438, and incorporated herein by reference.
4.17	Terms and Conditions Governing Stock Options for Consultants 2020/2025 in Spotify Technology S.A., dated January 1, 2020 (filed as Exhibit 99.3 to Spotify Technology S.A.'s Form S-8 filed on December 30, 2019, File No. 333-235746, and incorporated herein by reference).
4.18	Terms and Conditions Governing Consultant Restricted Stock Units 2022/2026 in Spotify Technology S.A., dated April 20, 2022 (filed as Exhibit 99.4 to Spotify Technology S.A.'s Form S-8 filed on April 27, 2022, File No. 333-264508, and incorporated herein by reference).
4.19	Terms and Conditions Governing Consultant Restricted Stock Units 2021/2026 in Spotify Technology S.A., dated April 1, 2021 (filed as Exhibit 4.34 to Spotify Technology S.A.'s Annual Report on Form 20-F filed on February 5, 2021, File No. 001-38438, and incorporated herein by reference).
4.20	Terms and Conditions Governing Restricted Stock Units for Consultants 2020/2025 in Spotify Technology S.A., dated January 1, 2020 (filed as Exhibit 99.4 to Spotify Technology S.A.'s Form S-8 filed on December 30, 2019, File No. 333-235746, and incorporated herein by reference).
8.1	List of Subsidiaries.
11.1	Spotify Technology S.A. Insider Trading Policy.
12.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
12.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.

13.1*	Certification of Chief Executive Officer Under Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
13.2*	Certification of Chief Financial Officer Under Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
15.1	Consent of Ernst & Young AB.
97.1	Spotify Technology S.A. Clawback Policy (filed as Exhibit 97.1 to Spotify Technology S.A.'s Annual Report on Form 20-F filed on February 8, 2024, File No. 001-38438, and incorporated herein by reference).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document Section 1350
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Furnished herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Spotify Technology S.A.

By:	/s/ Christian Luiga
Name:	Christian Luiga
Title:	Chief Financial Officer

Date: February 5, 2025

***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Spotify Technology S.A.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Spotify Technology S.A. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income/(loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 5, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Music Royalty Costs

Description of the Matter	As explained in Note 2 of the consolidated financial statements, cost of revenue consists predominantly of royalty and distribution costs related to content streaming. Royalties are typically calculated monthly using negotiated rates in accordance with license agreements and are based on either subscription and advertising revenue earned, user/usage measures, or a combination of these. The determination of the amount of royalty cost is subject to a number of variables, including the revenue recognized, type of content, country, product tier, license holder, size of user base, ratio of Ad-Supported Users to applicable Premium Subscribers, and any applicable advertising fees and discounts, among others. The Company’s process to determine music royalty costs utilizes complex proprietary systems for the initiation, calculation and recording of a significant volume of data. Auditing music royalty costs required significant auditor judgment and effort to determine the nature and extent of procedures to identify, test and evaluate the relevant variables used in the calculations and to assess the sufficiency of the audit evidence obtained.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s process to determine music royalty costs. For example, we tested controls specific to the calculation of royalties, review of variables, and controls relevant to user access, change management and system interfaces. To test the Company’s music royalty costs, our audit procedures included, among others, on a sample basis, testing the completeness and accuracy of the variables used in the calculations by comparing them to the relevant underlying system. We compared royalty rates used in the calculations to the related license agreements and recalculated music royalty cost amounts.

/s/ Ernst & Young AB

We have served as the Company’s auditor since 2015.

Stockholm, Sweden

February 5, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Spotify Technology S.A.

Opinion on Internal Control Over Financial Reporting

We have audited Spotify Technology S.A.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Spotify Technology S.A. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income/(loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated February 5, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young AB

Stockholm, Sweden

February 5, 2025

Consolidated statement of operations

for the year ended December 31
(in € millions, except share and per share data)

	Note	2024	2023	2022
Revenue	4	15,673	13,247	11,727
Cost of revenue		10,949	9,850	8,801
Gross profit		**4,724**	**3,397**	**2,926**
Research and development		1,486	1,725	1,387
Sales and marketing		1,392	1,533	1,572
General and administrative		481	585	626
		3,359	**3,843**	**3,585**
Operating income/(loss)		**1,365**	**(446)**	**(659)**
Finance income	7	328	161	421
Finance costs	7	(352)	(220)	(132)
Finance (costs)/income - net		**(24)**	**(59)**	**289**
Income/(loss) before tax		**1,341**	**(505)**	**(370)**
Income tax expense	8	203	27	60
Net income/(loss) attributable to owners of the parent		**1,138**	**(532)**	**(430)**
Earnings/(loss) per share attributable to owners of the parent				
Basic	9	5.67	(2.73)	(2.23)
Diluted	9	5.50	(2.73)	(2.93)
Weighted-average ordinary shares outstanding				
Basic	9	200,622,518	194,732,304	192,934,862
Diluted	9	206,990,369	194,732,304	195,846,362

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income/(loss)

for the year ended December 31
(in € millions)

	Note	2024	2023	2022
Net income/(loss) attributable to owners of the parent		**1,138**	**(532)**	**(430)**
Other comprehensive income				
Items that may be subsequently reclassified to consolidated statement of operations (net of tax):				
Change in net unrealized gain or loss on short term investments	**16, 22**	(3)	14	(15)
Change in net unrealized gain or loss on cash flow hedging instruments	**16, 22**	(2)	(13)	14
Change in foreign currency translation adjustment	**16**	87	(37)	83
Items not to be subsequently reclassified to consolidated statement of operations (net of tax):				
Gains in the fair value of long term investments	**16, 22**	329	60	190
Change in fair value of Exchangeable Notes attributable to changes in credit risk	**18, 22**	(6)	(10)	3
Other comprehensive income for the year (net of tax)		**405**	**14**	**275**
Total comprehensive income/(loss) for the year attributable to owners of the parent		**1,543**	**(518)**	**(155)**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at December 31
(in € millions)

	Note	2024	2023
Assets			
Non-current assets			
Lease right-of-use assets	**10**	226	300
Property and equipment	**11**	188	247
Goodwill	**12**	1,201	1,137
Intangible assets	**12**	48	84
Long term investments	**22**	1,635	1,215
Restricted cash and other non-current assets	**13**	68	75
Finance lease receivables	**10**	74	—
Deferred tax assets	**8**	186	28
		3,626	**3,086**
Current assets			
Trade and other receivables	**14**	771	858
Income tax receivable	**8**	28	20
Short term investments	**22**	2,667	1,100
Cash and cash equivalents	**22**	4,781	3,114
Other current assets	**15**	132	168
		8,379	**5,260**
Total assets		**12,005**	**8,346**
Equity and liabilities			
Equity			
Share capital	**16**	—	—
Other paid in capital	**16**	6,124	5,155
Treasury shares	**16**	(262)	(262)
Other reserves	**16**	2,707	1,812
Accumulated deficit		(3,044)	(4,182)
Equity attributable to owners of the parent		**5,525**	**2,523**
Non-current liabilities			
Exchangeable Notes	**18, 22**	1,539	1,203
Lease liabilities	**10**	462	493
Accrued expenses and other liabilities	**20**	5	26
Provisions	**21**	3	3
Deferred tax liabilities	**8**	21	8
		2,030	**1,733**
Current liabilities			
Trade and other payables	**19**	1,342	978
Income tax payable	**8**	33	12
Deferred revenue	**4**	683	622
Accrued expenses and other liabilities	**20**	2,347	2,440
Provisions	**21**	25	21
Derivative liabilities	**22**	20	17
		4,450	**4,090**
Total liabilities		**6,480**	**5,823**
Total equity and liabilities		**12,005**	**8,346**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(in € millions, except share data)

	Note	Number of ordinary shares outstanding	Share capital	Treasury shares	Other paid in capital	Other reserves	Accumulated deficit	Equity attributable to owners of the parent
Balance at January 1, 2022		**192,151,811**	**—**	**(260)**	**4,746**	**853**	**(3,220)**	**2,119**
Loss for the year		—	—	—	—	—	(430)	(430)
Other comprehensive income		—	—	—	—	275	—	275
Reclassification of gain on sale of long term investments, net of tax	**16**	—	—	—	—	(3)	3	—
Issuance of ordinary shares	**25**	1,243,901	—	—	—	—	—	—
Repurchases of ordinary shares	**16**	(1,209,040)	—	(2)	—	—	—	(2)
Issuance of shares upon exercise of stock options, restricted stock units, and contingently issuable shares	**16**	1,106,597	—	—	43	—	—	43
Restricted stock units withheld for employee taxes		—	—	—	—	(40)	—	(40)
Share-based compensation	**17**	—	—	—	—	385	—	385
Income tax impact associated with share-based compensation	**8**	—	—	—	—	51	—	51
Balance at December 31, 2022		**193,293,269**	**—**	**(262)**	**4,789**	**1,521**	**(3,647)**	**2,401**
Loss for the year		—	—	—	—	—	(532)	(532)
Other comprehensive income		—	—	—	—	14	—	14
Reclassification of loss on sale of long term investments, net of tax	**16**	—	—	—	—	3	(3)	—
Issuance of ordinary shares	**25**	4,484,819	—	—	—	—	—	—
Repurchases of ordinary shares	**16**	(4,450,000)	—	—	—	—	—	—
Issuance of shares upon exercise of stock options, restricted stock units, and contingently issuable shares	**16**	3,815,301	—	—	366	—	—	366
Restricted stock units withheld for employee taxes		—	—	—	—	(71)	—	(71)
Share-based compensation	**17**	—	—	—	—	322	—	322
Income tax impact associated with share-based compensation	**8**	—	—	—	—	23	—	23
Balance at December 31, 2023		**197,143,389**	**—**	**(262)**	**5,155**	**1,812**	**(4,182)**	**2,523**
Income for the year		—	—	—	—	—	1,138	1,138
Other comprehensive income		—	—	—	—	405	—	405
Issuance of ordinary shares	**25**	6,012,612	—	—	—	—	—	—
Repurchases of ordinary shares	**16**	(6,000,000)	—	—	—	—	—	—
Issuance of shares upon exercise of stock options, restricted stock units, and contingently issuable shares	**16**	6,569,517	—	—	933	—	—	933
Issuance of ordinary shares upon net settlement of warrants	**22**	118,891	—	—	36	—	—	36
Restricted stock units withheld for employee taxes		—	—	—	—	(137)	—	(137)
Share-based compensation	**17**	—	—	—	—	268	—	268
Income tax impact associated with share-based compensation	**8**	—	—	—	—	359	—	359
Balance at December 31, 2024		**203,844,409**	**—**	**(262)**	**6,124**	**2,707**	**(3,044)**	**5,525**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended December 31
(in € millions)

	Note	2024	2023	2022
Operating activities				
Net income/(loss)		1,138	(532)	(430)
Adjustments to reconcile net income/(loss) to net cash flows				
Depreciation of property and equipment and lease right-of-use assets	**10, 11**	85	110	118
Amortization of intangible assets	**12**	36	48	53
Excess and obsolete reserve		—	—	14
Impairment charges on real estate assets	**10, 11**	43	123	—
Write-off of content assets	**15**	—	29	—
Share-based compensation expense	**17**	267	321	381
Finance income	**7**	(328)	(161)	(421)
Finance costs	**7**	352	220	132
Income tax expense	**8**	203	27	60
Other		2	1	7
Changes in working capital:				
Decrease/(increase) in trade receivables and other assets		145	(145)	(84)
Increase in trade and other liabilities		183	501	226
Increase in deferred revenue		45	113	52
Increase/(decrease) in provisions		3	(5)	(3)
Interest paid on lease liabilities		(36)	(38)	(53)
Interest received		216	111	37
Income tax paid		(53)	(43)	(43)
Net cash flows from operating activities		**2,301**	**680**	**46**
Investing activities				
Business combinations, net of cash acquired		—	—	(295)
Payment of deferred consideration pertaining to business combinations		(10)	(7)	(11)
Purchases of property and equipment	**11**	(17)	(6)	(25)
Purchases of short term investments	**22**	(7,275)	(1,590)	(457)
Sales and maturities of short term investments	**22**	5,804	1,379	368
Change in restricted cash	**13**	1	4	—
Dividends received	**7**	19	—	—
Other		(8)	3	(3)
Net cash flows used in investing activities		**(1,486)**	**(217)**	**(423)**
Financing activities				
Payments of lease liabilities	**10**	(69)	(66)	(43)
Lease incentives received	**10**	—	2	2
Repurchases of ordinary shares	**16**	—	—	(2)
Proceeds from exercise of stock options	**17**	933	366	43
Payments for employee taxes withheld from restricted stock unit releases	**17**	(135)	(68)	(40)
Net cash flows from/(used in) financing activities		**729**	**234**	**(40)**
Net increase/(decrease) in cash and cash equivalents		**1,544**	**697**	**(417)**
Cash and cash equivalents at January 1	**22**	3,114	2,483	2,744
Net foreign exchange gains/(losses) on cash and cash equivalents		123	(66)	156
Cash and cash equivalents at December 31	**22**	**4,781**	**3,114**	**2,483**
Supplemental disclosure of cash flow information				
Non-cash investing and financing activities				
Recognition of lease right-of-use asset in exchange for lease liabilities	**10**	25	22	20
Real estate assets disposed of in exchange for finance lease receivables	**10, 11**	62	—	—
Purchases of property and equipment in trade and other liabilities	**11**	2	6	5
Employee taxes withheld from restricted stock unit releases in trade and other liabilities	**17**	2	3	—
Issuance of ordinary shares upon net settlement of warrants	**22**	36	—	—

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the 2024 consolidated financial statements

1. Corporate information

Spotify Technology S.A. (the “Company” or “parent”) is a public limited company incorporated and domiciled in Luxembourg. The Company’s registered office is 33 Boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg.

The principal activity of the Company and its subsidiaries (collectively, the “Group,” “we,” “us,” or “our”) is audio streaming. The Group’s premium service (“Premium Service”) provides users with unlimited online and offline high-quality streaming access to its catalog of music and podcasts. In select markets, the Premium Service provides eligible users with limited online and offline streaming access to its catalog of audiobooks. The Premium Service offers a music listening experience without commercial breaks. The Group’s ad-supported service (“Ad-Supported Service” and together with the Premium Service and other subscription offerings, the “Service”) has no subscription fees and provides users with limited on-demand online access to the catalog of music and unlimited online and offline access to the catalog of podcasts. The Group depends on securing content licenses from a number of major and minor content owners and other rights holders in order to provide its service.

2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of Spotify Technology S.A. comply with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and have been prepared on a historical cost basis, except for short term investments, long term investments, Exchangeable Senior Notes (the “Exchangeable Notes”), and derivative financial instruments, which have been measured at fair value, and finance lease receivables and lease liabilities, which are measured at present value.

The preparation of the consolidated financial statements in conformity with IFRS requires the application of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a greater degree of judgment or complexity, or areas in which assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

(b) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(c) Foreign currency translation

Functional and reporting currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Euro, which is the Group’s reporting currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the consolidated statement of operations within finance income or finance costs.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the Group’s reporting currency are translated into Euro as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses for each statement of operation are translated at average exchange rates; and
- All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the operation and translated at the closing rate at each reporting date.

(d) Revenue recognition

Premium revenue

The Group generates revenue through the sale of subscriptions to the Premium Service and other subscription offerings (together with the Premium Service, “Subscription Offerings”). As part of our Subscription Offerings, we also offer a Basic plan to eligible users in select markets that provides certain benefits of the Premium Service without the monthly audiobook listening time and an Audiobook Access Tier in the U.S. that provides specified hours of audiobook access a month without all of the benefits of the Premium Service. Revenue from our Premium segment is a function of the price of our Subscription Offerings and the number of subscribers to our Subscription Offerings (“Premium Subscribers”). The Subscription Offerings are primarily sold directly to end users. The Premium Service is also sold through partners who are generally telecommunications companies that bundle the subscription with their own services or collect payment for the stand-alone subscriptions from their end customers. Typically, the Subscription Offerings are paid for on a monthly basis in advance. The Group satisfies its performance obligation to provide Premium streaming services, and revenue from these services is recognized, on a straight-line basis over the subscription period.

Sometimes the Group bundles the Premium Service with other services and products. Additionally, in certain markets the specified monthly allocation of audiobook access within the Premium Service is considered to be a separate performance obligation to the customer. In arrangements where the Group has multiple performance obligations to the customer, the transaction price is allocated to each performance obligation based on the relative stand-alone selling price. The Group generally determines stand-alone selling prices based on the prices charged to customers; but where stand-alone selling prices are not directly observable, estimation techniques are used which may include competitor pricing and other observable inputs. In the markets where the Group offers audiobook listening time as part of the Premium subscription, the Group satisfies its performance obligation to provide a monthly entitlement to specified hours of audiobook content as these hours are consumed and recognize revenue over time using an output method based on the proportion of hours consumed. Additionally, the Group estimates how many hours of audiobook content will not be used by eligible Premium Subscribers and recognizes the revenue attributable to the unexercised rights in proportion to the pattern of audiobook consumption. For other bundles, revenue is recognized either on a straight-line basis over the subscription period or at a point in time when control of the service or product is transferred to the customer.

Premium partner subscription revenue is based on a per-subscriber rate in a negotiated partner agreement. Under these arrangements, a premium partner may bundle the Premium Service with its existing product offerings or offer the Premium Service as an add-on. Payment is remitted to the Group through the premium partner. The Group assesses the facts and circumstances, including whether the partner is acting as a principal or agent, of all partner revenue arrangements and then recognizes revenues either gross or net. Premium partner services, may either be recognized gross or net, and may have multiple performance obligations to the customer, including an obligation to provide Premium streaming services and a monthly entitlement to specified hours of audiobook content.

Ad-Supported revenue

The Group’s advertising revenue is generated primarily from the sale of display, audio, and video advertising delivered through advertising impressions. The Group enters into arrangements with advertising agencies that purchase advertising on our platform on behalf of their clients. The Group also enters into arrangements directly with some large advertisers. These advertising arrangements are typically sold on a cost-per-thousand-impressions (“CPM”) basis and are evidenced by contracts that specify the terms of the arrangement such as the type of advertising product, pricing, insertion dates, and number of impressions in a stated period (“Insertion Order”). Revenue is recognized based on the number of impressions delivered.

Additionally, the Group generates Ad-Supported revenue through arrangements with certain advertising automated exchanges, an internal self-serve platform, and advertising marketplace programs to distribute advertising inventory for purchase on an auction or fixed CPM basis. These orders are evidenced through submission of order placements through the platform and online acceptance of terms and conditions. Revenue is recognized when impressions are delivered on the platform.

(e) Advertising credits

Advertising credits that are not transferable are issued to certain rights holders and allow them to include advertisements on the Ad-Supported Service that promote their artists and the Spotify service, such as the availability of a new single or album on Spotify. These are issued in conjunction with the Group's royalty arrangements for no additional consideration. There is no revenue recognized as the advertising credits are mutually beneficial to both the rights holders and the Group and do not meet the definition of a revenue contract under IFRS 15, *Revenue from Contracts with Customers.*

(f) Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the identifiable net assets acquired is recognized as goodwill.

Acquisition-related costs, other than those incurred for the issuance of debt or equity instruments, are charged to the consolidated statement of operations as they are incurred.

(g) Cost of revenue

Cost of revenue consists predominantly of royalty and distribution costs related to content streaming. The Group incurs royalty costs paid to record labels, music publishers, audiobook publishers, and other rights holders for the right to stream content to the Group's users. Royalties are typically calculated monthly using negotiated rates in accordance with license agreements and are based on either subscription and advertising revenue earned, user/usage measures, or a combination of these. The determination of the amount of the rights holders' liability requires complex IT systems and a significant volume of data and is subject to a number of variables, including the revenue recognized, the type of content streamed and the country in which it is streamed, the product tier such content is streamed on, identification of the appropriate license holder, size of user base, ratio of Ad-Supported Users to applicable Premium Subscribers, and any applicable advertising fees and discounts, among other variables. Some rights holders have allowed the use of their content on the platform while negotiations of the terms and conditions or determination of statutory rates are ongoing. In such situations, royalties are calculated using estimated rates. In certain jurisdictions, rights holders have several years to claim royalties for musical compositions, and therefore, estimates of the royalties payable are made until payments are made. The Group has certain arrangements whereby royalty costs are paid in advance or are subject to minimum guaranteed amounts. An accrual is established when actual royalty costs to be incurred during a contractual period are expected to fall short of the minimum guaranteed amounts. For minimum guarantee arrangements, for which the Group cannot reliably predict the underlying expense, the Group will expense the minimum guarantee on a straight-line basis over the term of the arrangement. The Group also has certain royalty arrangements where the Group would have to make additional payments if the royalty rates were below those paid to other similar licensors (most favored nation clauses). For rights holders with this clause, a comparison is done of royalties incurred to date plus estimated royalties payable for the remainder of the period to estimates of the royalties payables to other appropriate rights holders, and the shortfall, if any, is recognized on a straight-line basis over the period of the applicable most favored nation clause. An accrual and expense is recognized when it is probable that the Group will make additional royalty payments under these terms. The expense related to these accruals is recognized in cost of revenue. Cost of revenue also reflects discounts provided by certain rights holders in return for promotional activities in connection with marketplace programs. In certain contracts, payments to rights holders can be due based on uncertain future events which might not be resolved for several months. Where this is the case, the Group recognizes this expense only if and when the uncertainty is resolved. Additionally, cost of revenue includes credit card and payment processing fees for subscription revenue, advertising serving, advertising measurement, customer service, certain employee compensation and benefits, cloud computing, streaming, facility, and equipment costs, as well as the amortization of podcast content assets.

Amortization of podcast content assets is recorded over the shorter of the estimated useful economic life, or the license period (if relevant), and begins at the release of each episode. In most cases, amortization is on an accelerated basis. Certain fixed fees to access content are recorded on a straight-line basis over the applicable license period. The Group makes payments to podcast publishers, whose content we monetize through advertising sales. The amounts owed are most often a share of revenues and recognized in cost of revenue when the related revenue is recognized.

(h) Research and development expenses

Research and development expenses primarily comprise costs incurred for development of products related to the Group's platform and service, as well as new and existing advertising products and improvements to the Group's mobile and desktop applications and streaming services. The costs incurred include related employee compensation and benefits costs, consulting costs, and facilities costs.

(i) Sales and marketing expenses

Sales and marketing expenses primarily comprise employee compensation and benefits, sponsorships, public relations, branding, consulting expenses, customer acquisition costs, advertising, live events and trade shows, amortization of trade name intangible assets, the cost of working with content creators and rights holders to promote the availability of new releases on the Group's platform, and the costs of providing free trials. Expenses included in the costs of providing free trials are derived primarily from per user royalty fees determined in accordance with the rights holder agreements.

(j) General and administrative expenses

General and administrative expenses primarily comprise employee compensation and benefits for functions such as finance, accounting, analytics, legal, human resources, consulting fees, and other costs including facility and equipment costs, directors' and officers' liability insurance, and director fees.

(k) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of operations except to the extent it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination, that affects neither accounting nor taxable profit or loss, and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences, and it is probable they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets in excess of deferred tax liabilities are recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reviewed at each reporting date and are not recorded or reduced to the extent that it is not or no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met, such as when there is a legally enforceable right to offset.

(iii) Uncertain tax positions

Management periodically evaluates positions taken in tax returns in which applicable tax legislation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(l) Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received prior to the commencement date. Any costs related to the removal and restoration of leasehold improvements, which meet the definition of property, plant and equipment under IAS 16 *Property Plant and Equipment* are assessed under IAS 37 and are not within the scope of IFRS 16.

The lease term is determined based on the non-cancellable period for which the Group has the right to use an underlying asset. The lease term is adjusted, if applicable, for periods covered by extension and termination options to the extent the Group is reasonably certain to exercise them.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, which is considered the appropriate useful life of these assets. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, to the extent necessary. See Note 10 for further information.

The lease liability is initially measured at the present value of the lease payments, net of lease incentives receivable, that are not paid at the commencement date, discounted using an incremental borrowing rate if the rate implicit in the lease arrangement is not readily determinable.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is subsequently increased to reflect accretion of interest and reduced for lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, lease term, or if the Group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group leases certain properties under non-cancellable lease agreements that relate to office space. The expected lease terms are between one and 9 years.

Short-term leases and lease of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including certain IT Equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

The Group has entered into agreements to sublease portions of its leased offices. As an intermediate lessor, the Group accounts for sublease arrangements separately from the related head lease agreements. Subleases are classified as either finance or operating leases by reference to the right-of-use asset arising from the head lease. Where the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease; all other leases are classified as operating leases. Amounts due from lessees under finance subleases are initially recognized at the present values of the lease payments receivable, discounted at the interest rate implicit in the lease. Upon commencement of a finance lease, any difference between the carrying amount of the derecognised right-of-use asset and the lease receivable is recognized as a gain or loss in the statement of operations. For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

After initial measurement, finance lease receivables are subsequently measured at amortized cost using the effective interest method. Lease payments received are allocated between a reduction in the carrying amount of the receivable and finance income, which is recognized in the statement of operations over the lease term. Any changes in the expected credit losses associated with finance lease receivables are accounted for in accordance with IFRS 9 *Financial Instruments*, with adjustments recognized in the statement of operations. Foreign exchange revaluation impacts, if applicable, are also recognized in the statement of operations in a manner consistent with other financial assets.

(m) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes any expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group.

The Group adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item if the replacement part is expected to provide incremental future benefits to the Group. All repairs and maintenance are charged to the consolidated statement of operations during the period in which they are incurred.

After assets are placed into service, depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method as follows:

- Property and equipment: 3 to 5 years
- Leasehold improvements: shorter of the lease term or useful life

The assets' residual values, useful lives, and depreciation methods are reviewed annually and adjusted prospectively if there is an indication of a significant change. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statement of operations when the asset is derecognized.

(n) Intangible assets

Acquired intangible assets other than goodwill comprise acquired developed technology, trade names, customer relationships, publisher relationships, and patents. At initial recognition, intangible assets acquired in a business combination are recognized at their fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses.

The Group recognizes internal development costs as intangible assets only when the following criteria are met: the technical feasibility of completing the intangible asset exists; there is an intent to complete and an ability to use or sell the intangible asset; the intangible asset will generate probable future economic benefits; there are adequate resources available to complete the development and to use or sell the intangible asset; and there is the ability to reliably measure the expenditure attributable to the intangible asset during its development.

Intangible assets with finite lives are typically amortized on a straight-line basis over their estimated useful lives, typically 3 to 5 years for technology, 3 to 8 years for trade names and trademarks, 3 to 10 years for customer and publisher relationships, and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization of intangible assets is recognized in the consolidated statement of operations in the expense category consistent with the function of the intangible assets.

(o) Goodwill

Goodwill is the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Goodwill is tested annually for impairment, or more regularly if certain indicators are present. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the operating segments that are expected to benefit from the synergies of the combination and represent the lowest level at which the goodwill is monitored for internal management purposes. Goodwill is evaluated for impairment by comparing the recoverable amount of the Group's operating segments to the carrying amount of the operating segments to which the goodwill relates. If the recoverable amount is less than the carrying amount an impairment charge is determined.

The recoverable amount of the operating segments is based on fair value less costs of disposal. The Group determines the fair value of the operating segments using a combination of a discounted cash flow analysis and a market-based approach.

(p) Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized in the consolidated statement of operations consistent with the function of the assets, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal each reporting period. For more information on impairment of non-financial assets, including real estate assets, refer to Note 10 and 11.

(q) Financial instruments

(i) Financial assets

Initial recognition and measurement

The Group's financial assets comprise cash and cash equivalents, short term investments, trade and other receivables, derivative assets, long term investments, restricted cash and other non-current assets, and finance lease receivables. All financial assets except finance lease receivables are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Finance lease receivables are recognized initially at the present values of the lease payments receivable, discounted at the interest rate implicit in the lease. Purchases and sales of financial assets are recognized on the settlement date; the date that the Group receives or delivers the asset. Receivables are non-derivative financial assets, other than short term and long term investments described below, with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for those with maturities greater than 12 months after the reporting period.

For more information on receivables, refer to Note 14. For more information on finance lease receivables, refer to Note 10.

Short term investments primarily comprise debt instruments carried at fair value through other comprehensive income. The securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions (therefore, not recognized at amortized cost). These meet both the hold to collect and sell business model and solely payments of principal and interest contractual cash flows tests under IFRS 9 *Financial Instruments*. These are classified as current assets.

Long term investments primarily comprise equity instruments carried at fair value through other comprehensive income based on the irrevocable election made at initial recognition under IFRS 9 *Financial Instruments*. The securities within this category are intended to be held for an indefinite period of time and for strategic investment purposes. These are not held for trading. These are classified as non-current assets. The Group's primary long term investment is its equity investment in Tencent Music Entertainment Group ("TME").

Subsequent measurement

After initial measurement, short term investments are primarily measured at fair value with unrealized gains or losses recognized in other comprehensive income and credited in other reserves within equity until the investment is derecognized, at which time, the cumulative gain or loss is recognized in finance income/costs. Interest earned whilst holding the short term investments is reported as interest income using the effective interest method. Interest income and foreign exchange revaluation are recognized in the statement of operations in the same manner as all other financial assets.

After initial measurement, long term investments are measured at fair value with unrealized gains or losses, including any related foreign exchange impacts, recognized in other comprehensive income and credited in other reserves within equity without recognizing fair value changes to profit and loss upon derecognition. Gains or losses realized on the sale of these long term investments are not recycled through the profit and loss, but are instead reclassified to accumulated deficit within equity. Dividends received are recognized in the consolidated statement of operations in finance income.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

The Group assesses at each reporting date whether there is any evidence that a financial asset or a group of financial assets is impaired, primarily its trade receivables and short term investments. The Group assesses impairment for its financial assets, excluding trade receivables, using the general expected credit losses model. Under this model, the Group calculates the allowance for credit losses by considering on a discounted basis, the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance on the financial asset is the sum of these probability-weighted outcomes.

For the Group’s short term investments, the Group applies the low credit risk simplification as the credit risk related to these assets is low given the credit quality ratings required by the Group’s investment policy. At every reporting date, the Group evaluates whether a particular debt instrument is considered to have low credit risk using all supportable information.

The Group’s long term equity investments are not assessed for impairment due to the irrevocable election made under IFRS 9 *Financial Instruments* as stated above.

The Group uses the simplified approach for measuring impairment for its trade receivables as these financial assets do not have a significant financing component as defined under IFRS 15, *Revenue from Contracts with Customers*. Therefore, the Group does not determine if the credit risk for these instruments has increased significantly since initial recognition. Instead, a loss allowance is recognized based on lifetime expected credit losses at each reporting date. Impairment losses and subsequent reversals are recognized in profit or loss and is the amount required to adjust the loss allowance at the reporting date to the amount that is required to be recognized based on the aforementioned policy. The Group has established a provision matrix based on its historical credit loss experiences, adjusted for forward-looking factors specific to the debtors and the economic environment. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of operations.

(ii) Financial liabilities

Initial recognition and measurement

The Group’s financial liabilities are comprised of trade and other payables, lease liabilities, Exchangeable Notes, derivative liabilities (warrants and instruments designated for hedging), and other liabilities. All financial liabilities except lease liabilities are recognized initially at fair value.

The Group accounts for the Exchangeable Notes at fair value through profit and loss using the fair value option in accordance with IFRS 9, Financial Instruments. Under this approach, the Exchangeable Notes are accounted for in their entirety at fair value, with any change in fair value after initial measurement being recorded in finance income or cost in the consolidated statement of operations, except that changes in fair value that are due to changes in own credit risk are presented separately in other comprehensive income and will not be reclassified to the consolidated statement of operations. The Group classified the Exchangeable Notes as a financial liability in accordance with IAS 32, *Financial Instruments: Presentation.*

The Group accounts for the warrants as a financial liability measured at fair value through profit or loss. In accordance with IAS 32, *Financial Instruments: Presentation*, the Group determined that the warrants were precluded from equity classification, because while they contain no contractual obligation to deliver cash or other financial instruments to the holders other than the Company's own shares, the exercise prices of the warrants are in US$ and not the Company's functional currency and the Group allows for net settlement, which enables settlement for a variable number of the Company's ordinary shares. Therefore, the warrants do not meet the requirements that they be settled by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Subsequent measurements

Other financial liabilities

After initial recognition, payables are subsequently measured at amortized cost using the effective interest method. The effective interest method amortization is included in finance costs in the consolidated statement of operations. Gains and losses are recognized in the consolidated statement of operations when the liabilities are derecognized.

Payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities at fair value through profit or loss

After initial recognition, financial liabilities at fair value through the profit or loss are subsequently re-measured at fair value at the end of each reporting period, with changes in fair value recognized in finance income or finance costs in the consolidated statement of operations.

Derecognition

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expires.

(iii) Fair value measurements

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's market assumptions. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, are described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which inputs are based on quoted prices for identical or similar instruments in markets that are not active, quoted prices for similar instruments in active markets, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset or liability; and,
- Level 3: techniques which use inputs that have a significant effect on the recognized fair value that require the Group to use its own assumptions about market participant assumptions.

The Group maintains policies and procedures to determine the fair value of financial assets and liabilities using what it considers to be the most relevant and reliable market participant data available. It is the Group's policy to maximize the use of observable inputs in the measurement of its Level 3 fair value measurements. To the extent observable inputs are not available, the Group utilizes unobservable inputs based upon the assumptions market participants would use in valuing the asset or liability. In determining the fair value of financial assets and liabilities employing Level 3 inputs, the Group considers such factors as the current interest rate, equity market, currency and credit environments, expected future cash flows, the probability of certain future events occurring, and other published data. The Group performs a variety of procedures to assess the reasonableness of its fair value determinations, including the use of third parties.

(iv) Foreign exchange forward contracts

The Group designates certain foreign exchange forward contracts as cash flow hedges when all the requirements in IFRS 9 *Financial Instruments* are met. The Group recognizes these foreign exchange forward contracts as either assets or liabilities on the statement of financial position and they are measured at fair value at each reporting period. Assets and liabilities are offset and the net amount is presented in the statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis. The asset and liability positions of the foreign exchange forward contracts are included in other current assets and derivative liabilities on the consolidated statement of financial position, respectively. The Group reflects the gain or loss on the effective portion of a cash flow hedge as a component of equity and subsequently reclassifies cumulative gains and losses to revenues or cost of revenues, depending on the risk hedged, when the hedged transactions impact the statement of operations. If the hedged transactions become probable of not occurring, the corresponding amounts in other reserves are immediately reclassified to finance income or costs. Foreign exchange forward contracts that do not meet the requirements in IFRS 9 *Financial Instruments* to be designated as a cash flow hedge, are classified as derivative instruments not designated for hedging. The Group measures these instruments at fair value, with changes in fair value recognized in finance income or costs. Refer to Note 22.

(r) Podcast content assets

The Group incurs costs to acquire, license, produce or commission podcasts for inclusion on the Service, with some titles distributed more broadly. The Group recognizes podcast content assets as current assets in the consolidated statement of financial position and related cash flows are presented as operating cash flows. Fees, including license fees, and the direct costs of production including employee compensation and production overheads, external production services and participation minimum guarantees are capitalized. The Group often enters into multi-year commitments, however, the period between payments and receipt of content is typically less than a year and no borrowing costs are included in direct costs. All podcast content costs are recorded in the Ad-Supported segment.

Amortization of podcast content assets is recorded in cost of revenue over the shorter of the estimated useful economic life or the license period (if relevant), and begins at the release of each episode. The economic life and expected amortization profile of podcast content assets is estimated by management based on historical listening patterns and is evaluated on an ongoing basis. The Group's podcast content assets are generally expected to be consumed in less than three years, and typically, on an accelerated basis, as we expect more upfront listening in most cases. Certain fixed fees to access content are recorded on a straight-line basis over the applicable license period.

(s) Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash on deposit at banks and on hand and highly liquid investments including money market funds with maturities of three months or less at the date of purchase that are not subject to restrictions. Assets in money market funds, whose contractual cash flows do not represent solely payments of interest and principal, are measured at fair value with gains and losses arising from changes in fair value included in the consolidated statement of operations. See Note 22.

Cash deposits that have restrictions governing their use are classified as restricted cash, current or non-current, based on the remaining length of the restriction. See Note 13.

(t) Short term investments

The Group invests in a variety of instruments, such as commercial paper, corporate debt securities, collateralized reverse purchase agreements, and government and agency debt securities. Part of these investments are held in short duration, fixed income portfolios. The average duration of these instruments is less than two years. All investments are governed by an investment policy and are held in highly rated counterparties. Separate credit limits are assigned to each counterparty in order to minimize risk concentration.

These investments are classified as debt instruments and are carried primarily at fair value with the unrealized gains and losses reported as a component of equity. Management determines the appropriate classification of investments at the time of purchase and re-evaluates whether the investments pass both the hold to collect and sell and solely payments of principal and interest tests. The short term investments with maturities greater than 12 months are classified as short term when they are intended for use in current operations. The cost basis for investments sold is based upon the specific identification method.

(u) Long term investments

Long term investments consist primarily of non-controlling equity interests in public and private companies where the Group does not exercise significant influence. The majority of the investments are classified as equity instruments carried at fair value through other comprehensive income. Refer to Note 22.

(v) Share capital

Ordinary shares are classified as equity.

Equity instruments are initially measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

The Group repurchases its ordinary shares through a share repurchase program approved by the board of directors. The cost of shares repurchased is shown as a reduction to equity on the statement of financial position. When treasury shares are sold, reissued, or retired, the amount received is reflected as an increase to equity based on a weighted-average cost, with any surplus or deficit recorded within other paid in capital.

(w) Share-based compensation

Employees of the Group and members of the board of directors may receive remuneration in the form of share-based compensation transactions, whereby employees and the board of directors render services in consideration for equity instruments.

The cost of such equity-settled transactions is determined by the fair value at the date of grant using an appropriate valuation model. The cost is recognized in the consolidated statement of operations, together with a corresponding credit to other reserves in equity, over the period in which the performance and service conditions are fulfilled.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Group’s best estimate of the number of equity instruments that will ultimately vest. The expense for a period represents the movement in cumulative expense recognized at the beginning and end of that period, and is recognized in employee share-based compensation. When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for modifications that increase the total fair value of the share-based compensation transaction or are otherwise beneficial to the grantee as measured at the date of modification. There were no material modifications to any share-based compensation transactions during 2024, 2023, and 2022.

Social costs are payroll taxes associated with employee salaries and benefits, including share-based compensation. Social costs in connection with granted options and restricted stock units are accrued over the vesting period, based on the intrinsic value of the award that has been earned at the end of each reporting period. The amount of the liability reflects the amortization of the award and the impact of expected forfeitures. The social cost rate at which the accrual is made generally follows the tax domicile within which other compensation charges for a grantee are recognized.

The assumptions and models used for estimating fair value for share-based compensation transactions are disclosed in Note 17.

In many jurisdictions, tax authorities levy taxes on share-based compensation transactions with employees that give rise to a personal tax liability for the employee. In some cases, the Group is required to withhold the tax due and to settle it with the tax authority on behalf of the employees. To fulfill this obligation, the terms of the Group’s restricted stock unit arrangements permit the Group to withhold the number of shares that are equal to the monetary value of the employee’s tax obligation from the total number of shares that otherwise would have been issued to the employee upon vesting of the restricted stock unit. The monetary value of the employee’s tax obligation is recorded as a deduction from Other reserves for the shares withheld.

(x) Employee benefits

The Group provides defined contribution plans to its employees. The Group pays contributions to publicly and privately administered pension insurance plans on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contribution plans are expensed when employees provide services. The Group’s post-employment schemes do not include any defined benefit plans.

(y) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

New and amended standards and interpretations adopted by the Group

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

On January 1, 2024, the Group adopted the IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments are applied on a retrospective basis and require the Group to reclassify the Exchangeable Notes (as defined below) as a current liability if the exchange conditions are met, even if no noteholder actually requires us to exchange their notes. Adoption of this amendment did not result in the reclassification of the Exchangeable Notes as a current liability at any reporting date, from the inception of the Exchangeable Notes to December 31, 2024, as the exchange conditions had not been met.

There are no other new IFRS or IFRS Interpretation Committee (“IFRIC”) interpretations effective as of January 1, 2024 that have a material impact to the consolidated financial statements.

New standards and interpretations issued not yet effective

Presentation and Disclosure in Financial Statements - IFRS 18

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements (“IFRS 18”) which replaces IAS 1 Presentation of Financial Statements. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new. These categories are complemented by the requirement to present subtotals and totals for “operating profit or loss,” “profit or loss before financing income and taxes,” and “profit or loss.” IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted. The Group is currently evaluating the impact of this new standard.

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments. The amendments clarify that a financial liability is derecognized on the “settlement date,” which is when the related obligation is discharged, canceled, expired or the liability otherwise qualifies for derecognition. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (“ESG”)-linked features and other similar contingent features, and the treatment of non-recourse assets and contractually linked instruments. In addition, the amendments require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income. The amendments will be effective for annual reporting periods beginning on or after January 1, 2026, but earlier application is permitted. The Group is currently evaluating the impact of these amendments.

There are no other IFRS or IFRIC interpretations that are not yet effective and that are expected to have a material impact to the consolidated financial statements.

3. Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and equity in the consolidated financial statements and the accompanying disclosures. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas where assumptions and estimates are significant to the consolidated financial statements are:

(i) Revenue Recognition: Multiple Performance Obligations - The Group’s contracts with customers for the Premium Service in select markets include promises to transfer more than one service. The Group assesses the services promised in a contract and identifies distinct performance obligations. In such arrangements, the transaction price is allocated between the obligations according to their relative stand-alone selling prices; where stand-alone selling prices are not directly observable, estimation techniques are used. See Note 2.

(ii) Share-based compensation - The Group measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. The assumptions and models used for estimating the fair value of share-based compensation transactions are disclosed in Note 17. The Group also estimates a forfeiture rate to calculate the stock-based compensation expense for the awards. The forfeiture rate is based on an analysis of actual forfeitures.

(iii) Deferred taxes - The Group has recognized deferred tax assets for tax loss carry-forwards, tax credits and deductible temporary differences. The Group also has significant unrecognized deferred tax assets. At period end, we assess whether there is convincing evidence that the Group will generate future taxable income against which deferred tax assets can be utilized and, thus, that recovery is probable. See Note 8.

(iv) Uncertain tax positions - In determining the amount of current and deferred income tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes, interest or penalties may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made. See Note 8.

(v) Goodwill impairment - In accordance with the accounting policy described in Note 2, the Group annually performs an impairment test regarding goodwill. The assumptions used for estimating fair value and assessing available headroom based on conditions that existed at the testing date are disclosed in Note 12.

(vi) Content - Accrued fees to rights holders are set out in Note 20. The Group's agreements and arrangements with rights holders for the content used on its platform are complex. The determination of royalty accruals requires complex IT systems and a significant volume of data. In addition, determination of royalties payable requires significant judgments, assumptions, and estimates of the amounts to be paid. From time to time the amount we owe is subject to legal challenge, for more detail see Note 21 and Note 24. In certain jurisdictions, rights holders have several years to claim royalties for musical composition, and therefore, estimates of the royalty accruals are based on available information and historical trends. Some rights holders have allowed the use of their content on the platform while negotiations of the terms and conditions or determination of statutory rates are ongoing. Additionally, the economic life and expected amortization profile of podcast content assets is estimated by management based on historical listening patterns and is evaluated on an ongoing basis. See Note 2 and Note 15.

(vii) Provisions - Management makes significant assumptions and estimates when determining the amounts to record for provision for legal contingencies. See Note 21.

(viii) Impairment of real estate assets - Management makes significant assumptions and estimates when determining the non-cash impairment charges for our real estate assets, which include lease right-of-use assets, leasehold improvements and property and equipment. See Note 10 and Note 11.

(ix) Exchangeable Notes and warrants - the fair value of the Group's Exchangeable Notes and warrants are estimated using valuation techniques and inputs based on management's judgment and conditions that exist at each reporting date. See Note 22.

4. Revenue recognition

Revenue from contracts with customers

(i) Disaggregated revenue

The Group discloses revenue by reportable segment and geographic area in Note 23.

(ii) Performance obligations

The Group discloses its policies for how it identifies, satisfies, and recognizes its performance obligations associated with its contracts with customers in Note 2.

(iii) Contract liabilities

The Group’s contract liabilities from contracts with customers consist primarily of deferred revenue. Deferred revenue is mainly comprised of subscription fees collected for services not yet performed, and therefore, the revenue has not been recognized. Revenue is recognized over time as the services are performed. As of December 31, 2024 and 2023, the Group had deferred revenue of €683 million and €622 million, respectively. The increase in deferred revenue in 2024 is primarily a result of an increase in the number of Premium Subscribers as well as price increases. This balance will be recognized as revenue as the services are performed, which is generally expected to occur over a period of up to a year. The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 given the Group’s contracts have an original expected duration of one year or less.

Revenue recognized that was included in the contract liability balance at the beginning of the years ended December 31, 2024, 2023, and 2022 is €606 million, €504 million, and €448 million, respectively.

5. Personnel expenses

	2024	2023	2022
	(in € millions, except employee data)		
Wages and salaries	1,187	1,558	1,233
Social costs and payroll taxes	444	254	85
Contributions to retirement plans	52	55	51
Share-based compensation	267	321	381
Other employee benefits	138	157	150
Total	**2,088**	**2,345**	**1,900**
Average full-time employees	**7,691**	**9,123**	**8,359**

On January 23, 2023, the Company announced a reorganization to streamline our organizational structure and reduce our operating costs. As part of such reorganization, we reduced our employee base by approximately 6% across the Company. Additionally, during the second fiscal quarter of 2023, we executed a strategic realignment and reorganization plan focusing on podcast operations and rationalizing our content portfolio. On December 4, 2023, the Company announced a reduction in force, through which our employee base was reduced by approximately 17%. In connection with these reorganizations, during the year ended December 31, 2023, we recognized charges of €212 million for employee severance. These charges were included within the consolidated statement of operations as follows:

	Year ended December 31, 2023
Cost of revenue	15
Research and development	119
Sales and marketing	44
General and administrative	34
Total	**212**

There were no similar material reorganization events during the year ended December 31, 2024.

6. Auditor remuneration

	2024	2023	2022
	(in € millions)		
Auditor fees	8	8	7

7. Finance income and costs

	2024	2023	2022
		(in € millions)	
Finance income			
Fair value movements on derivative liabilities (Note 22)	—	5	71
Fair value movements on Exchangeable Notes (Note 22)	—	—	159
Interest income	217	131	47
Interest income on finance lease receivables	6	—	—
Dividend income	19	—	—
Other financial income	19	11	13
Foreign exchange gains	67	14	131
Total	**328**	**161**	**421**
Finance costs			
Fair value movements on derivative liabilities (Note 22)	(33)	(7)	—
Fair value movements on Exchangeable Notes (Note 22)	(239)	(98)	(15)
Interest expense on lease liabilities	(36)	(38)	(41)
Other finance costs	(7)	(11)	(17)
Foreign exchange losses	(37)	(66)	(59)
Total	**(352)**	**(220)**	**(132)**

8. Income tax

An analysis of the Group's Income tax expense for periods presented is set out below:

	2024	2023	2022
		(in € millions)	
Current tax expense			
Current year	237	61	82
Changes in estimates in respect to prior years	8	(9)	13
	245	**52**	**95**
Deferred tax benefit			
Temporary differences	38	(115)	(158)
Change in recognition of deferred tax	(88)	92	124
Change in tax rates	(1)	(1)	—
Changes in estimates in respect to prior years	2	(1)	(1)
Other	7	—	—
	(42)	**(25)**	**(35)**
Income tax expense	**203**	**27**	**60**

For the years ended December 31, 2024, 2023, and 2022, the Group recorded an income tax expense of €83 million, €13 million, and €26 million, respectively, in other comprehensive income.

In 2024, the Group recognized current income tax expense of €21 million related to accruals of uncertain tax positions and has cumulatively recorded liabilities of €29 million for uncertain tax positions at December 31, 2024, none of which are reasonably expected to be resolved within 12 months. Interest and penalties included in income tax expense were not material in any of the periods presented.

A reconciliation between the Income tax expense for the year, and the theoretical tax expense that would arise when applying the statutory tax rate in Luxembourg of 24.94% to the consolidated income before tax for each of the years ended December 31, 2024, 2023, and 2022 is shown in the table below:

	2024	2023	2022
		(in € millions)	
Income/(loss) before tax	**1,341**	**(505)**	**(370)**
Tax using the Luxembourg tax rate	335	(126)	(93)
Effect of tax rates in foreign jurisdictions	(37)	1	(11)
Permanent differences	61	69	23
Change in unrecognized deferred taxes	(173)	92	124
Adjustments in respect of previous years	10	(10)	12
Foreign withholding taxes	1	2	2
Other	6	(1)	3
Income tax expense	**203**	**27**	**60**

The Group will be subject to tax in future periods as a result of foreign exchange movements between USD, EUR, and SEK, primarily related to its investment in TME.

The major components of deferred tax assets and liabilities are comprised of the following:

	2024	2023
	(in € millions)	
Intangible assets	(63)	(52)
Share-based compensation	148	14
Tax losses carried forward	191	97
Property and equipment	34	32
Unrealized gains	(173)	(117)
Lease right-of-use asset	(67)	(69)
Lease liability	86	105
Accrued expenses and other liabilities	3	1
Other	6	9
Net deferred tax assets	**165**	**20**

The increase in deferred tax assets is due mainly to the recognition of deferred tax assets related to deductible temporary differences and net operating loss carry-forwards in Sweden, based on the expectation of future taxable profits against which these deductible temporary differences can be utilized.

A reconciliation of net deferred tax is shown in the table below:

	2024	2023	2022
		(in € millions)	
At January 1	**20**	**3**	**13**
Movement recognized in consolidated statement of operations	42	25	36
Movement recognized in consolidated statement of changes in equity and other comprehensive income	103	(8)	(32)
Movement due to acquisition	—	—	(14)
At December 31	**165**	**20**	**3**

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Reconciliation to consolidated statement of financial position	2024	2023
	(in € millions)	
Deferred tax assets	186	28
Deferred tax liabilities	21	8

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which entities within the Group can realize the benefits.

	2024	2023
	(in € millions)	
Intangible assets	72	66
Share-based compensation	261	106
Tax losses carried forward	55	294
Tax credits carried forward	92	102
Capitalized research & development costs	279	187
Lease liability	41	28
Other	18	13
Total	**818**	**796**

We believe it is possible that within the next 12 months sufficient positive evidence will exist to support the recognition of U.S. Federal and State deferred tax assets. At December 31, 2024 the total unrecognized balance in the U.S. was €780 million. The exact timing and amount of recognition is dependent on various factors including, but not limited to, the level of profitability and the level of benefit from share-based compensation deductions in future periods. The recognition of the U.S. deferred tax assets would result in an income tax benefit in the consolidated statement of operations as well as a credit in equity recorded in the quarter in which the determination is made.

At December 31, 2024, no deferred tax liability had been recognized on investments in subsidiaries because the Company has concluded it has the ability and intention to control the timing of any distribution from its subsidiaries. There are no distributions planned in the foreseeable future. It is not practicable to calculate the unrecognized deferred tax liability on investments in subsidiaries.

Tax losses and credit carry-forwards as at December 31, 2024 were expected to expire as follows:

Expected expiry	2025 - 2034	2035 and onwards	Unlimited	Total
		(in € millions)		
Tax loss carry-forwards	117	251	937	1,305
Research and development credit carry-forward	—	79	—	79

The Group has significant net operating loss carry-forwards in Luxembourg of €37 million, as well as foreign jurisdictions including the United States of €238 million (€7 million federal and €231 million state and local), Sweden of €870 million, India of €117 million and other foreign jurisdictions of €43 million. In certain jurisdictions, if the Group is unable to earn sufficient income or profits to utilize such carry-forwards before they expire, they will no longer be available to offset future income or profits.

In the United States, the remaining €7 million federal net operating loss carry-forwards and a portion of the state net operating loss carry-forwards are subject to an annual limitation as defined by Section 382 of the Internal Revenue Code ("Section 382"). Additionally, the losses generated after January 1, 2018 can be carried forward indefinitely but are subject to an 80% taxable income limitation upon utilization.

In Sweden, our net operating losses can be carried forward indefinitely. Utilization of these net operating loss carry-forwards may be subject to a substantial annual limitation if there is an ownership change within the meaning of Chapter 40, paragraphs 10-14, of the Swedish Income Tax Act (the "Swedish Income Tax Act").

The Group's most significant tax jurisdictions are Sweden and the U.S. (both at the federal level and in various state jurisdictions). In the U.S., tax years beginning in or after 2013 and 2014 remain open to tax authority examinations at the state and federal level, respectively. In Sweden, tax years beginning in or after 2019 remain open to adjustment. U.S. tax loss and tax credit carry-forwards generated in periods prior to 2014 remain open to adjustment through the end of the statute of limitations related to the year the carry-forward is used to offset taxable income. Certain of the Group's subsidiaries are currently under examination by national, and in the case of the U.S. national and state level, tax authorities for tax years from 2013-2022. These examinations may lead to adjustments to the Group's taxes.

The Group's Advance Pricing Agreement ("APA") process between Sweden and the U.S. concluded in July 2024 with a unilateral APA between Spotify US and the IRS covering the years 2014-2021. The US agreement accepted our returns as filed.

The Group is in scope of the OECD Pillar Two model rules ("the P2 Model Rules" or "P2 Rules"). The legislation is effective for the Group's financial year beginning January 1, 2024. The rules impose a minimum 15% effective tax rate, based on the P2 Rules, applicable in each jurisdiction in which the Group operates. To come into force, the P2 Model Rules must be enacted into local tax legislation by each participating country. The OECD and participating countries have enacted (or are in the process of enacting) legislation and issue administrative guidance in jurisdictions in which the Group operates, including Luxembourg and Sweden.

The impact of Pillar Two income taxes is not material based on the most recently available financial information of the Group.

In May 2023, the IASB amended IAS 12 Income Taxes to include a mandatory temporary exception from recognizing or disclosing deferred taxes relating to the Pillar Two legislation. The Group has applied this mandatory exception which did not have a material impact to the consolidated financial statements.

9. Earnings/(loss) per share

Basic earnings/(loss) per share is computed using the weighted-average number of outstanding ordinary shares during the period. Diluted earnings/(loss) per share is computed using the treasury stock method to the extent that the effect is dilutive by using the weighted-average number of outstanding ordinary shares and potential outstanding ordinary shares during the period. Potential ordinary shares, which are based on the weighted-average ordinary shares underlying outstanding stock options, restricted stock units, and other contingently issuable shares, warrants, and Exchangeable Notes and computed using the treasury stock method or the if-converted method, as applicable, are included when calculating diluted earnings/(loss) per share when their effect is dilutive. The computation of earnings/(loss) per share for the respective periods is as follows:

	2024	2023	2022
	(in € millions, except share and per share data)		
Basic earnings/(loss) per share			
Net income/(loss) attributable to owners of the parent	1,138	(532)	(430)
Shares used in computation:			
Weighted-average ordinary shares outstanding	200,622,518	194,732,304	192,934,862
Basic earnings/(loss) per share attributable to owners of the parent	**5.67**	**(2.73)**	**(2.23)**
Diluted earnings/(loss) per share			
Net income/(loss) attributable to owners of the parent	1,138	(532)	(430)
Fair value gains on dilutive Exchangeable Notes	—	—	(144)
Net earnings/(loss) used in the computation of diluted earnings/(loss) per share	**1,138**	**(532)**	**(574)**
Shares used in computation:			
Weighted-average ordinary shares outstanding	200,622,518	194,732,304	192,934,862
Exchangeable Notes	—	—	2,911,500
Stock options	4,407,037	—	—
Restricted stock units	1,939,539	—	—
Other contingently issuable shares	21,275	—	—
Diluted weighted average ordinary shares	206,990,369	194,732,304	195,846,362
Diluted earnings/(loss) per share attributable to owners of the parent	**5.50**	**(2.73)**	**(2.93)**

Potential dilutive securities that were not included in the diluted earnings/(loss) per share calculations because they would be anti-dilutive were as follows:

	2024	2023	2022
Employee options	842,401	12,429,245	16,004,890
Restricted stock units	18,208	2,554,925	3,135,407
Other contingently issuable shares	—	36,898	71,717
Warrants	—	800,000	800,000
Exchangeable Notes	2,911,500	2,911,500	—

10. Leases

The Group leases certain properties under non-cancellable lease agreements that primarily relate to office space. The expected lease terms are up to 9 years.

Below is the roll-forward of lease right-of-use assets:

Right-of-use assets	
	(in € millions)
Cost	
At January 1, 2023	**675**
Increases	22
Decreases	(1)
Exchange differences	(12)
At December 31, 2023	**684**
Increases	25
Decreases	(140)
Exchange differences	28
At December 31, 2024	**597**
Accumulated depreciation	
At January 1, 2023	**(258)**
Depreciation charge	(56)
Impairment charge	(74)
Decreases	1
Exchange differences	3
At December 31, 2023	**(384)**
Depreciation charge	(44)
Impairment charge	(25)
Decreases	99
Exchange differences	(17)
At December 31, 2024	**(371)**
Cost, net accumulated depreciation	
At December 31, 2023	**300**
At December 31, 2024	**226**

Impairment of real estate assets

As a result of our Work From Anywhere program and a comprehensive review of our real estate footprint and space utilization trends (collectively, the “Office Space Optimization Initiative”), we made the strategic decision to reduce our real estate footprint in certain locations and initiate subleases of these leased office spaces. In accordance with IAS 36, we recognized a non-cash impairment charge of €43 million and €123 million for the years ended December 31, 2024 and 2023, respectively. These charges reflect the write-down of the related real estate assets, which included lease right-of-use assets, leasehold improvements, and property and equipment, to their recoverable amounts.

To determine the recoverable amounts of these real estate assets, we utilized discounted cash flow models to estimate the fair value less cost of disposal. The development of discounted cash flow models required the application of level 3 inputs and significant judgment in determining market participant assumptions, including the projected sublease income over the remaining lease terms, expected vacancy periods prior to the commencement of future subleases, expected lease incentives offered to future tenants, and discount rates that reflect the level of risk associated with these future cash flows.

The key assumptions used to calculate the recoverable amounts of real estate assets were the sublease rental rates, vacancy periods and pre-tax discount rates, which were determined based on the nature and geographic locations of each office space that we planned to sublease. A change in the sublease rental rate, vacancy period, or discount rate assumptions may result in a recoverable amount of one or more of these assets that is above or below the current carrying amount and, therefore, there is a risk of impairment reversals or charges in a future period. We consider that reasonably possible changes in the sublease rental rates, vacancy periods, or discount rates arising from changes in the real estate markets of the office leases could result in a change in their carrying amounts. A decrease or increase of six months in the vacancy periods would have resulted in a change to the impairment loss of €5 million at December 31, 2024. A decrease or increase of 10% in the sublease rental rates would have resulted in a change to the impairment loss of €3 million at December 31, 2024. A decrease or increase of 100 basis points in the discount rates would have resulted in a change to the impairment loss of €1 million at December 31, 2024.

Impairment charges for lease right-of-use assets in connection with the Office Space Optimization Initiative were €25 million and €74 million for the years ended December 31, 2024 and 2023, respectively. See Note 11 for information regarding impairment charges related to property and equipment assets. These charges are included in the consolidated statement of operations for the years ended December 31, 2024 and 2023 as follows.

	Year ended December 31, 2024	Year ended December 31, 2023
	(in € millions)	
Cost of revenue	6	4
Research and development	7	46
Sales and marketing	8	13
General and administrative	4	11
Total	**25**	**74**

Below is the roll-forward of lease liabilities:

Lease liabilities	2024	2023
	(in € millions)	
At January 1	**558**	**613**
Increases	25	22
Payments [1]	(105)	(104)
Interest expense	36	38
Lease incentives received [2]	—	2
Exchange differences	23	(13)
At December 31	**537**	**558**

(1) €36 million and €38 million of interest paid on lease liabilities are included in operating activities and €69 million and €66 million of payments of lease liabilities included in financing activities within the consolidated statement of cash flows for the years ended December 31, 2024 and 2023, respectively.
(2) €2 million of lease incentives received are included in financing activities within the consolidated statement of cash flows for the year ended December 31, 2023. There were no lease incentives received during the year ended December 31, 2024.

Below is the maturity analysis of lease liabilities:

Lease liabilities	**December 31, 2024**
Maturity Analysis	**(in € millions)**
Less than one year	113
One to five years	334
More than five years	253
Total lease commitments	**700**
Impact of discounting remaining lease payments	(163)
Total lease liabilities	**537**
Lease liabilities included in the consolidated statement of financial position	
Current	75
Non-current	462
Total	**537**

Excluded from the lease commitments above are short term leases. Expenses relating to short term leases were approximately €4 million and €4 million for the years ended December 31, 2024 and 2023, respectively. Additionally, the Group has entered into certain lease agreements with approximately €44 million of commitments, which had not commenced as of December 31, 2024, and, as such, have not been recognized in the consolidated statement of financial position.

The weighted-average incremental borrowing rate applied to lease liabilities recognized in the consolidated statement of financial position was 6.5% as of December 31, 2024.

During the year ended December 31, 2024, the Group entered into agreements to sublease a portion of its leased offices under finance leases. Below is the roll-forward of finance lease receivables:

Finance lease receivables	**2024**
	(in € millions)
At January 1	—
Additions	69
Interest income	6
Payments received	(1)
Exchange differences	2
At December 31	**76**

Below is the maturity analysis of finance lease receivables:

Finance lease receivables	**2024**
Maturity Analysis	**(in € millions)**
Less than one year	3
One to five years	57
More than five years	61
Total lease payments receivable	**121**
Unearned finance income	(45)
Total finance lease receivables	**76**
Finance lease receivables included in the interim condensed consolidated statement of financial position	
Current	2
Non-current	74
Total	**76**

11. Property and equipment

	Property and equipment	Leasehold improvements	Total
		(in € millions)	
Cost			
At January 1, 2023	**92**	**448**	**540**
Additions	4	4	8
Disposals	(1)	—	(1)
Exchange differences	(2)	(8)	(10)
At December 31, 2023	**93**	**444**	**537**
Additions	8	4	12
Disposals	(5)	(69)	(74)
Exchange differences	5	15	20
At December 31, 2024	**101**	**394**	**495**
Accumulated depreciation and impairment loss			
At January 1, 2023	**(60)**	**(132)**	**(192)**
Depreciation charge	(14)	(40)	(54)
Impairment charge	(7)	(42)	(49)
Disposals	1	—	1
Exchange differences	1	3	4
At December 31, 2023	**(79)**	**(211)**	**(290)**
Depreciation charge	(10)	(31)	(41)
Impairment charge	(1)	(17)	(18)
Disposals	6	46	52
Exchange differences	(3)	(7)	(10)
At December 31, 2024	**(87)**	**(220)**	**(307)**
Cost, net accumulated depreciation and impairment loss			
At December 31, 2023	**14**	**233**	**247**
At December 31, 2024	**14**	**174**	**188**

Impairment charges for leasehold improvements and property and equipment in connection with the Office Space Optimization Initiative were €18 million and €49 million for the years ended December 31, 2024 and 2023, respectively. See Note 10 for information regarding impairment charges related to lease right-of-use assets. These charges are included in the consolidated statement of operations for years ended December 31, 2024 and 2023 as follows.

	Year ended December 31, 2024	Year ended December 31, 2023
	(in € millions)	
Cost of revenue	11	3
Research and development	2	29
Sales and marketing	3	10
General and administrative	2	7
Total	**18**	**49**

The Group had €7 million and €4 million of leasehold improvements that were not placed into service as of December 31, 2024 and 2023, respectively.

12. Goodwill and intangible assets

	Internal development costs and patents	Acquired intangible assets	Total	Goodwill	Total
			(in € millions)		
Cost					
At January 1, 2023	**69**	**193**	**262**	**1,168**	**1,430**
Additions	8	—	8	—	8
Write-off of fully amortized intangible assets	(8)	(21)	(29)	—	(29)
Exchange differences	(1)	(4)	(5)	(31)	(36)
At December 31, 2023	**68**	**168**	**236**	**1,137**	**1,373**
Additions	3	—	3	—	3
Write-off of fully amortized intangible assets	(7)	(23)	(30)	—	(30)
Reclassifications	—	(10)	(10)	—	(10)
Exchange differences	—	6	6	64	70
At December 31, 2024	**64**	**141**	**205**	**1,201**	**1,406**
Accumulated amortization					
At January 1, 2023	**(50)**	**(85)**	**(135)**	**—**	**(135)**
Amortization charge	(12)	(36)	(48)	—	(48)
Write-off of fully amortized intangible assets	8	21	29	—	29
Exchange differences	(1)	3	2	—	2
At December 31, 2023	**(55)**	**(97)**	**(152)**	**—**	**(152)**
Amortization charge	(8)	(28)	(36)	—	(36)
Write-off of fully amortized intangible assets	7	23	30	—	30
Reclassifications	—	6	6	—	6
Exchange differences	—	(5)	(5)	—	(5)
At December 31, 2024	**(56)**	**(101)**	**(157)**	**—**	**(157)**
Cost, net accumulated amortization					
At December 31, 2023	**13**	**71**	**84**	**1,137**	**1,221**
At December 31, 2024	**8**	**40**	**48**	**1,201**	**1,249**

Amortization charges related to intangible assets of €30 million, €35 million and €40 million in 2024, 2023, and 2022, respectively, are included in research and development in the consolidated statement of operations. There were no impairment charges for goodwill in 2024, 2023, and 2022, respectively. We recorded immaterial impairment charges for intangible assets in 2024, 2023, and 2022.

Goodwill is tested for impairment on an annual basis or when there are indications the carrying amount may be impaired. Goodwill is allocated to the Group's two operating segments, Premium and Ad-Supported, based on each of the segments that are expected to benefit from the business combination. The Group monitors goodwill at the operating segment level for internal purposes, consistent with the way it assesses performance and allocates resources. The carrying amount of goodwill allocated to each of the operating segments is as follows:

	Premium 2024	Ad-Supported 2024	Premium 2023	Ad-Supported 2023
		(in € millions)		
Goodwill	279	922	269	868

Valuation methodology

The Group performed its annual impairment test in the fourth quarter of 2024. The recoverable amount of the Premium and Ad-Supported operating segments are assessed using a fair value less costs of disposal ("FVLCD") model. The FVLCD valuation is considered a level 3 in the fair value hierarchy, as it uses significant unobservable inputs. FVLCD is calculated using both the income and market valuation methods.

Ad-Supported segment

For the Ad-supported segment we used an income valuation method which involved discounting the projected cash flows to present value. We also used the Venture Capital method (“VC method”) which is a hybrid of the income and market valuation methods. The VC method involved discounting cash flows and then applying observed market multiples of comparable publicly traded companies to the forecasted revenue based on an assumed future exit date within the forecast period. We weighted the income valuation method and VC method 80% and 20%, respectively.

Premium segment

For the Premium segment we used an income valuation method which involved discounting the projected cash flows to present value. We also used the market valuation method which involved applying multiples from comparable publicly traded companies to the revenue of the preceding and forecasted 12 months, before and after the date of the impairment test, respectively. We weighted the income valuation method and market valuation method 50% and 50%, respectively.

As a result of the analysis, the FVLCD for the Premium and Ad-Supported operating segments was determined to be in excess of their carrying amounts.

Key assumptions used in the FVLCD calculations at the impairment testing date

The key assumptions used in the income approach was the discount rate based on the weighted-average cost of capital. The discount rate was 10.0% and 11.0% for the Group’s Premium and Ad-Supported segments, respectively. The key assumptions used in the VC method and market valuation method were revenue multiples for comparable companies, which were selected based on industry similarity, financial risk, and size of each of the Group’s operating segments. For the Ad-supported segment, we applied a revenue multiple of 3.7 to the forecasted 12 months revenue preceding the assumed exit date. For the Premium segment, we applied a revenue multiple of 4.9 and 4.1 to the preceding and forecasted 12 months revenue before and after the date of the impairment test, respectively.

There are no reasonably possible changes in the key assumptions that would result in the operating segments’ carrying amounts exceeding their recoverable amounts.

13. Restricted cash and other non-current assets

	2024	2023
	(in € millions)	
Restricted cash		
Lease deposits and guarantees	50	50
Other	2	1
Other non-current assets	16	24
Total	**68**	**75**

14. Trade and other receivables

	2024	2023
	(in € millions)	
Trade receivables	543	607
Less: allowance for expected credit losses	(3)	(5)
Trade receivables – net	540	602
Other	231	256
Total	**771**	**858**

Trade receivables are non-interest bearing and generally have 30 to 60 day payment terms. Due to their comparatively short maturities, the carrying value of trade and other receivables approximate their fair value.

The aging of the Group's net trade receivables is as follows:

	2024	2023
	(in € millions)	
Current	388	411
Overdue 1 – 30 days	73	92
Overdue 31 – 60 days	36	53
Overdue 60 – 90 days	23	26
Overdue more than 90 days	20	20
	540	**602**

The movements in the Group's allowance for expected credit losses are as follows:

	2024	2023
	(in € millions)	
At January 1	**5**	**7**
Provision for expected credit losses	5	4
Reversal of unutilized provisions	(3)	(1)
Receivables written off	(4)	(5)
At December 31	**3**	**5**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

15. Other current assets

	2024	2023
	(in € millions)	
Content assets	47	95
Prepaid expenses and other	71	64
Derivative assets	14	9
Total	**132**	**168**

Content asset amortization of €188 million, €208 million, and €193 million is included in cost of revenue in the consolidated statement of operations for the year ended December 31, 2024, 2023, and 2022, respectively.

During the year ended December 31, 2023, we executed a strategic realignment and reorganization plan focusing on podcast operations and rationalizing our content portfolio. In connection with this reorganization, we incurred charges of €29 million related to the write-off of content assets. These charges are included within cost of revenue in the consolidated statement of operations for the year ended December 31, 2023. There were no material charges related to the write-off of content assets recognized during the year ended December 31, 2024.

16. Issued share capital and other reserves

As of each of December 31, 2024, 2023, and 2022, the authorized and subscribed share capital was comprised of 403,067,339 shares, at a par value €0.000625 each. As at December 31, 2024, 2023, and 2022, the Company had 207,475,133, 201,343,630, and 196,858,811 ordinary shares issued and fully paid, respectively.

The Group has incentive stock plans under which options and restricted stock to subscribe to the Company's share capital have been granted to certain directors and employees. Options exercised or restricted stock vesting under these plans are settled via either the issuance of new shares or issuance of shares from treasury.

Our shareholders have authorized the issuance of up to 1,400,000,000 beneficiary certificates to shareholders of the Company without reserving to our existing shareholders a preemptive right to subscribe for the beneficiary certificates issued in the future. Pursuant to our articles of association, our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. We have issued ten beneficiary certificates per ordinary share issued by us and held of record to entities beneficially owned by our founders, Daniel Ek and Martin Lorentzon, for a total of 324,732,980 and 343,841,690 beneficiary certificates outstanding as of December 31, 2024 and 2023, respectively. The beneficiary certificates carry no economic rights and are issued to provide the holders of such certificates additional voting rights. Each beneficiary certificate entitles its holder to one vote. The beneficiary certificates, subject to certain exceptions, are non-transferable and shall be automatically canceled for no consideration in the case of sale or transfer of the ordinary share to which they are linked.

On August 23, 2021, the Company issued, for €31 million, warrants to acquire 800,000 ordinary shares to Mr. Ek, through D.G.E. Investments Limited. The exercise price of each warrant was US $281.63, which was equal to 1.3 times the fair market value of ordinary shares on the date of issuance. On July 25, 2024, the Company issued 118,891 ordinary shares and 1,188,910 beneficiary certificates to Mr. Ek through D.G.E. Investments Limited upon the net settlement of the 800,000 warrants that were granted on August 23, 2021.

On August 20, 2021, the Company announced that the board of directors had approved a program to repurchase up to $1.0 billion of the Company's ordinary shares. Repurchases of up to 10,000,000 of the Company's ordinary shares were authorized at the Company's general meeting of shareholders on April 21, 2021. The repurchase program will expire on April 21, 2026. Since the commencement of this repurchase program, the Company repurchased 469,274 shares for €91 million under this program. There were no repurchases for the year ended December 31, 2024.

No dividends were paid during the year or are proposed.

All outstanding shares have equal rights to vote at general meetings.

For the years ended December 31, 2024 and 2023, the Company repurchased, in total, 6,000,000 and 4,450,000 of its own ordinary shares, respectively, and reissued 6,569,517 and 3,815,301 treasury shares, respectively, upon the exercise of stock options, restricted stock units, and contingently issuable shares. As of December 31, 2024 and 2023, the Company had 3,630,724 and 4,200,241 ordinary shares held as treasury shares, respectively.

Other reserves

	2024	2023	2022
		(in € millions)	
Currency translation			
At January 1	**63**	**100**	**17**
Currency translation	87	(37)	83
At December 31	**150**	**63**	**100**
Short term investments			
At January 1	**(4)**	**(18)**	**(3)**
(Losses)/gains on fair value that may be subsequently reclassified to consolidated statement of operations	(7)	11	(23)
Losses reclassified to consolidated statement of operations	3	7	4
Deferred tax	1	(4)	4
At December 31	**(7)**	**(4)**	**(18)**
Long term investments			
At January 1	**224**	**161**	**(26)**
Gains on fair value not to be subsequently reclassified to consolidated statement of operations	415	76	212
Losses on sale of long term investment reclassified to accumulated deficit	—	3	2
Tax effect of gains on sale of long term investment reclassified to accumulated deficit	—	—	(5)
Deferred tax	(86)	(16)	(22)
At December 31	**553**	**224**	**161**
Exchangeable Notes			
At January 1	(7)	3	—
(Losses)/gains on fair value attributable to changes in credit risk	(8)	(14)	4
Deferred tax	2	4	(1)
At December 31	**(13)**	**(7)**	**3**
Cash flow hedges			
At January 1	**(3)**	**10**	**(4)**
(Losses)/gains on fair value that may be subsequently reclassified consolidated statement of operations	(10)	(2)	4
Losses/(gains) reclassified to revenue	28	(44)	32
(Gains)/losses reclassified to cost of revenue	(20)	30	(20)
Deferred tax	—	3	(2)
At December 31	**(5)**	**(3)**	**10**
Share-based compensation			
At January 1	**1,539**	**1,265**	**869**
Share-based compensation (Note 17)	268	322	385
Income tax impact associated with share-based compensation (Note 8)	359	23	51
Restricted stock units withheld for employee taxes	(137)	(71)	(40)
At December 31	**2,029**	**1,539**	**1,265**
Other reserves at December 31	**2,707**	**1,812**	**1,521**

Currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations into the reporting currency.

Short term investment reserve recognizes the unrealized fair value gains and losses on debt instruments held at fair value through Other Comprehensive Income (“OCI”).

Long term investment reserve recognizes the unrealized fair value gains and losses on equity instruments held at fair value through OCI.

Exchangeable Notes reserve recognizes the change in fair value gains and losses that is attributable to changes in the Issuer's own credit risk on Exchangeable Notes, which are designated at fair value through profit and loss.

Cash flow hedge reserve recognizes the unrealized gains and losses on the effective portion of foreign exchange forward contracts designated for hedging.

The share-based compensation reserve is used to record the value of equity-settled awards as they vest with employees and directors. For further details, please see Note 17.

17. Share-based compensation

Stock Option Plans

The Company has Employee Stock Option Plans ("ESOP") and Director Stock Option Plans (together, the "Stock Options Plans"). Under the Stock Option Plans, stock options of the Company are granted to certain employees of the Group and members of its board of directors. For options granted under the Stock Option Plans, the exercise price is equal to the fair value of the ordinary shares on grant date or equal to 150% of the fair value of the ordinary shares on grant date. The exercise price is included in the grant date fair value of the award. The exercise price for options is payable in the EUR value of a fixed USD amount; therefore, the Group considers these options to be USD-denominated. The options granted to participants under the Stock Option Plans have a first vesting period of three or eight months from date of grant and vest monthly or annually thereafter until fully vested up to four years from date of grant. The options are granted with a term of five years.

Restricted Stock Unit Program

The Company has restricted stock unit ("RSU") programs for employees and members of its board of directors (together, the "RSU Plans"). The RSU Plans are accounted for as equity-settled share-based compensation transactions. The RSUs are measured based on the fair market value of the underlying ordinary shares on the date of grant. The RSUs granted to participants under the RSU Plans have a first vesting period of three or eight months from date of grant and vest monthly or annually thereafter until fully vested up to four years from date of grant. The valuation of the RSUs was consistent with the fair value of the ordinary shares.

Other Awards

In connection with the acquisition of The Ringer during 2020 and Podsights during 2022, the Company granted 34,450 and 30,824 equity instruments to certain employees of The Ringer and Podsights, respectively. Each instrument effectively represents one ordinary share of the Company, which will be issued to the holder upon vesting. The instruments vest annually over a five-year and four-year period, respectively, from the acquisition date, and vesting is contingent on continued employment. The instruments are accounted for as equity-settled share-based compensation transactions and are measured based on the fair market value of the underlying ordinary shares on the date of grant. The grant date fair value of each equity instrument granted to certain employees of The Ringer and Podsights was US $145.14 and US $162.21, respectively.

Activity in the Group's RSUs and other contingently issuable shares outstanding and related information is as follows:

	RSUs		Other	
	Number of RSUs	Weighted average grant date fair value	Number of Awards	Weighted average grant date fair value
		US$		US$
Outstanding at January 1, 2022	**1,425,196**	**211.25**	**108,720**	**145.19**
Granted	2,914,248	121.42	30,824	162.21
Forfeited	(359,238)	173.04	(20,357)	145.21
Released	(844,799)	173.76	(47,470)	145.20
Outstanding at December 31, 2022	**3,135,407**	**142.23**	**71,717**	**152.50**
Granted	1,379,324	121.77	—	—
Forfeited	(657,607)	134.72	—	—
Released	(1,302,199)	143.68	(34,819)	148.96
Outstanding at December 31, 2023	**2,554,925**	**132.39**	**36,898**	**155.83**
Granted	732,639	273.40	—	—
Forfeited	(135,153)	153.67	—	—
Released	(1,132,039)	156.28	(14,596)	154.15
Outstanding at December 31, 2024	**2,020,372**	**168.81**	**22,302**	**156.93**

In the table above, the number of RSUs and other contingently issuable shares released include ordinary shares that the Group has withheld for settlement of employees' tax obligations due upon the vesting of RSUs. For most of our employees, when RSUs vest, the Group withholds the number of shares that are equal to the monetary value of the employee's tax obligation from the total number of shares that otherwise would have been issued. The Group then remits cash to tax authorities on the employees' behalf. If all the RSUs outstanding at December 31, 2024 subsequently vest, the Group estimates that it would be required to remit approximately €323 million to tax authorities over the vesting period for the years 2025 through 2028. In determining this estimate, the Group used the Company's ordinary share price as at December 31, 2024. The actual amount remitted to tax authorities is dependent on the Company's ordinary share price on each of the vesting dates as well as the number of awards that ultimately vest.

Activity in the stock options outstanding and related information is as follows:

	Options	
	Number of options	Weighted average exercise price
		US$
Outstanding at January 1, 2022	**8,695,348**	**190.19**
Granted	9,640,611	141.55
Forfeited	(1,332,946)	215.07
Exercised	(620,143)	78.33
Expired	(377,980)	130.86
Outstanding at December 31, 2022	**16,004,890**	**164.56**
Granted	2,140,650	129.05
Forfeited	(1,647,782)	158.21
Exercised	(3,057,801)	128.91
Expired	(1,010,712)	190.86
Outstanding at December 31, 2023	**12,429,245**	**165.93**
Granted	663,407	284.32
Forfeited	(264,246)	155.41
Exercised	(5,933,613)	169.47
Expired	(204,366)	310.28
Outstanding at December 31, 2024	**6,690,427**	**170.49**
Exercisable at December 31, 2022	**6,402,109**	**172.69**
Exercisable at December 31, 2023	**5,793,791**	**184.98**
Exercisable at December 31, 2024	**2,520,115**	**189.66**

The weighted-average contractual life for the stock options outstanding at December 31, 2024, 2023, and 2022 is 2.6 years, 2.8 years, and 3.3 years, respectively. The weighted-average share price at exercise for options exercised during 2024, 2023, and 2022 was US $337.09, US $165.13, and US $158.59, respectively. The weighted-average fair value of options granted during the years ended at December 31, 2024, 2023, and 2022 was US $119.79 per option, US $49.44 per option, and US $43.56 per option, and, respectively.

The stock options outstanding at December 31, 2024, 2023, and 2022 are comprised of the following:

Range of exercise prices (US$)			2024		2023		2022	
			Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
25.01	to	45.00	—	0	752	0.1	2,289	1.1
45.01	to	90.00	723,791	2.8	1,101,330	3.7	1,147,396	4.8
90.01	to	135.00	1,997,219	2.8	3,362,206	3.3	4,036,371	3.3
135.01	to	180.00	2,100,527	2.4	4,639,068	2.7	6,741,590	3.1
180.01	to	498.98	1,856,703	2.5	3,325,889	2.1	4,077,244	3.0
498.99	to	715.44	12,187	4.8	—	0	—	0
			6,690,427	**2.6**	**12,429,245**	**2.8**	**16,004,890**	**3.3**

In determining the fair value of the stock options, the Group uses the Black-Scholes option-pricing model. The Company does not anticipate paying any cash dividends in the near future and, therefore, uses an expected dividend yield of zero in the option valuation model. The expected volatility is based on a weighting of the historical volatility of the Company's common stock and the historical volatility of public companies that are comparable to the Group over the expected term of the award. The risk-free rate is based on U.S. Treasury zero-coupon rates as the exercise price is based on a fixed USD amount. The expected life of the stock options is based on historical data and current expectations.

The following table lists the inputs to the Black-Scholes option-pricing models used for stock options for the years ended December 31, 2024, 2023, and 2022:

	2024	2023	2022
Expected volatility (%)	49.9 – 57.6	51.5 – 61.2	35.9 – 60.0
Risk-free interest rate (%)	3.5 – 4.9	3.5 – 4.9	0.9 – 4.5
Expected life of stock options (years)	2.6 – 4.8	2.6 – 4.8	2.6 – 4.8
Weighted-average share price (US$)	275.89	128.33	124.47

Valuation assumptions are determined at each grant date and, as a result, are likely to change for share-based awards granted in future periods. Changes to the input assumptions could materially affect the estimated fair value of share-based compensation awards.

The sensitivity analysis below shows the impact of increasing and decreasing expected volatility by 10%, as well as the impact of increasing and decreasing the expected life by one year. This analysis was performed on stock options granted in 2024. The following table shows the impact of these changes on stock option expense for the options granted in 2024:

	2024
	(in € millions)
Actual stock option expense	30
Stock option expense increase/(decrease) under the following assumption changes	
Volatility decreased by 10%	(4)
Volatility increase by 10%	4
Expected life decrease by 1 year	(5)
Expected life increase by 1 year	4

The expense recognized in the consolidated statement of operations for share-based compensation is as follows:

	2024	2023	2022
		(in € millions)	
Cost of revenue	5	5	8
Research and development	152	194	218
Sales and marketing	61	66	73
General and administrative	49	56	82
Total	**267**	**321**	**381**

Expense recognized for the year ended December 31, 2023 was inclusive of a €48 million forfeiture credit for shares forfeited as a result of strategic realignment and reorganization plans. Of this credit, €2 million was included in Cost of revenue, €27 million was included in Research and development, €8 million was included in Sales and marketing, and €11 million was included in General and administrative within the consolidated statement of operations for year ended December 31, 2023.

18. Exchangeable Notes

On March 2, 2021, the Company’s wholly owned subsidiary, Spotify USA Inc. (the “Issuer”), issued US $1,500 million aggregate principal amount of 0% Exchangeable Senior Notes due 2026 (the “Exchangeable Notes”), which included the initial purchasers’ exercise in full of their option to purchase an additional US $200 million principal amount of the Exchangeable Notes. The Exchangeable Notes will mature on March 15, 2026, unless earlier repurchased, redeemed or exchanged. The Exchangeable Notes are fully and unconditionally guaranteed, on a senior, unsecured basis by the Company.

The net proceeds from the issuance of the Exchangeable Notes were €1,223 million after deducting transaction costs of €18 million. The transaction costs were immediately expensed and included in finance costs in the consolidated statement of operations.

The Exchangeable Notes are the Issuer’s senior unsecured obligations and are equal in right of payment with the Issuer’s future senior, unsecured indebtedness, senior in right of payment to the Issuer’s future indebtedness that is expressly subordinated to the Exchangeable Notes and effectively subordinated to the Issuer’s future secured indebtedness, to the extent of the value of the collateral securing that indebtedness. The Exchangeable Notes will be structurally subordinated to all future indebtedness and other liabilities, including trade payables, and (to the extent the Issuer is not a holder thereof) preferred equity, if any, of the Issuer's subsidiaries.

The noteholders may exchange their Exchangeable Notes at their option into consideration that consists, at the Issuer's election, of cash, ordinary shares of the Company, or a combination of cash and ordinary shares, but only in the following circumstances:

(1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021, if the last reported sale price per ordinary share exceeds 130% of the exchange price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;

(2) during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the "measurement period") in which the trading price per $1,000 principal amount of Exchangeable Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per ordinary share on such trading day and the exchange rate on such trading day;

(3) upon the occurrence of certain corporate events or distributions on the ordinary shares as set forth in the indenture governing the Exchangeable Notes (the "Indenture");

(4) if the Issuer calls such Exchangeable Notes for redemption; and

(5) at any time from, and including, December 15, 2025 until the close of business on the second scheduled trading day immediately before the maturity date.

The initial exchange rate is 1.9410 ordinary shares per US $1,000 principal amount of Exchangeable Notes, which represents an initial exchange price of approximately US $515.20 per ordinary share. The exchange rate and exchange price will be subject to customary adjustments upon the occurrence of certain events as set forth in the Indenture. In addition, if certain corporate events that constitute a make-whole fundamental change occur as set forth in the Indenture, then the exchange rate will, in certain circumstances, be increased for a specified period of time.

The circumstances required to allow the noteholders to exchange their Exchangeable Notes were not met during the year ended December 31, 2024.

The Exchangeable Notes were not redeemable prior to March 20, 2024, except in the event of certain tax law changes as set forth in the Indenture. Since March 20, 2024, the Exchangeable Notes are redeemable, in whole or in part, at the Issuer's option at any time, and from time to time, and on or before the 40th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the Exchangeable Notes to be redeemed, plus accrued and unpaid special and additional interest, if any, but only if the last reported sale price per ordinary share exceeds 130% of the exchange price on:

(1) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Issuer sends the related redemption notice; and

(2) the trading day immediately before the date the Issuer sends such notice.

In addition, the Issuer will have the right to redeem all, but not less than all, of the Exchangeable Notes if certain changes in tax law as set forth in the Indenture occur. In addition, calling any Exchangeable Note for redemption will constitute a make-whole fundamental change with respect to that Exchangeable Note, in which case the exchange rate applicable to the exchange of that Exchangeable Note will be increased in certain circumstances if it is exchanged after it is called for redemption.

Upon the occurrence of a "fundamental change" as set forth in the Indenture, noteholders may require the Issuer to repurchase their Exchangeable Notes at a cash repurchase price equal to the principal amount of the Exchangeable Notes to be repurchased, plus accrued and unpaid special and additional interest, if any, to, but excluding, the fundamental change repurchase date as set forth in the Indenture.

The Group accounted for the Exchangeable Notes at fair value through profit and loss using the fair value option in accordance with IFRS 9, Financial Instruments. Under this approach, the Exchangeable Notes are accounted for in their entirety at fair value, with any change in fair value after initial measurement being recorded in finance income or cost in the consolidated statement of operations, except that changes in fair value that are due to changes in own credit risk are presented separately in other comprehensive (loss)/income and will not be reclassified to the consolidated statement of operations.

The fair value of the Exchangeable Notes as of December 31, 2024 was €1,539 million. See Note 22 for information regarding the key inputs and assumptions used to estimate the fair value of the Exchangeable Notes.

19. Trade and other payables

	2024	2023
	(in € millions)	
Trade payables	933	662
Value added tax and sales taxes payable	335	291
Other current liabilities	74	25
Total	**1,342**	**978**

Trade payables generally have a 30-day term and are recognized and carried at their invoiced value, inclusive of any value added tax that may be applicable.

20. Accrued expenses and other liabilities

	2024	2023
	(in € millions)	
Non-current		
Other accrued liabilities	5	26
Total	**5**	**26**
Current		
Accrued fees to rights holders	1,695	1,826
Accrued salaries, vacation, severance, and related taxes	119	273
Accrued social costs for options and RSUs	217	57
Accrued operating liabilities	154	163
Other accrued expenses	162	121
Total	**2,347**	**2,440**

On December 4, 2023, the Company announced a reduction in force, through which our employee base was reduced by approximately 17%. As of December 31, 2023, we had accrued employee severance costs related to the reduction in force of €136 million included within current accrued expenses and other liabilities. As of December 31, 2024, we had substantially settled our obligations related to the reduction in force.

21. Provisions

	Legal contingencies	Other	Total
		(in € millions)	
Carrying amount at January 1, 2023	**10**	**19**	**29**
Charged/(credited) to the consolidated statement of operations:			
Additional provisions	4	12	16
Reversal of unutilized amounts	(2)	(8)	(10)
Exchange differences	1	—	1
Utilized	(2)	(10)	(12)
Carrying amount at December 31, 2023	**11**	**13**	**24**
Charged/(credited) to the consolidated statement of operations:			
Additional provisions	7	3	10
Reversal of unutilized amounts	(2)	(3)	(5)
Exchange differences	—	1	1
Utilized	—	(2)	(2)
Carrying amount at December 31, 2024	**16**	**12**	**28**
As at December 31, 2023			
Current portion	**11**	**10**	**21**
Non-current portion	**—**	**3**	**3**
As at December 31, 2024			
Current portion	**16**	**9**	**25**
Non-current portion	**—**	**3**	**3**

Legal contingencies

Various legal actions, proceedings, and claims are pending or may be instituted or asserted against the Group. The results of such legal proceedings are difficult to predict and the extent of the Group's financial exposure is difficult to estimate. The Group records a provision for contingent losses when it is both probable that a liability has been incurred, and the amount of the loss can be reasonably estimated.

As of April 2019, Spotify USA Inc.'s settlement of the *Ferrick et al. v. Spotify USA Inc.*, No. 1:16-cv-8412-AJN (S.D.N.Y.), putative class action lawsuit, which alleged that Spotify USA Inc. unlawfully reproduced and distributed musical compositions without obtaining licenses, was final and effective. Even with the effectiveness of the settlement, we may still be subject to claims of copyright infringement by rights holders who have purported to opt out of the settlement or who may not otherwise be covered by its terms. The Music Modernization Act of 2018 contains a limitation of liability with respect to such lawsuits filed on or after January 1, 2018. Rights holders may, nevertheless, file lawsuits, and may argue that they should not be bound by this limitation of liability. For example, in August 2019, the *Eight Mile Style, LLC et al v. Spotify USA Inc.*, No. 3:19-cv-00736-AAT, lawsuit was filed against Spotify USA Inc. in the U.S. District Court for the Middle District of Tennessee, alleging both that Spotify USA Inc. does not qualify for the limitation of liability in the Music Modernization Act and that the limitation of liability is unconstitutional and, thus, not valid law. In August 2024, the court granted partial summary judgment for Spotify USA Inc. against Eight Mile Style, LLC, holding that all of Eight Mile Style's claims are barred. Eight Mile Style has filed a notice of appeal.

Other

The Group has indirect tax provisions that relate primarily to potential non-income tax obligations in various jurisdictions. The Group recognizes provisions for claims or indirect taxes when it determines that an unfavorable outcome is probable and the amount of loss can be reasonably estimated.

The Group also recognizes provisions for onerous contracts where the unavoidable cost of meeting the obligations exceeds the expected revenue.

Additionally, the Group has obligations under lease agreements to return the leased assets to their original condition. An obligation to return the leased asset to their original condition upon expiration of the lease is accounted for as asset retirement obligations. The obligations are expected to be settled at the end of the lease terms.

22. Financial risk management and financial instruments

Financial risk management

The Group's operations are exposed to financial risks. To manage these risks efficiently, the Group has established guidelines in the form of a treasury policy that serves as a framework for the daily financial operations. The treasury policy stipulates the rules and limitations for the management of financial risks.

Financial risk management is centralized within Treasury which is responsible for the management of financial risks. Treasury manages and executes the financial management activities, including monitoring the exposure of financial risks, cash management, and maintaining a liquidity reserve. Treasury operates within the limits and policies authorized by the board of directors.

Capital management

The Group's objectives when managing capital (cash and cash equivalents, short term investments, Exchangeable Notes, and equity) is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital structure and dividend policy is decided by the board of directors. Treasury continuously reviews the Group's capital structure considering, amongst other things, market conditions, financial flexibility, business risk, and growth rate. We have never declared or paid any cash dividends on our share capital, and we do not expect to pay dividends or other distributions on our ordinary shares in the foreseeable future.

On August 20, 2021, the Company announced that the board of directors had approved a program to repurchase up to $1.0 billion of the Company's ordinary shares. Repurchases of up to 10,000,000 of the Company's ordinary shares were authorized at the Company's general meeting of shareholders on April 21, 2021. The repurchase program will expire on April 21, 2026. Since the commencement of this repurchase program, the Company has repurchased 469,274 shares for €91 million under the program. There were no repurchases for the year ended December 31, 2024.

The timing and actual number of shares repurchased depends on a variety of factors, including price, general business and market conditions, and alternative investment opportunities. The repurchase program is executed consistent with the Company's capital allocation strategy of prioritizing investment to grow the business over the long term. The repurchase program does not obligate the Company to acquire any particular amount of ordinary shares, and the repurchase program may be suspended or discontinued at any time at the Company's discretion. The Company uses current cash and cash equivalents and the cash flow it generates from operations to fund the share repurchase program.

The Group is not subject to any externally imposed capital requirements.

Credit risk management

Financial assets with respect to cash and cash equivalents and short term investments carry an element of risk that counterparties may be unable to fulfill their obligations. This exposure arises from the investments in liquid funds of banks and other counterparties. The Group mitigates this risk by adopting a risk averse approach in relation to the investment of surplus cash. The main objectives for investments are first, to preserve principal and secondarily, to maximize return given the rules and limitations of the treasury policy. Surplus cash is invested in counterparties and instruments considered to carry low credit risk. Investments are subject to credit rating thresholds and, at the time of investment, no more than 10% of surplus cash can be invested in any one issuer (excluding certain government bonds and investments in cash management banks). The weighted-average maturity of the portfolio shall not be greater than 2.25 years, and the final maturity of any investment is not to exceed 5 years. The Group shall maintain the ability to liquidate the majority of all investments (classified as cash and cash equivalents and short term investments) within 90 days. At December 31, 2024 and 2023, the financial credit risk was equal to the consolidated statement of financial position value of cash and cash equivalents and short term investments of €7,448 million and €4,214 million, respectively. No credit losses were incurred during 2024 or 2023 on these investments.

The credit risk with respect to the Group's trade receivables is diversified geographically and among a large number of customers, private individuals, as well as companies in various industries, both public and private. The majority of the Group's revenue is paid monthly in advance significantly lowering the credit risk incurred for these specific counterparties. Solvency information is generally required for credit sales within the Ad sales and Partner subscription business to minimize the risk of bad debt losses and is based on information provided by credit and business information from external sources.

Liquidity risk management

Liquidity risk is the Group's risk of not being able to meet the short term payment obligations due to insufficient funds. The Group has internal control processes and contingency plans for managing liquidity risk. A centralized cash pooling process enables the Group to manage liquidity surpluses and deficits according to the actual needs at the group and subsidiary level. The liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from operations.

The Group's policy is to have a strong liquidity position in terms of available cash and cash equivalents, and short term investments.

	2024	2023
	(in € millions)	
Liquidity		
Short term investments	2,667	1,100
Cash equivalents	3,550	2,111
Cash at bank and on hand	1,231	1,003
Liquidity position	**7,448**	**4,214**

Cash equivalents include investments in money market funds measured at fair value and classified as level 1 financial instruments in the fair value hierarchy.

Currency risk management

Transaction exposure relates to business transactions denominated in foreign currency required by operations (purchasing and selling) and/or financing (interest and amortization). The Group's general policy is to hedge a portion of its transaction exposure on a case-by-case basis under the Group's cash-flow hedging program by entering into multiple foreign exchange forward contracts. The Group does not enter into foreign exchange forward contracts greater than one year. The Group's currency pairs used for cash flow hedges are Euro / U.S. dollar, Euro / Australian dollar, Euro / British pound, Euro / Swedish krona, Euro / Canadian dollar, and Euro / Norwegian krone. Translation exposure relates to net investments in foreign operations. The Group does not conduct translation risk hedging.

(i) *Transaction exposure sensitivity*

In most cases, the Group's customers are billed in their respective local currency. Major payments, such as salaries, consultancy fees, and rental fees are settled in local currencies. Royalty payments are primarily in EUR and USD. Hence, the operational need to net purchase foreign currency is due primarily to a deficit from such settlements.

The table below shows the immediate impact on net income/loss before tax of a 10% strengthening in the closing exchange rate of significant currencies to which the Group had exposure at December 31, 2024 and 2023. The impact on net income/loss before tax is due primarily to monetary assets and liabilities in a transactional currency other than the functional currency of a subsidiary within the Group. The sensitivity associated with a 10% weakening of a particular currency would be equal and opposite. This assumes that each currency moves in isolation.

2024	Swedish krona (SEK)	British pound (GBP)	U.S. dollar (USD)
		(in € millions)	
Increase/(decrease) in income before tax	(16)	(11)	70

2023	Swedish krona (SEK)	British pound (GBP)	U.S. dollar (USD)
		(in € millions)	
(Increase)/decrease in loss before tax	(16)	(20)	60

(ii) *Translation exposure sensitivity*

Translation exposure exists due to the translation of the results and financial position of all of the Group entities that have a functional currency different from the presentation currency of Euro. The impact on the Group's equity would be approximately €207 million and €127 million if the Euro weakened by 10% against all translation exposure currencies, based on the exposure at December 31, 2024 and 2023, respectively.

Interest rate risk management

Interest rate risk is the risk that changes in interest rates will have a negative impact on the Group's earnings and cash flow. The Group's exposure to interest rate risk is related to its interest-bearing assets, including its cash and cash equivalents and debt securities held at fair value through other comprehensive income. Fluctuations in interest rates impact the yield of the investment. The sensitivity analysis considered the historical volatility of short term interest rates and we determined that it was reasonably possible that a change of 100 basis points could be experienced in the near term. A hypothetical 100 basis point decrease or increase in interest rates would have resulted in a change in interest income earned on our cash and cash equivalents and short term investments of €54 million and €40 million for the years ended December 31, 2024 and 2023, respectively.

Financing risk management

The Group finances its operations through external borrowings, equity offerings, and cash flow from operations. The funding strategy has been to diversify funding sources. The external debt consisted of the Exchangeable Notes and lease liabilities.

Share price risk management

Share price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the fair value of the Company's ordinary share price. The Group's exposure to this risk relates primarily to the outstanding Exchangeable Notes.

The Exchangeable Notes are re-measured at each reporting date using a valuation model using input data based on the Company's share price. Changes in the fair value of this instrument are recognized in finance income or cost. All else being equal, an increase or decrease of share price will increase or decrease the value of the Exchangeable Notes. The Group has not entered into any hedging arrangement to mitigate these fluctuations.

Other share price risk

Social costs are payroll taxes associated with employee salaries and benefits, including share-based compensation that the Group is subject to in various countries in which the Group operates. Social costs are accrued at each reporting period based on the number of vested stock options and awards outstanding, the exercise price, and the Company's share price. Changes in the accrual are recognized in operating expenses. An increase in share price will increase the accrued expense for social costs, and when the share price decreases, the accrued expense will become a reduction in social costs expense, all other things being equal, including the number of vested stock options and exercise price remaining constant. A 10% decrease or increase in the Company's ordinary share price would have resulted in a change of €33 million in the accrual for social costs on outstanding share-based compensation awards at December 31, 2024, and a change ranging from €17 million to €18 million at December 31, 2023.

Investment risk

The Group is exposed to investment risk as it relates to changes in the market value of its long term investments, due primarily to volatility in the share price used to measure the investment and exchange rates. The majority of the Group's long term investments relate to TME.

Insurance risk management

Insurance coverage is governed by corporate guidelines and includes a common package of different property and liability insurance programs. The business is responsible for assessing the risks to decide the extent of actual coverage. Treasury manages the common Group insurance programs.

Financial instruments

Foreign exchange forward contracts

Cash flow hedges

The Group's currency pairs used for cash flow hedges are Euro / U.S. dollar, Euro / Australian dollar, Euro / British pound, Euro / Swedish krona, Euro / Canadian dollar, and Euro / Norwegian krone. The notional principal of foreign exchange contracts hedging the revenue and cost of revenue line items in the consolidated statement of operations was approximately €1,609 million and €1,014 million, respectively, as of December 31, 2024 and approximately €1,414 million and

€991 million as of December 31, 2023, respectively. The following table summarizes the notional principal of the foreign currency exchange contracts by hedged line item in the statement of operations as of December 31, 2024:

	Notional amount in foreign currency					
	Australian dollar (AUD)	British pound (GBP)	Canadian dollar (CAD)	Norwegian krone (NOK)	Swedish krona (SEK)	U.S. dollar (USD)
	(in millions)					
Hedged line item in consolidated statement of operations						
Revenue	447	607	420	983	1,648	102
Cost of revenue	285	373	262	635	1,067	72
Total	**732**	**980**	**682**	**1,618**	**2,715**	**174**

The following table summarizes the notional principal of the foreign currency exchange contracts by hedged line item in the statement of operations as of December 31, 2023:

	Notional amount in foreign currency					
	Australian dollar (AUD)	British pound (GBP)	Canadian dollar (CAD)	Norwegian krone (NOK)	Swedish krona (SEK)	U.S. dollar (USD)
	(in millions)					
Hedged line item in consolidated statement of operations						
Revenue	391	536	347	994	1,646	88
Cost of revenue	279	379	243	656	1,076	66
Total	**670**	**915**	**590**	**1,650**	**2,722**	**154**

Fair values

The carrying amounts of certain financial instruments, including cash and cash equivalents, trade and other receivables, restricted cash, trade and other payables, and accrued expenses and other liabilities approximate fair value due to their relatively short maturities. The Group measures its finance lease receivables as described in Note 2. The carrying amount of our finance lease receivables is considered to approximate their fair value at December 31, 2024. The Group measures its lease liabilities as described in Note 2. All other financial assets and liabilities are accounted for at fair value.

The following tables summarize, by major security type, the Group's financial assets and liabilities that are measured at fair value on a recurring basis, and the category using the fair value hierarchy. The different levels have been defined in Note 2.

Financial assets and liabilities by fair value hierarchy level	Level 1	Level 2	Level 3	December 31, 2024
	(in € millions)			
Financial assets at fair value				
Cash equivalents:				
Money market funds	3,550	—	—	3,550
Short term investments:				
Money market funds	263	—	—	263
Government securities	676	9	—	685
Corporate notes	—	908	—	908
Collateralized reverse purchase agreements	—	695	—	695
Fixed income funds	116	—	—	116
Derivatives (designated for hedging):				
Foreign exchange forwards	—	14	—	14
Long term investments	1,550	—	85	1,635
Total financial assets at fair value by level	**6,155**	**1,626**	**85**	**7,866**
Financial liabilities at fair value				
Exchangeable Notes	—	—	1,539	1,539
Derivatives (designated for hedging):				
Foreign exchange forwards	—	20	—	20
Total financial liabilities at fair value by level	**—**	**20**	**1,539**	**1,559**

Financial assets and liabilities by fair value hierarchy level	Level 1	Level 2	Level 3	December 31, 2023
	(in € millions)			
Financial assets at fair value				
Cash equivalents:				
Money market funds	2,111	—	—	2,111
Short term investments:				
Money market funds	181	—	—	181
Government securities	239	8	—	247
Corporate notes	—	320	—	320
Collateralized reverse purchase agreements	—	241	—	241
Fixed income funds	111	—	—	111
Derivatives (designated for hedging):				
Foreign exchange forwards	—	9	—	9
Long term investments	1,154	—	61	1,215
Total financial assets at fair value by level	**3,796**	**578**	**61**	**4,435**
Financial liabilities at fair value				
Exchangeable Notes	—	—	1,203	1,203
Derivatives (not designated for hedging):				
Warrants	—	—	3	3
Derivatives (designated for hedging):				
Foreign exchange forwards	—	14	—	14
Total financial liabilities at fair value by level	**—**	**14**	**1,206**	**1,220**

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels at the end of each reporting period. During the years ended December 31, 2024 and 2023, there were no transfers between levels in the fair value hierarchy.

Recurring fair value measurements

Long term investment – Tencent Music Entertainment Group

The Group’s approximate 9% investment in TME is carried at fair value through other comprehensive income. The fair value of ordinary shares of TME is based on the ending New York Stock Exchange American depository share price. The fair value of the investment in TME may vary over time and is subject to a variety of risks including: company performance, macro-economic, regulatory, industry, USD to Euro exchange rate, and systemic risks of the equity markets overall.

The table below presents the changes in the investment in TME:

	2024	2023	2022
		(in € millions)	
At January 1	**1,154**	**1,094**	**852**
Changes in fair value recorded in other comprehensive income	396	60	242
At December 31	**1,550**	**1,154**	**1,094**

A 10% decrease or increase in TME’s share price would have resulted in a fair value of the Group's long term investment in TME ranging from €1,395 million to €1,705 million at December 31, 2024 and €1,039 million to €1,270 million at December 31, 2023.

The following sections describe the valuation methodologies the Group uses to measure its Level 3 financial instruments at fair value on a recurring basis.

Warrants

On July 1, 2019, the Company sold, for €15 million, warrants to acquire 800,000 ordinary shares to Mr. Ek, through D.G.E. Investments Limited, an entity indirectly wholly owned by him. The exercise price of each warrant was US $190.09, which was equal to 1.3 times the fair market value of ordinary shares on the date of issuance. On July 1, 2022 the warrants expired unexercised. Refer to Note 25.

On August 23, 2021, the Company issued, for €31 million, warrants to acquire 800,000 ordinary shares to Mr. Ek, through D.G.E. Investments Limited, an entity indirectly wholly owned by him. The exercise price of each warrant was US $281.63, which was equal to 1.3 times the fair market value of ordinary shares on the date of issuance. On July 25, 2024, the Company issued 118,891 ordinary shares and 1,188,910 beneficiary certificates to Mr. Ek through D.G.E. Investments Limited upon the net settlement of the 800,000 warrants that were granted on August 23, 2021. Refer to Note 25. As of December 31, 2024 there were no outstanding warrants and as of December 31, 2023, the number of outstanding warrants was 800,000.

The outstanding warrants were measured on a recurring basis in the consolidated statement of financial position and were Level 3 financial instruments recognized at fair value through the consolidated statement of operations. The warrants were valued using a Black-Scholes option-pricing model, which includes inputs determined from models that include the value of the Company’s ordinary shares, as determined above and additional assumptions used to estimate the fair value of the warrants in the option pricing model as follows:

	2023	2022
Expected term (years)	0.65	1.65
Risk free rate (%)	5.12	4.52
Volatility (%)	40.0	55.0
Share price (US$)	187.91	78.95

The table below presents the changes in the warrants liability:

	2024	2023	2022
		(in € millions)	
January 1	**3**	**1**	**72**
Changes in fair value recognized in consolidated statement of operations	33	2	(74)
Issuance of ordinary shares upon net settlement of warrants	(36)	—	—
Effect of changes in foreign exchange rates	—	—	3
At December 31	**—**	**3**	**1**

The warrant liability was included in derivative liabilities on the consolidated statement of financial position. The change in estimated fair value was recognized within finance income or costs in the consolidated statement of operations.

A 10% decrease or increase in the Company's ordinary share price would have resulted in a fair value of the warrants ranging from €2 million to €6 million at December 31, 2023.

Long term investments – other

The Group has interests in certain long term investments, the most significant of which is our equity investment in DK Holdco, LLC ("DistroKid"), an independent digital music distribution service. These long term investments primarily represent unlisted equity securities carried at fair value through other comprehensive income. The fair values of these equity investments are generally determined using business enterprise values based on market transactions or by (i) applying market multiples to the projected financial performance and (ii) discounting the future value to its present value equivalent. The key assumptions used to estimate the fair value of these equity investments include market multiples of revenue or earnings before interest, income taxes, depreciation and amortization for benchmark companies used to estimate business enterprise value and discount rate.

The fair value of the long term investments may vary over time and is subject to a variety of risks including: company performance, macroeconomic, regulatory, industry, USD to Euro exchange rate, and systemic risks of the overall equity markets.

The table below presents the changes in the other long term investments:

	2024	2023	2022
		(in € millions)	
At January 1	**61**	**43**	**64**
Initial recognition of long term investment	1	3	3
Changes in fair value recorded in other comprehensive income	19	16	(25)
Changes in fair value recognized in consolidated statement of operations	1	—	(1)
Return of capital	(2)	—	—
Effect of changes in foreign exchange rates	5	(1)	2
At December 31	**85**	**61**	**43**

Exchangeable Notes

On March 2, 2021, the Company's wholly owned subsidiary, Spotify USA Inc. issued US $1,500 million aggregate principal amount of 0% Exchangeable Notes due 2026, which included the initial purchasers' exercise in full of their option to purchase an additional US $200 million principal amount of the Exchangeable Notes. The Exchangeable Notes will mature on March 15, 2026, unless earlier repurchased, redeemed or exchanged. The Exchangeable Notes are fully and unconditionally guaranteed, on a senior, unsecured basis by the Company.

The table below presents the changes in the Exchangeable Notes:

	2024	2023
	(in € millions)	
At January 1	**1,203**	**1,128**
Changes in fair value recognized in consolidated statement of operations	240	97
Changes in fair value recorded in other comprehensive income	8	14
Effect of changes in foreign exchange rates	88	(36)
At December 31	**1,539**	**1,203**

The change in estimated fair value is recognized within finance (costs)/income in the consolidated statement of operations, excluding changes in fair value due to changes in the Issuer's own credit risk, which are recognized in other comprehensive income and will not be reclassified to the consolidated statement of operations.

The fair value of the Exchangeable Notes was estimated using a combination of a binomial option pricing model and prices observed for the Exchangeable Notes in an over-the-counter market on the last trading day of the reporting period. A weight of 50% was applied to the binomial option pricing model and a weight of 50% was applied to the price of the Exchangeable Notes in the over-the-counter market on the last trading day of the reporting period. The key assumptions used in the binomial option pricing model for the Exchangeable Notes were as follows:

	2024	2023
Risk free rate (%)	4.18	4.18
Discount rate (%)	5.95	6.45
Volatility (%)	40.0	45.0
Share price (US$)	447.38	187.91

A decrease or increase of 10 percentage points in volatility would have resulted in a fair value of the Exchangeable Notes ranging from €1,512 million to €1,567 million at December 31, 2024. A 10% decrease or increase in the Company's ordinary share price would have resulted in a fair value of the Exchangeable Notes ranging from €1,509 million to €1,575 million at December 31, 2024. A decrease or increase of 100 basis points in credit spread would have resulted in a fair value of the Exchangeable Notes ranging from €1,544 million to €1,534 million at December 31, 2024.

23. Segment information

The Group has two reportable segments: Premium and Ad-Supported. Revenue for the Premium segment is generated primarily through subscription fees. Revenue for the Ad-Supported segment is primarily generated through the sale of advertising across the Group's music and podcast content. Royalty costs are primarily recorded in each segment based on specific rates for each segment agreed to with rights holders. All podcast content costs are recorded in the Ad-Supported segment. The costs of providing audiobook content as part of the Premium subscription are recorded in the Premium segment. The remaining costs that are not specifically associated to either of the segments are allocated based on user activity or the revenue recognized in each segment. No operating segments have been aggregated to form the reportable segments.

Key financial performance measures of the segments including revenue, cost of revenue, and gross profit are as follows:

	2024	2023	2022
		(in € millions)	
Premium			
Revenue	13,819	11,566	10,251
Cost of revenue	9,324	8,231	7,355
Gross profit	**4,495**	**3,335**	**2,896**
Ad-Supported			
Revenue	1,854	1,681	1,476
Cost of revenue	1,625	1,619	1,446
Gross profit	**229**	**62**	**30**
Consolidated			
Revenue	15,673	13,247	11,727
Cost of revenue	10,949	9,850	8,801
Gross profit	**4,724**	**3,397**	**2,926**

Reconciliation of segment gross profit

Operating expenses, finance income, and finance costs are not allocated to individual segments as these are managed on an overall Group basis. The reconciliation between reportable segment gross profit to the Group's income/(loss) before tax is as follows:

	2024	2023	2022
		(in € millions)	
Segment gross profit	**4,724**	**3,397**	**2,926**
Research and development	(1,486)	(1,725)	(1,387)
Sales and marketing	(1,392)	(1,533)	(1,572)
General and administrative	(481)	(585)	(626)
Finance income	328	161	421
Finance costs	(352)	(220)	(132)
Income/(loss) before tax	**1,341**	**(505)**	**(370)**

For the twelve months ended December 31, 2024, charges of €14 million related to impairment of real estate assets were included within cost of revenue in the Ad-Supported segment. For the twelve months ended December 31, 2023, charges of €29 million related to the write-off of content assets, €12 million of employee severance costs, €8 million of contract terminations and other related costs, and €6 million of real estate impairment charges were included within cost of revenue in the Ad-Supported segment. See Note 15 and Note 5 for additional information.

Revenue by country

	2024	2023	2022
		(in € millions)	
United States	6,136	5,225	4,712
United Kingdom	1,483	1,230	1,113
Luxembourg	10	9	7
Other countries	8,044	6,783	5,895
Total	**15,673**	**13,247**	**11,727**

Premium revenue is attributed to a country based on where the membership originates. Ad-Supported revenue is attributed to a country based on where the advertising campaign is delivered. There are no countries that individually make up greater than 10% of total revenue included in "Other countries."

Non-current assets by country

Non-current assets for this purpose consist of property and equipment and lease right-of-use assets.

	2024	2023	2022
		(in € millions)	
Sweden	67	84	142
United States	270	387	529
Other countries	77	76	94
Total	**414**	**547**	**765**

As of December 31, 2024, 2023, and 2022, the Group held no property and equipment in Luxembourg.

24. Commitments and contingencies

Obligations under leases

See Note 10 for lease obligations.

Commitments

The Group is subject to the following minimum guarantees relating to the content on its Service, the majority of which relate to minimum royalty payments associated with its license agreements for the use of licensed content, as at December 31:

	2024	2023	2022
		(in € millions)	
Not later than one year	3,021	1,055	1,111
Later than one year but not more than 5 years	1,399	3,610	298
Total	**4,420**	**4,665**	**1,409**

In addition, the Group is subject to various non-cancelable purchase obligations and service agreements with minimum spend commitments, including a service agreement with Google for the use of Google Cloud Platform and certain podcast and marketing commitments as at December 31:

	2024	2023	2022
		(in € millions)	
Not later than one year	598	453	485
Later than one year but not more than 5 years	1,021	1,369	334
More than 5 years	68	83	98
Total	**1,687**	**1,905**	**917**

Contingencies

Various legal actions, proceedings, and claims are pending or may be instituted or asserted against the Group. These may include, but are not limited to, matters relating to intellectual property, data protection, consumer protection, employment, and contractual rights. As a general matter, the music and other content made available on the Group's Service are licensed to the Group by various third parties. Many of these licenses allow rights holders or other authorized parties to audit the Group's royalty payments, and any such audit could result in disputes over whether the Group has paid the proper royalties. If such a dispute were to occur, the Group could be required to pay additional royalties, and the amounts involved could be material. The Group expenses legal fees as incurred. The Group records a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. An unfavorable outcome to any legal matter, if material, could have an adverse effect on the Group's operations or its financial position, liquidity, or results of operations.

On May 16, 2024, the Mechanical Licensing Collective ("MLC"), an entity designated to administer a blanket compulsory license available under U.S. law, filed a lawsuit against Spotify USA Inc. in the U.S. District Court for the Southern District of New York (*Mechanical Licensing Collective v. Spotify USA Inc.*, No. 1:24-cv-03809), alleging that beginning with its March 2024 reporting, Spotify USA Inc. improperly reported and underpaid royalties for its Premium

Service as a bundle that includes a monthly allocation of audiobook access. On January 29, 2025, the MLC's lawsuit was dismissed with prejudice. The MLC is entitled to appeal this decision. If the MLC were to appeal and ultimately be entirely successful in its case, the additional royalties that would be due in relation to the period March 1, 2024 to December 31, 2024 would be approximately €150 million, plus potentially penalties and interest, which we cannot reasonably estimate.

25. Related party transactions

Key management compensation

Key management includes members of the Company's senior management and the board of directors. The compensation paid or payable to key management for Board and employee services includes their participation in share-based compensation arrangements. The disclosure amounts are based on the expense recognized in the consolidated statement of operations in the respective year.

	2024	2023	2022
		(in € millions)	
Key management compensation			
Short term employee benefits	7	10	6
Share-based compensation	37	33	37
Total	**44**	**43**	**43**

Other related party transactions

On July 1, 2019, the Company issued, for €15 million, warrants to acquire 800,000 ordinary shares to Mr. Ek, through D.G.E. Investments Limited, an entity indirectly wholly owned by him. The exercise price of each warrant is US $190.09, which was equal to 1.3 times the fair market value of ordinary shares on the date of issuance. On July 1, 2022 the warrants expired unexercised.

On July 13, 2020, the Company issued 1,084,043 ordinary shares and 10,840,430 beneficiary certificates to Mr. Ek, through D.G.E. Investments Limited, upon the effective net settlement of the 1,600,000 warrants that were granted on July 13, 2017.

On August 23, 2021, the Company issued, for €31 million, warrants to acquire 800,000 ordinary shares to Mr. Ek, through D.G.E. Investments Limited. The exercise price of each warrant is US $281.63, which was equal to 1.3 times the fair market value of ordinary shares on the date of issuance. On July 25, 2024, the Company issued 118,891 ordinary shares and 1,188,910 beneficiary certificates to Mr. Ek through D.G.E. Investments Limited upon the net settlement of the 800,000 warrants that were granted on August 23, 2021.

During the years ended December 31, 2024, December 31, 2023, and December 31, 2022 the Company issued 6,000,000, 4,450,000, and 1,198,000 ordinary shares, respectively, to its Netherlands subsidiary at par value and subsequently repurchased those shares at the same price. These shares are held in treasury in order to facilitate the fulfillment of option exercises and restricted stock unit releases under the Company's stock option and restricted stock unit plans.

26. Group information

The Company's principal subsidiaries as at December 31, 2024 are as follows:

Name	Principal activities	Proportion of voting rights and shares held (directly or indirectly)	Country of incorporation
Spotify AB	Main operating company	100 %	Sweden
Spotify USA Inc.	USA operating company	100 %	USA
Spotify Ltd	Sales, marketing, contract research and development, and customer support	100 %	U.K.
Spotify Spain S.L.	Sales, marketing, and other support services	100 %	Spain
Spotify GmbH	Sales, marketing, and other support services	100 %	Germany
Spotify France SAS	Sales, marketing, and other support services	100 %	France
Spotify Canada Inc.	Sales, marketing, and other support services	100 %	Canada
Spotify Australia Pty Ltd	Sales, marketing, and other support services	100 %	Australia
Spotify Brasil Serviços De Música LTDA	Sales, marketing, and other support services	100 %	Brazil
Spotify Japan K.K.	Sales, marketing, and other support services	100 %	Japan
Spotify India LLP	Sales, distribution, and marketing	100 %	India
S Servicios de Música México, S.A. de C.V.	Sales, marketing, and other support services	100 %	Mexico
Spotify Singapore Pte Ltd.	Sales, marketing, and other support services	100 %	Singapore
Spotify Italy S.r.l.	Sales, marketing, and other support services	100 %	Italy

There are no restrictions on the net assets of the Group companies.

« SPOTIFY TECHNOLOGY S.A. »

société anonyme

<u>33, Boulevard Prince Henri, L-1724 Luxembourg</u>

R.C.S. Luxembourg, section B numéro 123 052

****

STATUTS COORDONNES à la date du **10 janvier 2025**

****

CHAPTER I. FORM, NAME, REGISTERED OFFICE, OBJECT, DURATION

Article 1.- Form, Name

The company is formed as a "société anonyme", governed by the laws of the Grand Duchy of Luxembourg, especially the law of August 10th, 1915 on commercial companies (the "**Law**"), as amended, and by the present articles of association (the "**Articles of Association**") (the "**Company**").

The Company exists under the name of "**SPOTIFY TECHNOLOGY S.A.**".

Article 2.- Registered Office

2.1. The registered office of the Company is established in the City of Luxembourg.

2.2. The registered office may be transferred to any other place within the City of Luxembourg or to any other municipality in the Grand Duchy of Luxembourg by a resolution of the Board of Directors. Branches or other offices may be established either in the Grand Duchy of Luxembourg or abroad by resolution of the Board of Directors. Subsequently, the Board of Directors is authorized to amend the Articles of Association to reflect the change of municipality of the registered office of the Company and to record it in front of a notary.

2.3. In the event that in the view of the Board of Directors extraordinary political, economic or social developments occur or are imminent that would interfere with the normal activities of the Company at its registered office or with the ease of communications with such office or between such office and persons abroad, it may temporarily transfer the registered office abroad, until the complete cessation of these abnormal circumstances. Such temporary measures will have no effect on the nationality of the Company, which, notwithstanding the temporary transfer of the registered office, will remain a company governed by the laws of the Grand Duchy of Luxembourg.

Article 3.- Object

3.1. The object of the Company is the acquisition and holding of direct or indirect interests in Luxembourg and/or in foreign undertakings, as well as the administration, development and management of its holdings.

3.2. The Company may provide any financial assistance to subsidiaries, affiliated companies or other companies forming part of the group of which the Company belongs, such as, among others, the providing of loans and the granting of guarantees or securities in any kind or form.

3.3. The Company may also use its funds to invest in real estate, in intellectual property rights or any other movable or immovable assets in any kind or form.

3.4. The Company may borrow in any kind or form and privately issue bonds or notes.

3.5. In a general fashion the Company may carry out any commercial, industrial or financial operation, which it may deem useful in the accomplishment and development of its purposes.

Article 4.- Duration

The Company is established for an unlimited duration. It may be dissolved by a decision of the sole shareholder or by a general meeting of shareholders voting with the quorum and majority rules provided by law and the present Articles of Association.

CHAPTER II. CAPITAL, SHARES

Article 5.- Capital

5.1. The corporate subscribed share capital is set at **one hundred twenty-nine thousand six hundred seventy-one point nine five eight one two five euro (EUR 129,671.958125)** divided into **two hundred seven million four hundred seventy-five thousand one hundred thirty-three (207,475,133**) shares having a nominal value of zero point zero zero zero six two five euro (EUR 0.000625) each.

5.2. The company's authorized share capital is fixed at one hundred twenty-two thousand two hundred forty-five point one two eight seven five euro (EUR 122,245.12875) divided into one hundred ninety-five million five hundred ninety-two thousand two hundred six (195,592,206) shares with a nominal value of zero point zero zero zero six two five euro (EUR 0.000625) each.

5.3. The Board of Directors is authorized to sub-delegate to one of the Company's Directors or officer of the Company or to any other duly authorized person, during a period ending five (5) years from the date of the extraordinary general meeting of shareholders held on March 29, 2023, (i) to realise any increase of the corporate capital within the limits of the authorized capital in one or several successive tranches, by the issue of new ordinary shares, with or without share premium, in consideration for a payment in cash or in kind (a) following the exercise of subscription rights and/or (b) following the exercise of conversion rights granted by the Board of Directors under the terms of warrants (which may be separate or attached to ordinary shares, notes or similar instruments), convertible notes or similar instruments issued from time to time by the Company, (c) by conversion of claims or (d) in any other manner; (ii) to determine the place and date of the issue, the issue price, the terms and conditions of the subscription and the payment of the newly issued ordinary shares; and (iii) to withdraw or restrict the preferential subscription right of the shareholders..

1.4. The ordinary shares may be issued above, at, or below market value, but in any event not below the nominal value or below the accounting par value per ordinary share.

<u>Article 6.- Shares</u>

6.1. The ordinary shares are and shall remain in registered form only.

6.2. No fractional ordinary share shall be issued or exist at any time. The Board of Directors shall however be authorized to provide at its discretion for the payment in cash in lieu of any fraction of an ordinary share of the Company.

6.3. Ordinary shares may be held in trust by one or several shareholders.

6.4. A register of shareholders will be kept by the Company at its registered office, where it will be available for inspection by any shareholder. This register will contain the precise designation of each shareholder and the indication of the number of ordinary shares held, the indication of the payments made on the ordinary shares as well as the transfers of ordinary shares and the dates thereof. Ownership of ordinary shares will be established by inscription in the said register or in the event separate registrars have been appointed pursuant to Article 6.5, in such separate register(s). Without prejudice to the conditions for transfer by book entries provided for in Article 6.7 of these Articles of Association, a transfer of ordinary shares shall be carried out by means of a declaration of transfer entered in the relevant register, dated and signed by the transferor and the transferee or by their duly authorized representatives or by the Company upon notification of the transfer or acceptance of the transfer by the Company. The Company may accept and enter in the relevant register a transfer on the basis of correspondence or other documents recording the agreement between the transferor and the transferee.

6.5. The Company may appoint registrars in different jurisdictions who may each maintain a separate register for the ordinary shares entered therein. Shareholders may elect to be entered into one of these registers and to transfer their ordinary shares to another register so maintained. The Board of Directors may however impose transfer restrictions for ordinary shares that are registered, listed, quoted, dealt in or have been placed in certain jurisdictions in compliance with the requirements applicable therein. A transfer to the register kept at the Company's registered office may always be requested.

6.6. Subject to the provisions of these Article 6.7 and Article 6.9, the Company may consider the person in whose name the ordinary shares are registered in the register of shareholders as the full owner of such shares. In the event that a holder of ordinary shares does not provide an address in writing to which all notices or announcements from the Company may be sent, the Company may permit a notice to this effect to be entered into the register of shareholders and such holder's address will be deemed to be at the registered office of the Company or such other address as may be so entered by the Company from time to time, until a different address shall be provided to the Company by such holder in writing. The holder may, at any time, change his address as entered in the register of shareholders by means of written notification to the Company.

6.7. The ordinary shares may be held by a holder (the "**Holder**") through a securities settlement system or a Depositary (as this term is defined below). The Holder of ordinary shares held in such fungible securities accounts has the same rights and obligations as if such Holder held the ordinary shares directly. The ordinary shares held through a securities settlement system or a Depositary shall be recorded in an account opened in the name of the Holder and may be transferred from one account to another in accordance with customary procedures for the transfer of securities in book-entry form. However, the Company will make dividend payments, if any, and any other payments in cash, ordinary shares or other securities, if any, only to the securities settlement system or Depositary recorded in the register of shareholders or in accordance with the instructions of such securities settlement system or Depositary. Such payment will grant full discharge of the Company's obligations in this respect.

6.8. In connection with a general meeting of shareholders, the Board of Directors may decide that no entry shall be made in the register of shareholders and no notice of a transfer shall be recognized by the Company and the registrar(s) during the period starting on the Record Date (as hereinafter defined) and ending on the closing of such general meeting.

6.9. All communications and notices to be given to a registered shareholder shall be deemed validly made if made to the latest address communicated by the shareholder to the Company in accordance with Article 6.5 or, if no address has been communicated by the shareholder, the registered office of the Company or such other address as may be so entered by the Company in the register from time to time according to Article 6.7.

6.10. Where ordinary shares are recorded in the register of shareholders in the name of or on behalf of a securities settlement system or the operator of such system and recorded as book-entry interests in the accounts of a professional depositary or any sub-depositary (any depositary and any sub-depositary being referred to hereinafter as a "**Depositary**"), the Company - subject to having received from the Depositary a certificate in proper form - will permit the Depositary of such book-entry interests to exercise the rights attaching to the ordinary shares corresponding to the book-entry interests of the relevant Holder, including receiving notices of general meetings, admission to and voting at general meetings, and shall consider the Depositary to be the holder of the ordinary shares corresponding to the book-entry interests for purposes of this Article 6 of the present Articles of Association. The Board of Directors may determine the formal requirements with which such certificates must comply.

Article 7.- Increase and Reduction of Capital

7.1. The authorized capital and the subscribed capital of the Company may be increased or reduced in one or several times by a resolution of the shareholders voting with the quorum and majority rules set by these Articles of Association or, as the case may be, by the law for any amendment of these Articles of Association.

7.2. The subscribed capital of the Company may also be increased in one or several times by a resolution of the Board of Directors within the limits of the authorized capital.

7.3. The new ordinary shares to be subscribed for by contribution in cash will be offered by preference to the existing shareholders in proportion to the part of the capital which those shareholders are holding. The Board of Directors shall determine the period within which the preferred subscription right shall be exercised. This period may not be less than fourteen days from the date of dispatch of a registered mail or any other means of communication individually accepted by the addressees and ensuring access to the information sent to the shareholders announcing the opening of the subscription period.

7.4. Notwithstanding the above, the general meeting, voting with the quorum and majority rules required for any amendment of the Articles of Association, may suppress, waive or limit the preferential subscription right or authorize the Board of Directors to do so, to the extent that the Board of Directors deems such suppression, waiver or limitation advisable for any issuance or issuances of shares within the scope of the authorized share capital.

7.5. If after the end of the subscription period not all of the preferential subscription rights offered to the existing shareholder(s) have been subscribed by the latter, third parties may be allowed to participate in the share capital increase, except if the Board of Directors decides that the preferential subscription rights shall be offered to the existing shareholders who have already exercised their rights during the subscription period, in proportion to the portion their ordinary shares represent in the share capital; the modalities for the subscription are determined by the Board of Directors. The Board of Directors may also decide in such case that the share capital shall only be increased by the amount of subscriptions received by the shareholder(s) of the Company.

Article 8.- Acquisition of own shares

The Company may acquire or repurchase its own ordinary shares. The acquisition and holding of its own ordinary shares will be in compliance with the conditions and limits established by the law.

Article 9.- Beneficiary Certificates

9.1. The Company may issue, from time to time, beneficiary certificates ("parts bénéficiaires") having the rights set forth in these Articles of

Association (the “**Beneficiary Certificates**”). The Board of Directors is hereby authorized to issue up to one billion four hundred million (1,400,000,000) Beneficiary Certificates without reserving to the existing shareholders a pre-emptive right to subscribe for the Beneficiary Certificates issued. The Beneficiary Certificates may only be issued to shareholders of the Company. The Board of Directors shall determine, in its absolute discretion, to which shareholders such Beneficiary Certificates shall be issued. At the time of their issuance, the Board of Directors shall link the Beneficiary Certificates to one or more ordinary shares of the Company held by the shareholder(s) to whom they are being issued based on a specific ratio applicable to such shareholder as determined by the Board of Directors at time of issuance, with such ratio to be between 1:1 and 20:1 of Beneficiary Certificates to ordinary shares.

9.2. There are currently three hundred twenty-four million seven hundred thirty-two thousand nine hundred eighty (324,732,980) Beneficiary Certificates outstanding out of the four hundred twenty million nine hundred eighty-six thousand eight hundred ten (420,986,810) Beneficiary Certificates issued.

9.3. In the event that the Board of Directors proceeds to an issue of Beneficiary Certificates in accordance with the provisions of this Article 9, it shall take, or cause to be taken, all steps necessary to amend the Articles of Association to reflect such issuance.

9.4. The Beneficiary Certificates shall be issued in registered form only and the ownership of each Beneficiary Certificate shall be established by an entry in a register of Beneficiary Certificates (the “**BC Register**”). The BC Register shall constitute evidence of ownership of the Beneficiary Certificates and the person whose name appears in the BC Register as a holder shall be treated as the owner of the Beneficiary Certificates registered in his name.

9.5. The BC Register may be maintained by the Company at its registered office or may be entrusted by the Company to a transfer agent. The BC Register shall contain the identity of the holders, the number of Beneficiary Certificates held by each of them as well as their address and the date of entry. In case of transfer, redemption or cancellation in accordance with the provisions of these Articles of Association, appropriate entries shall be made.

The Company shall recognize only one single owner per Beneficiary Certificate. If one or more Beneficiary Certificates are jointly owned, or if fractions of a Beneficiary Certificate are held by several holders or if the ownership of such Beneficiary Certificate(s) is disputed, all persons claiming a right to such Beneficiary Certificate(s), or holding a fraction of a Beneficiary Certificate respectively, have to appoint one single attorney to represent such Beneficiary Certificate(s) towards the Company. The failure to appoint such attorney implies a suspension of the voting right(s) attached to such Beneficiary Certificate(s).

9.6. The Beneficiary Certificates shall not carry any right to participate in any dividend, share premium repayment or any other kind of distributions, including the distribution of any liquidation proceeds, made by the Company.

9.7. Each Beneficiary Certificate shall carry one (1) vote at any general meeting of the Company and each Beneficiary Certificate will be taken into consideration for the calculation of quorum and majority required for any such general meeting of the Company.

9.8. The Beneficiary Certificates may not be transferred and shall automatically be cancelled in case of sale or transfer of the share(s) to which they are linked, provided that exceptions to transfers of Beneficiary Certificates or to their cancellation upon sale or transfer of the respective underlying ordinary shares to which they are linked may be made by the Board of Directors on a case-by-case basis and in its absolute discretion, at which time the Board may also recalculate the ratio and, if applicable, re-allocate any such non-cancelled Beneficiary Certificates to the remaining applicable ordinary shares (which are already linked to other Beneficiary Certificates) on a pro rata basis. In case of any permitted recalculation of ordinary shares as a result of a share split, bonus issue of ordinary shares, subdivision or split of shares or a combination of shares through a reverse split or similar actions, the Beneficiary Certificates shall be treated in the same manner as the ordinary shares to which they are linked.

9.9. In the same manner, all the Beneficiary Certificates shall automatically be cancelled in case the number of ordinary shares held by Rosello Company Limited and D.G.E Investments Ltd, including their respective successors, in the aggregate, falls under seven million five hundred sixty-four thousand six hundred (7,564,600) ordinary shares.

9.10. Any amendment to the rights of the holders of Beneficiary Certificates set out in the Articles of Association shall require a decision of the general meeting of shareholders adopted with the quorum and majority required for an amendment to the Articles of Association. In addition, the same quorum and majority shall also be reached in a meeting of the holders of Beneficiary Certificates as if the same were voting as a separate class.

CHAPTER III. BOARD OF DIRECTORS, STATUTORY AUDITORS

Article 10.- Board of Directors

10.1. The Company will be managed and administered by a board of directors (the "**Board of Directors**") composed of class A directors (the "**A Directors**") and B Directors (the "**B Directors**") who need not be shareholders (the "**Directors**"). The Board of Directors shall always be composed of at least three (3) Directors.

10.2. The Directors will be elected by the shareholders' meeting which will determine the duration of their mandate, and they will hold office until their successors are elected. They may be re-elected for successive terms and they may be removed at any time, with or without cause, by a resolution of the shareholders' meeting.

Article 11.- Vacancy in the office of the Board of Directors

In the event of a vacancy in the office of a member of the Board of Directors because of death, legal incapacity, bankruptcy, resignation or otherwise, this vacancy may be filled on a temporary basis and for a period of time not exceeding the initial mandate of the replaced member of the Board of Directors by the remaining members of the Board of Directors until the next general meetings of the shareholders of the Company which shall resolve on the permanent appointment in compliance with the applicable legal provisions and present Articles of Association.

Article 12.- Meetings of the Board of Directors

12.1. The Board of Directors may appoint from among its members a chairman (the "**Chairman**"). It may also appoint a secretary, who need not be a Director and who will be responsible for keeping the minutes of the meetings of the Board of Directors and of the shareholders.

12.2. The Board of Directors will meet upon call by the Chairman. A meeting of the Board of Directors must be convened if any of two Directors so require.

12.3. The Chairman will preside at all meetings of the Board of Directors and of the shareholders (if required), except that in his absence the

Board of Directors may appoint another Director and the general meeting of shareholders may appoint any other person as chairman pro tempore by vote of the majority present or represented at such meeting.

12.4. Except in cases of urgency or with the prior consent of all those entitled to attend, at least twenty-four hours' written notice of board meetings shall be given in writing, by fax, by mail, by e-mail or by any other mean of written communication. Any such notice shall specify the time and place of the meeting as well as the agenda and the nature of the business to be transacted. The notice may be waived by the consent in writing, by fax, by mail or by e-mail of each Director. No separate notice is required for meetings held at times and places specified in a schedule previously adopted by resolution of the Board of Directors.

12.5. Every Board meeting shall be held in Luxembourg or such other place as the Board of Directors may from time to time determine.

12.6. Any Director may act at any meeting of the Board of Directors by appointing in writing, by fax, by email or by mail another Director as his proxy.

12.7. A quorum of the Board of Directors shall be one (1) A Director and one (1) B Director present at the meeting or, in the event that no category A or category B director have been appointed, three (3) Directors holding office. When the Section 303A.03 of the New York Stock Exchange Listed Company Manual requires that, at least once a year, only independent directors of the Company may hold a meeting, the quorum required for a meeting of the Board of Directors can be disregarded and the independent directors must all be present or represented at this meeting.

12.8. All business arising at any meeting of the Board of Directors shall be determined by resolution passed by a majority of votes cast. In the case of an equality of votes, the Chairman shall have the right to cast the deciding vote (the "**Casting Vote**"). The Casting Vote shall be personal to the Chairman and will not transfer to any other Director acting as a chairman of a meeting of the Board of Directors in the Chairman's absence.

12.9. One or more Directors may participate in a meeting by means of a conference call, by videoconference or by any similar means of communication enabling thus several persons participating therein to simultaneously communicate with each other. Such participation shall be deemed equivalent to a physical presence at the meeting.

12.10. A written decision, signed by all the Directors, is proper and valid as though it had been adopted at a meeting of the Board of Directors which was duly convened and held. Such a decision can be documented in a single document or in several separate documents having the same content and each of them signed by one or several Directors.

Article 13.- Minutes of Meetings of the Board of Directors

13.1. The minutes of any meeting of the Board of Directors will be signed by the Chairman of the meeting and by the secretary (if any). Any proxies will remain attached thereto.

13.2. Copies or extracts of such minutes which may be produced in judicial proceedings or otherwise will be signed by the Chairman and by the secretary (if any) or by any two members of the Board of Directors.

Article 14.- Powers of the Board of Directors

The Board of Directors is vested with the broadest powers (except for those powers which are expressly reserved by law to the sole shareholder or the general meeting of shareholders) to perform all acts necessary or useful for accomplishing the Company's object. All powers not expressly reserved by law or by the Articles of Association to the sole shareholder or the general meeting of shareholders are in the competence of the Board of Directors.

Article 15.- Delegation of Powers

According to article 441-10 of the Law, the daily management of the Company as well as the representation of the Company in relation with this management may be delegated to one or more Directors (the "**Managing Director(s)**"), officers, managers or other agents, associate or not, acting alone or jointly. Their nomination, revocation and powers shall be settled by a resolution of the Board of Directors. The delegation to a member of the Board of Directors shall entail the obligation for the Board of Directors to report each year to the ordinary general meeting on the salary, fees and any advantages granted to the delegate. The Company may also grant special powers by authentic proxy or power of attorney by private instrument.

Article 16.- Conflict of Interests

16.1. Save as otherwise provided by the Law, any member of the Board of Directors who has, directly or indirectly, a financial interest conflicting with the interest of the Company in connection with a transaction falling within the competence of the Board of Directors, must inform the Board of Directors of such conflict of interest and must have his declaration recorded in the minutes of the meeting of the Board of Directors. The relevant member of the Board of Directors may not take part in the discussions relating to such transaction nor vote on such transaction. Any such conflict of interest must be reported to the next general meeting of shareholders of the Company prior to such meeting taking any resolution on any other item.

16.2. Where, by reason of conflicting interests, the number of members of the Board of Directors required in order to validly deliberate is not met, the Board of Directors may decide to submit the decision on this specific item to the general meeting of shareholders.

16.3. The conflict of interest rules shall not apply where the decision of the Board of Directors relates to day-to-day transactions entered into under normal conditions.

16.4. The daily manager(s) of the Company, if any, are subject to articles 16.1 to 16.3 of these Articles of Association provided that if only one daily manager has been appointed and is in a situation of conflicting interests, the relevant decision shall be adopted by the Board of Directors.

Article 17.- Committees of the board of directors

The Board of Directors may establish one or more committees, including without limitation, an audit committee and a remuneration committee, and for which it shall, if one or more of such committees are set up, appoint the members who may be but do not need to be members of the Board of Directors (subject always, if the ordinary shares of the Company are listed on a foreign stock exchange, to the requirements of such foreign stock exchange applicable to the Company and/or of such regulatory authority competent in relation to such listing), determine the purpose, powers and authorities as well as the procedures and such other rules as may be applicable thereto.

Article 18.- Indemnification

18.1. The members of the Board of Directors are not held personally liable for the indebtedness or other obligations of the Company. As agents of the Company, they are responsible for the performance of their duties. Subject to the exceptions and limitations listed in Article 18.2 and mandatory provisions of law, every person who is, or has been, a member of the Board of Directors or officer of the Company shall be indemnified by the Company to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding which he becomes involved as a party or otherwise by virtue of his or her being or having been a director or officer and against amounts paid or incurred by him or her in the settlement thereof. The words “claim”, “action”, “suit” or “proceeding” shall apply to all claims, actions, suits or proceedings (civil, criminal or otherwise including appeals) actual or threatened and the words “liability” and “expenses” shall include without limitation attorneys’ fees, costs, judgments, amounts paid in settlement and other liabilities.

18.2. No indemnification shall be provided to any director, officer or shareholder (i) against any liability by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office (ii) with respect to any matter as to which he or she shall have been finally adjudicated to have acted in bad faith and not in the interest of the Company or (iii) in the event of a settlement, unless the settlement has been approved by a court of competent jurisdiction or by the Board of Directors.

18.3. The right of indemnification herein provided shall be severable, shall not affect any other rights to which any director or officer may now or hereafter be entitled, shall continue as to a person who has ceased to be such director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person. Nothing contained herein shall affect or limit any rights to indemnification to which corporate personnel, including directors and officers, may be entitled by contract or otherwise under law. The Company shall specifically be entitled to provide contractual indemnification to and may purchase and maintain insurance for any corporate personnel, including directors and officers of the Company, as the Company may decide upon from time to time.

Article 19.- Representation of the Company

The Company will be bound towards third parties by the joint signature of any A Director and any B Director or by the sole signature of the person to whom the daily management of the Company has been delegated, within such daily management or by the joint signatures or sole signature of any persons to whom such signatory power has been delegated by the Board of Directors, but only within the limits of such power.

Article 20.- Statutory Auditors

20.1. The transactions of the Company shall be supervised by one or several statutory auditors (commissaires). The general meeting of shareholders shall appoint the statutory auditor(s) and shall determine their term of office, which may not exceed six (6) years.

20.2. A statutory auditor may be removed at any time, without notice and with or without cause by the general meeting of shareholders.

20.3. The statutory auditor(s) have an unlimited right of permanent supervision and control of all transactions of the Company.

20.4. If the general meeting of shareholders of the Company appoints one or more independent auditors (réviseurs d’entreprises agréés) in accordance with Article 69 of the law of 19 December 2002 regarding the trade and companies register and the accounting and annual accounts of undertakings, as amended, the institution of statutory auditors is no longer required.

20.5. An independent auditor may only be removed by the general meeting of shareholders for cause or with his approval.

CHAPTER IV. MEETING OF SHAREHOLDERS

Article 21.- Powers of the Meeting of Shareholders

The general meeting of shareholders and holders of Beneficiary Certificates shall represent all the shareholders and all the holders of Beneficiary Certificates of the Company (the "**General Meeting**"). It has the powers conferred upon it by law.

Article 22.- Annual General Meeting

The annual General Meeting shall be held within six (6) months of the end of each financial year in the Grand Duchy of Luxembourg at the registered office of the Company or at such other place in the Grand Duchy of Luxembourg as may be specified in the convening notice of such meeting. Other General Meetings may be held at such place and time as may be specified in the respective convening notices. Holders of bonds are not entitled to attend General Meetings.

Article 23.- Other General Meetings

23.1. The Board of Directors may convene other General Meetings. Such meetings must be convened if shareholders representing at least ten percent (10%) of the Company's capital so require.

23.2. General Meetings, including the annual General Meeting, may be held abroad if, in judgment of the Board of Directors, which is final, circumstances of force majeure so require.

23.3. General Meetings shall be convened in accordance with the provisions of the law and if the ordinary shares of the Company are listed on a foreign stock exchange, in accordance with the requirements of such foreign stock exchange applicable to the Company.

23.4. If the ordinary shares of the Company are listed on a foreign stock exchange, all shareholders recorded in any register of shareholders of the Company, the Holder or the Depositary as case may be, and the holders of Beneficiary Certificates, are entitled to be admitted to the General Meeting; provided, however, that the Board of Directors may determine a date and time preceding the General Meeting as the record date for admission to the general meeting of shareholders (the "**Record Date**"), which may not be less than five (5) days before the date of such meeting.

23.5. Any shareholder of the Company, Holder or Depositary, as the case may be, and any holder of Beneficiary Certificates may attend the General Meeting by appointing another person as his or her proxy, the appointment of which shall be in writing, in a manner to be determined by the Board of Directors in the convening notice. In case of ordinary shares held through the operator of a securities settlement system or with a Depositary designated by such Depositary, a holder of ordinary shares wishing to attend a General Meeting should receive from such operator or Depositary a certificate certifying the number of ordinary shares recorded in the relevant account on the Record Date and that such ordinary shares are blocked until the closing of the General Meeting to which it relates. The certificate should be submitted to the Company no later than three (3) business days prior to the date of such general meeting. If the shareholder or holder of Beneficiary Certificates votes by means of a proxy, the proxy shall be deposited at the registered office of the Company or with any agent of the Company, duly authorized to receive such proxies, at the same time. The Board of Directors may set a shorter period for the submission of the certificate or the proxy.

Article 24.- Procedure, Vote

24.1. Shareholders and holders of Beneficiary Certificates will meet upon call by the Board of Directors or the auditor(s) made in compliance with Luxembourg law. The notice sent to the shareholders and to the holders of Beneficiary Certificates in accordance with the law will specify the time and place of the meeting as well as the agenda and the nature of the business to be transacted.

24.2. If all the shareholders and holders of Beneficiary Certificates are present or represented at a General Meeting and if they state that they have been informed of the agenda of the meeting, the General Meeting may be held without prior notice.

24.3. Shareholders and holders of Beneficiary Certificates may act at any General Meeting by appointing in writing, by fax, mail, email or by any other mean of written communication, as his proxy another person who need not be a shareholder nor a holder of Beneficiary Certificates.

24.4. Each shareholder and each holder of Beneficiary Certificates may vote at a General Meeting through a signed voting form sent by mail or facsimile or by any other means of communication authorized by the Board of Directors and delivered to the Company's registered office or to the address specified in the convening notice. The shareholders and holders of Beneficiary Certificates may only use voting forms provided by the Company which contain at least the place, date and time of the meeting, the agenda of the meeting, the proposals submitted to the resolution of the General Meeting, as well as for each proposal three boxes allowing the shareholder and holder of Beneficiary Certificates to vote in favor of or against the proposed resolution or to abstain from voting thereon by ticking the appropriate boxes. The Company will only take into account voting forms received no later than three (3) business days prior to the date of the General Meeting to which they relate. The Board of Directors may set a shorter period for the submission of the voting forms.

24.5. The Board of Directors may determine all other conditions that must be fulfilled in order to take part in General Meeting.

24.6. Except as otherwise required by law or by the present Articles of Association, resolutions will be taken by a simple majority of votes irrespective of the number of shareholders and holders of Beneficiary Certificates present or represented at the General Meeting.

24.7. One vote is attached to each outstanding ordinary share. Each Beneficiary Certificate entitles its holder to one vote.

24.8. Copies of extracts of the minutes of the meeting to be produced in judicial proceedings or otherwise will be signed by any two members of the Board of Directors or by the Chairman of the Board of Directors.

CHAPTER V. FINANCIAL YEAR, DISTRIBUTION OF PROFITS

Article 25.- Financial Year

The Company's financial year begins on the first day of January and ends on the last day of December in every year. The Board of Directors shall prepare annual accounts in accordance with the requirements of Luxembourg law and accounting practice.

Article 26.- Appropriation of Profits

26.1. From the annual net profits of the Company, five per cent (5%) shall be allocated to the reserve required by law. That allocation will cease to be required as soon and as long as such reserve amounts to ten per cent (10%) of the subscribed capital of the Company.

26.2. The General Meeting shall determine how the remainder of the annual net profits will be disposed of. It may decide to allocate the whole or part of the remainder to a reserve or to a provision reserve, to carry it forward to the next following financial year or to distribute it to the shareholders as dividend.

26.3. Subject to the conditions fixed by law, the Board of Directors may pay out an advance payment on dividends. The Board of Directors fixes the amount and the date of payment of any such advance payment.

CHAPTER VI. DISSOLUTION, LIQUIDATION

Article 27.- Dissolution, Liquidation

27.1. The Company may be dissolved by a decision of the General Meeting voting with the same quorum and majority as for the amendment of these Articles of Association, unless otherwise provided by law.

27.2. Should the Company be dissolved, the liquidation will be carried out by one or more liquidators appointed by the General Meeting, which will determine their powers and their compensation.

27.3. After payment of all the debts of and charges against the Company and of the expenses of liquidation, the net assets shall be distributed equally to the holders of the ordinary shares pro rata to the number of the ordinary shares held by them.

CHAPTER VII. AMENDMENT OF THE ARTICLES OF ASSOCIATION

Article 28.- Amendments of the Articles of Association

These Articles of Association may be amended by a resolution of the General Meeting adopted under a quorum of fifty per cent (50%) of the share capital of the Company and a majority of two thirds of the votes of the shareholders and holders of Beneficiary Certificates of the Company, provided that the agenda of the General Meeting indicates the proposed amendments and that a copy of the coordinated articles of association is made available at the registered office of the Company at least eight (8) days prior to the general meeting of shareholders and holders of Beneficiary Certificates.

Article 29.- Change of nationality

The shareholders may change the nationality of the Company by a resolution of the General Meeting adopted in the manner required for an amendment of these Articles of Association.

CHAPTER VIII. APPLICABLE LAW

Article 30.- Applicable Law

All matters not governed by these Articles of Association shall be determined in accordance with the Law. Where any matter contained in these Articles of Association conflicts with the provisions of a shareholders' agreement as may be concluded from time to time by the shareholders of the Company, the terms of such shareholders' agreement shall prevail inter partes and to the extent permitted by Luxembourg law.”

Suit la traduction en français du texte qui précède :

CHAPITRE Ier.- FORME, DÉNOMINATION, SIÈGE, OBJET, DURÉE

Article 1er. Forme, Dénomination

La société est constituée sous la forme d’une société anonyme, régie par les lois du Grand-Duché de Luxembourg et notamment la loi du 10 aout 1915 sur les sociétés commerciales (la « **Loi** »), telle que modifiée, ainsi que par les présents statuts (les « **Statuts** ») (la « **Société** »).

La Société adopte la dénomination « **SPOTIFY TECHNOLOGY S.A.** ».

Article 2. Siège Social

2.1 Le siège social de la Société est établi à Luxembourg-Ville.

2.2 Le siège social peut être transféré à tout autre endroit de la Ville de Luxembourg ou dans toute autre commune du Grand-Duché de Luxembourg par décision du Conseil d'Administration. Des succursales ou autres bureaux peuvent être établis soit au Grand-Duché de Luxembourg, soit à l'étranger par une décision du Conseil d'Administration. Par la suite, le Conseil d'Administration est autorisé à modifier les Statuts afin de refléter le changement de commune du siège social de la Société et d'acter cette modification devant un notaire.

2.3 Dans l'hypothèse où le Conseil de d'Administration estimerait que des événements exceptionnels d'ordre politique, économique ou social ou des catastrophes naturelles se sont produits ou seraient imminents, de nature à interférer avec l'activité normale de la Société à son siège social, il pourra transférer provisoirement le siège social à l'étranger jusqu'à la cessation complète de ces circonstances exceptionnelles. Ces mesures provisoires n'auront toutefois aucun effet sur la nationalité de la Société, laquelle, nonobstant ce transfert provisoire du siège social, restera une société régie par les lois du Grand-Duché de Luxembourg.

Article 3. Objet

3.1 La Société a pour objet la prise de participations et la détention de participations directes ou indirectes dans des entreprises luxembourgeoises et/ou étrangères ainsi que l'administration, la gestion et la mise en valeur de ces participations.

3.2 La Société peut accorder toute assistance financière à des filiales, des sociétés affiliées ou à d'autres sociétés appartenant au même groupe de sociétés que la Société, notamment des prêts, garanties ou sûretés sous quelque forme que ce soit.

3.3 La Société peut employer ses fonds en investissant dans l'immobilier ou les droits de propriété intellectuelle ou tout autre actif mobilier ou immobilier sous quelque forme que ce soit.

3.4 La Société peut emprunter sous toutes formes et procéder à l'émission d'obligations.

3.5 D'une manière générale, la Société peut effectuer toute opération commerciale, industrielle ou financière qu'elle jugera utile à l'accomplissement et au développement de son objet social.

Article 4. Durée

La Société est établie pour une durée illimitée. Elle peut être dissoute par décision de l'associé unique ou par une assemblée générale des actionnaires votant avec le quorum et la majorité prévus par la loi et les présents Statuts.

CHAPITRE II.- CAPITAL, ACTIONS

Article 5. Capital Social

5.1 Le capital social souscrit émis est fixé à **cent vingt-neuf mille six cent soixante-et-onze virgule neuf cinq huit un deux cinq euros (EUR 129.671,958125)** divisé en deux cent sept millions quatre cent soixante-quinze mille cent trente-trois (207.475.133) actions d'une valeur nominale de zéro virgule zéro zéro zéro six deux cinq euros (EUR 0,000625) chacune.

5.2. Le capital autorisé de la Société est fixé à cent vingt-deux mille deux cent quarante-cinq virgule un deux huit sept cinq euros (EUR 122.245,128750) divisé en cent quatre-vingt-quinze millions cinq cent quatre-vingt-douze mille deux cent six (195.592.206) actions d'une valeur nominale de zéro virgule zéro zéro zéro six deux cinq euros (EUR 0,000625) chacune..

5.3 Le Conseil d'Administration est autorisé à sous-déléguer à un des Administrateurs de la Société, fondé de pouvoir de la Société, ou toute autre personne dûment autorisée, pendant une période se terminant cinq (5) ans après la date de publication du procès-verbal de l'assemblée générale extraordinaire des actionnaires tenue le 29 mars 2023, au RESA, Recueil Electronique des Sociétés et Association, de (i) réaliser toute augmentation du capital social dans les limites du capital autorisé en une ou plusieurs tranches successives par l'émission de nouvelles actions ordinaires avec ou sans prime d'émission, en contrepartie d'un paiement en espèces ou en nature, (a) suivant l'exercice des droits de souscription et/ou (b) suivant l'exercice des droits de conversion accordés par le Conseil d'Administration sous les conditions de bons de souscription (pouvant être attachés ou séparés d'actions ordinaires, d'obligations ou autres instruments similaires), d'obligations convertibles ou d'autres instruments similaires émis de temps en temps par la Société, (c) par la conversion de créances ou (d) de toute autre manière, (ii) déterminer le lieu et la date d'émission, le prix d'émission, les conditions générales de souscription et de libération des nouvelles actions ordinaires et (iii) supprimer ou limiter le droit préférentiel de souscription des actionnaires.

5.4 Les actions ordinaires peuvent être émises à une valeur supérieure, égale ou inférieure à leur valeur de marché, mais en aucun cas à une valeur inférieure à leur valeur nominale ou à la valeur nette comptable d'une action ordinaire.

Article 6. Actions

6.1 Les actions ordinaires sont et devront être uniquement sous forme nominative.

6.2 Aucune fraction d'action ordinaire ne peut exister ou être émise. Le Conseil d'Administration est cependant autorisé à organiser de façon discrétionnaire le paiement en espèces au lieu de toute fraction d'action ordinaire de la Société.

6.3 Les actions ordinaires peuvent être détenues en fiducie par un ou plusieurs actionnaires.

6.4 Un registre des actionnaires sera tenu par la Société à son siège social où il sera mis à disposition aux fins de vérifications par tout actionnaire. Ce registre contiendra la désignation précise de chaque actionnaire et l'indication du nombre de ses actions ordinaires, l'indication des paiements effectués sur ses actions ordinaires ainsi que les transferts des actions ordinaires avec leur date. La propriété des actions ordinaires sera établie par l'inscription sur ledit registre ou dans le cas ou des teneurs de registres séparés ont été nommés conformément à l'Article 6.5 des Statuts, dans ce(s) registre(s) séparé(s). Sans préjudice des conditions de transfert par inscriptions prévues à l'Article 6.7 des Statuts, un transfert d'actions ordinaires devra être effectué au moyen d'une déclaration de transfert inscrite dans le registre concerné, datée et signée par le cédant et le cessionnaire ou par leurs représentants dûment autorisés ou par la Société suite à la notification de la cession ou de l'acceptation de la cession par la Société. La Société peut accepter et inscrire un transfert dans le registre approprié sur la base d'une correspondance ou de tout autre document actant un accord entre le cédant et le cessionnaire.

6.5 La Société peut nommer des teneurs de registre dans différentes juridictions qui pourront tenir chacun un registre séparé pour les actions ordinaires qui y seront inscrites. Les actionnaires pourront choisir d'être inscrits dans l'un des registres et de transférer leurs actions ordinaires dans un autre registre tenu de cette façon. Le Conseil d'Administration peut toutefois imposer des restrictions au transfert pour les actions ordinaires inscrites, cotées, traitées ou placées dans certaines juridictions conformément aux exigences applicables dans ces juridictions. Un transfert dans le registre tenu au siège social de la Société peut toujours être demandé.

6.6 Sous réserve des dispositions de l'Article 6.7 et l'Article 6.9, la Société peut considérer la personne au nom de laquelle les actions ordinaires sont inscrites dans le registre des actionnaires comme étant le propriétaire unique desdites actions ordinaires. Dans le cas où un détenteur d'actions ordinaires n'ai pas fourni par voie écrite d'adresse à laquelle toutes les notifications et communications de la Société pourront être envoyées, la Société pourra permettre l'inscription de cette information dans le registre des actionnaires et l'adresse de ce détenteur sera considérée comme étant au siège social de la Société ou à tout autre adresse que la Société pourra inscrire au fil du temps jusqu'à ce que ce détenteur ait fourni par écrit une adresse différente à la Société. Le détenteur peut modifier à tout moment son adresse figurant au registre des actionnaires au moyen d'une notification écrite faite à la Société.

6.7 Les actions ordinaires peuvent être tenues par un porteur (le «**Porteur**») au travers d'un système de compensation ou d'un Dépositaire (tel que ce terme est défini ci-dessous). Le Porteur d'actions ordinaires détenues dans ces comptes de titres fongibles a les mêmes droits et obligations que si ce Porteur détenait directement les actions ordinaires. Les actions ordinaires détenues au travers d'un système de compensation ou d'un Dépositaire doivent être consignées dans un compte ouvert au nom du Porteur et peuvent être transférées d'un compte à un autre, conformément aux procédures habituelles pour le transfert de titres sous forme d'inscription en compte. Toutefois, la Société versera les dividendes, s'il y en a, ainsi que tout autre paiement en espèces, actions ordinaires ou autres titres, s'il y en a, uniquement au profit du système de compensation ou du Dépositaire inscrits dans le registre des actionnaires ou conformément aux instructions de ce système de compensation ou du Dépositaire. Ce paiement déchargera complètement la Société de ses obligations à cet égard.

6.8 Dans le cadre d'une assemblée générale des actionnaires, le Conseil d'Administration peut décider qu'aucune inscription ne soit faite dans le registre des actionnaires et qu'aucun avis de transfert ne soit reconnu par la Société et le(s) teneur(s) de registre durant la période commençant à la Date d'Inscription (telle que définie ci-après) et se terminant à la clôture de cette assemblée générale.

6.9 Toutes les communications et avis à donner à un actionnaire inscrit sont réputés valablement faits s'ils sont faits à la dernière adresse communiquée par l'actionnaire à la Société conformément à l'Article 6.5 ou, si aucune adresse n'a été communiquée par l'actionnaire, au siège social de la Société ou à toute autre adresse que la Société pourra inscrire dans le registre au fil du temps conformément à l'Article 6.7.

6.10 Lorsque les actions ordinaires sont enregistrées dans le registre des actionnaires au nom ou pour le compte d'un système de compensation ou de l'opérateur d'un tel système et enregistrées comme des entrées dans les comptes d'un dépositaire professionnel ou de tout sous-dépositaire (tout dépositaire et tout sous-dépositaire sera désigné ci-après comme un «**Dépositaire**»), la Société – sous réserve d'avoir reçu du Dépositaire un certificat en bonne et due forme – permettra au Dépositaire de telles entrées en compte d'exercer les droits attachés aux actions ordinaires correspondant aux entrées en compte du Porteur concerné, y compris de recevoir les convocations aux assemblées générales, l'admission et le vote aux assemblées générales et devra considérer le Dépositaire comme étant le porteur des actions ordinaires correspondant aux entrées en compte aux fins du présent Article 6 des présents Statuts. Le Conseil d'Administration peut déterminer les conditions de forme auxquelles devront répondre ces certificats.

Article 7. Augmentation et Réduction du Capital Social

7.1 Le capital autorisé et le capital émis de la Société peut être augmenté ou réduit, en une ou en plusieurs fois, par une résolution de l'assemblée générale des actionnaires, selon le cas, adoptée aux conditions de quorum et de majorité exigées par les présents Statuts ou, le cas échéant, par la loi pour toute modification des Statuts.

7.2 Le capital souscrit de la Société peut également être augmenté à une ou plusieurs reprises par une résolution du Conseil d'Administration, dans les limites du capital autorisé.

7.3 Les nouvelles actions ordinaires à souscrire par apport en numéraire seront offertes par préférence aux actionnaires existants proportionnellement à la part du capital qu'ils détiennent. Le Conseil d'Administration fixera le délai pendant lequel le droit préférentiel de souscription devra être exercé. Ce délai ne pourra pas être inférieur à quatorze jours à compter de la date d'envoi d'une lettre recommandée ou de tout autre moyen de communication accepté individuellement par les destinataires et garantissant l'accès aux informations transmises aux actionnaires annonçant l'ouverture de la période de souscription.

7.4 Par dérogation à ce que est dit ci-dessus, l'assemblée générale, délibérant aux mêmes conditions de quorum et de majorité que celles exigées pour toute modification des Statuts, peut supprimer, renoncer ou limiter le droit préférentiel de souscription ou autoriser le Conseil d'Administration à le faire, dans la mesure où le Conseil d'Administration jugera cette suppression, renonciation ou limitation opportune pour toute émission ou émissions d'actions dans la cadre du capital autorisé.

7.5 Si après la fin de la période de souscription, tous les droits préférentiels de souscription offerts aux actionnaires existants n'ont pas été exercés par ces derniers, des tiers peuvent être autorisés à participer à l'augmentation du capital social, sauf si le Conseil d'Administration décide que les droits préférentiels de souscription seront offerts aux actionnaires existants qui ont déjà exercé leurs droits pendant la période de souscription, proportionnellement à la part de leurs actions ordinaires dans le capital social; les modalités de souscription sont déterminées par le Conseil d'Administration. Le Conseil d'Administration peut également décider dans ce cas que le capital social ne sera augmenté qu'à concurrence du montant des souscriptions reçues par le(s) actionnaire(s) de la Société

Article 8. Rachat d'actions

La Société peut acquérir ou racheter ses propres actions ordinaires.

L'acquisition et la détention de ses propres actions ordinaires se fera conformément aux conditions et dans les limites fixées par la loi.

Article 9. Parts Bénéficiaires

9.1 La Société peut émettre à tout moment des parts bénéficiaires disposant de droits fixés par les Statuts (les "**Parts Bénéficiaires**"). Le Conseil d'Administration est autorisé à émettre jusqu'à un milliard quatre cent millions (1.400.000.000) de Parts Bénéficiaires sans qu'un droit préférentiel de souscription soit réservé aux actionnaires existants pour les Parts Bénéficiaires émises. Les Parts Bénéficiaires ne pourront être émises qu'aux actionnaires de la Société. La décision d'émettre des Parts Bénéficiaires à un actionnaire relève de l'entière discrétion du Conseil d'Administration. Au moment de leur émission, le Conseil d'Administration devra lier les Parts Bénéficiaires à une ou plusieurs actions ordinaires de la Société détenues par l' (les) actionnaire(s) en faveur duquel (desquels) elles ont été émises, sur base d'un ratio applicable à cet actionnaire tel que fixé par le Conseil d'Administration au moment de l'émission, ce ratio devant se situer entre 1:1 et 20:1 des Parts Bénéficiaires aux actions ordinaires.

9.2 Il y a actuellement trois cent vingt-quatre millions sept cent trente-deux mille neuf cent quatre-vingts (324.732.980) Parts Bénéficiaires en circulation sur les quatre cent vingt millions neuf cent quatre-vingt-six mille huit cent dix (420.986.810) Parts Bénéficiaires émises.

9.3 Dans l'hypothèse où le Conseil d'Administration procède à une émission des Parts Bénéficiaires conformément aux dispositions du présent Article 9, il prend, ou fait prendre, tous les étapes nécessaires à la modification des Statuts afin qu'ils reflètent cette émission.

9.4 Les Parts Bénéficiaires seront émises uniquement sous forme nominative et la propriété de chaque Part Bénéficiaire s'établit par inscription au registre des Parts Bénéficiaires (le "**Registre PB**"). Le Registre PB constitue la preuve de la propriété des Parts Bénéficiaires et toute personne dont le nom figure au Registre PB comme titulaire est considérée propriétaire des Parts Bénéficiaires enregistrées à son nom.

9.5 Le Registre PB pourra être tenu par la Société à son siège social ou pourra être confié par la Société à un agent de transfert. Le Registre PB doit contenir l'identité des détenteurs de Parts Bénéficiaires, le nombre des Parts Bénéficiaires détenues par chacun d'eux ainsi que leur adresse et date d'entrée. En cas de transfert, rachat ou annulation effectués conformément aux dispositions des Statuts, les écritures correspondantes devront être inscrites au registre.

La Société ne reconnaît qu'un seul propriétaire par Part Bénéficiaire. Si la propriété de la Part Bénéficiaire est indivise, ou si des fractions d'une Part Bénéficiaire sont détenues par plusieurs détenteurs de Parts Bénéficiaires ou si la propriété de ces Parts Bénéficiaires est contestée, l'ensemble des personnes invoquant un droit sur cette (ces) Part(s) Bénéficiaire(s), ou disposant d'une fraction d'une Part Bénéficiaire respectivement, doivent nommer un mandataire spécial pour représenter cette (ces) Part(s) Bénéficiaire(s) envers la Société. Le manquement à cette obligation de nomination pourra entraîner la suspension du (des) droit(s) de vote rattaché(s) à de telle(s) Part(s) Bénéficiaire(s).

9.6 Les Parts Bénéficiaires ne donnent pas le droit aux dividendes, remboursement de primes d'émission ou à des distributions de quelque type que ce soit, y compris la distribution du boni de liquidation réalisée par la Société.

9.7 Chaque Part Bénéficiaire donne droit à une (1) voix à toute assemblée générale des actionnaires de la Société et chaque Part Bénéficiaire sera prise en considération dans le calcul du quorum et de la majorité requis pour les assemblées générales de la Société.

9.8 Les Parts Bénéficiaires ne peuvent pas être transférées et devront être automatiquement annulées en cas de cession ou de transfert de(s) l'action(s) à laquelle (auxquelles) elles sont liées, étant donné que les exceptions aux transferts des Parts Bénéficiaires ou à leur annulation lors de la cession ou du transfert des actions ordinaires sous-jacentes auxquelles elles sont liées seront décidées par le Conseil d'Administration au cas par cas et relèveront de son entière discrétion, à cette occasion, le Conseil d'Administration pourra aussi recalculer le ratio et, le cas échéant, répartir les Parts Bénéficiaires non annulées aux actions ordinaires éligibles restantes (déjà liées à d'autres Parts Bénéficiaires) au prorata. En cas d'un calcul autorisé d'actions ordinaires résultant d'un fractionnement d'actions, d'attribution d'actions ordinaires gratuites, d'une subdivision ou division des actions ou combinaison d'actions à travers une consolidation ou action similaire, les Parts Bénéficiaires sont traitées de la même manière que les actions ordinaires auxquelles elles sont liées.

9.9 De la même façon, toutes les Parts Bénéficiaires seront automatiquement annulées dans l'hypothèse où le nombre d'actions ordinaires total détenu par Rosello Company Limited et D.G.E Investments Ltd, et leurs successeurs, descendrait en dessous de sept millions cinq cent soixante-quatre mille six cents (7.564.600) actions ordinaires.

9.10 Toute modification affectant les droits des détenteurs de Parts Bénéficiaires fixés dans les Statuts requiert une décision de l'assemblée générale des actionnaires prise aux conditions de quorum et de majorité requises pour une modification des Statuts. En outre, les mêmes quorum et majorité devront également être atteints à une assemblée des titulaires des Parts Bénéficiaires comme s'ils votaient en tant que catégorie distincte.

CHAPITRE III.- ADMINISTRATEURS, COMMISSAIRE AUX COMPTES

Article 10. Conseil d'Administration

10.1 La Société est gérée et administrée par un conseil d'administration (le "**Conseil d'Administration**") composé de membres de catégorie A (les "**Administrateurs A**") et de membres de catégorie B (les "**Administrateurs B**"), associés ou non (les "**Administrateurs**"). Le Conseil d'Administration doit toujours être composé au minimum de trois (3) Administrateurs.

10.2 Les Administrateurs seront nommés par l'assemblée générale qui détermine la durée de leur mandat, et ils resteront en fonction jusqu'à ce que leurs successeurs soient élus. Ils peuvent être réélus pour des mandats successifs et ils peuvent être révoqués à tout moment, avec ou sans motif par décision de l'assemblée générale.

Article 11. Vacance d'un poste de membre du Conseil d'Administration

En cas de vacance d'un membre du Conseil d'administration en raison d'un décès, d'une incapacité légale, d'une faillite, d'une démission ou autre, ce poste peut être pourvu de manière temporaire et pour une durée n'excédant pas le mandat initial du membre remplacé du Conseil d'Administration, par les autres membres du Conseil d'Administration jusqu'à la prochaine assemblée générale des actionnaires de la Société qui se prononcera sur la nomination permanente dans le respect des dispositions légales applicables et des présents Statuts.

Article 12. Réunions du Conseil d'Administration

12.1 Le Conseil d'Administration peut choisir parmi ses membres un président (le « **Président** »). Il pourra également nommer un secrétaire qui n'a pas besoin d'être membre du Conseil d'Administration et qui sera responsable de la tenue des procès-verbaux des réunions du Conseil d'Administration et des actionnaires.

12.2 Le Conseil d'Administration se réunira sur convocation du Président. Une réunion du Conseil d'Administration doit être convoquée si deux Administrateurs le demandent.

12.3 Le Président présidera toutes les réunions du Conseil d'Administration et les assemblées générales des actionnaires (si nécessaires), mais en son absence le Conseil d'Administration pourra désigner un autre membre du Conseil d'Administration et l'assemblée générale des actionnaires pourra désigner toute autre personne comme président pro tempore à la majorité des membres présents ou représentés.

12.4 Sauf en cas d'urgence ou avec l'accord écrit préalable de tous ceux qui ont le droit d'y assister, une convocation écrite de toute réunion du Conseil d'Administration devra être transmise, vingt-quatre heures au moins avant la date prévue pour la réunion, par télécopie, par courrier, par courriel ou tout autre moyen de communication. La convocation indiquera la date, l'heure et le lieu de la réunion ainsi que l'ordre du jour et la nature des affaires à traiter. Il pourra être passé outre cette convocation avec l'accord écrit transmis par télécopie, par courrier ou par courriel de chaque membre du conseil d'Administration. Une convocation spéciale ne sera pas requise pour les réunions se tenant à une date et à un endroit déterminés dans une résolution préalablement adoptée par le Conseil d'Administration.

12.5 Toute réunion du Conseil d' Administration se tiendra à Luxembourg ou tout autre endroit que le Conseil d'Administration pourra déterminer d'un temps à l'autre.

12.6 Tout membre du Conseil d'Administration pourra se faire représenter aux réunions du Conseil d' Administration en désignant par écrit, par télécopie, par couriel ou par courrier un autre membre du Conseil d' Administration comme son mandataire.

12.7 Le quorum du Conseil d'Administration est d'un (1) Administrateur A et d'un (1) Administrateur B présent à la réunion ou, dans l'hypothèse où aucun administrateur de catégorie A ou de catégorie B n'ait été nommé, trois (3) Administrateurs en fonction. Dans le cas où, la Section 303A.03 du manuel des sociétés cotées de la bourse de New-York (New-York Stock Exchange Listed Company Manual), exige qu'une réunion des administrateurs indépendants prenne place au moins une fois par an, le quorum requis pour une réunion du Conseil d'Administration pourra être ignoré et tous les administrateurs indépendants devront alors être présents ou représentés à cette réunion.

12.8 Toutes les affaires à l'ordre du jour de toute réunion du Conseil d'Administration seront déterminées par une résolution passée à la majorité des voix en faveur de la résolution. Dans le cas d'une égalité de voix, le Président aura une voix prépondérante (la « **Voix Prépondérante**»). La Voix Prépondérante sera personnelle au Président et ne pourra être transférée à un Administrateur agissant comme président de la réunion du Conseil d'Administration, en l'absence du Président.

12.9 Un ou plusieurs Administrateurs peuvent participer à une réunion par conférence téléphonique, visioconférence ou par tout autre moyen de communication similaire permettant ainsi à plusieurs personnes y participant de communiquer simultanément l'une avec l'autre. Une telle participation sera considérée équivalente à une présence physique à la réunion.

12.10 Une décision écrite signée par tous les Administrateurs est régulière et valable comme si elle avait été adoptée à une réunion du Conseil d'Administration, dûment convoquée et tenue. Une telle décision pourra être consignée dans un seul ou plusieurs écrits séparés ayant le même contenu et signé par un ou plusieurs Administrateurs.

Article 13. Procès-verbaux des Réunions du Conseil d'Administration

13.1 Les procès-verbaux de toute réunion du Conseil d'Administration seront signés par le Président de la réunion et par le secrétaire (s'il y a un). Les procurations resteront annexées aux procès-verbaux.

13.2 Les copies ou extraits de ces procès-verbaux, destinés à servir en justice ou ailleurs, seront signés par le Président et le secrétaire (s'il y en a) ou par deux membres du Conseil d'Administration.

Article 14. Pouvoirs du Conseil d'Administration

Le Conseil d'Administration est investi de tous les pouvoirs (à l'exception de ceux qui sont expressément réservés par la loi à l'associé unique ou à l'assemblée générale des actionnaires) pour accomplir tout acte nécessaire pour accomplir l'objet social de la Société. Tous pouvoirs qui ne sont pas expressément réservés par la loi ou par les Statuts à l'associé unique ou à l'assemblée générale des actionnaires sont dans la compétence du Conseil d'Administration.

Article 15. Délégation de Pouvoirs

La gestion journalière de la Société ainsi que la représentation de la Société en ce qui concerne cette gestion pourront, conformément à l'article 441-10 de la Loi, être déléguées à un ou plusieurs Administrateurs (le(s) « **Administrateur(s) Délégué(s)** », directeurs, gérants et autres agents, associés ou non, agissant seuls ou conjointement. Leur nomination, leur révocation et leurs attributions seront réglées par une décision du Conseil d'Administration. La délégation à un membre du Conseil d'Administration impose au conseil d'Administration l'obligation de rendre annuellement compte à l'assemblée générale ordinaire, des traitements, émoluments et avantages quelconques alloués au délégué. La Société peut également conférer tous mandats spéciaux par procuration authentique ou sous seing privé.

Article 16. Conflit d'Intérêts

16.1 Sauf dispositions contraires de la Loi, tout membre du Conseil d'Administration qui a, directement ou indirectement, un intérêt de nature patrimoniale opposé à celui de la Société à l'occasion d'une opération relevant du Conseil d'Administration est tenu d'en prévenir le Conseil d'Administration et de faire mentionner cette déclaration dans le procès-verbal de la séance. L'administrateur concerné ne peut prendre part ni aux discussions relatives à cette opération, ni au vote y afférent. Ce conflit d'intérêts doit également faire l'objet d'un rapport aux actionnaires, lors de la prochaine assemblée générale des actionnaires, et avant toute prise de décision de l'assemblée générale des actionnaires sur tout autre point à l'ordre du jour.

16.2 Lorsque, en raison d'un conflit d'intérêts, le nombre d'administrateurs requis afin de délibérer valablement n'est pas atteint, le Conseil d'Administration peut décider de déférer la décision sur ce point spécifique à l'assemblée générale des actionnaires.

16.3 Les règles relatives aux conflits d'intérêts ne s'appliquent pas lorsque la décision du Conseil d'Administration se rapporte à des opérations courantes conclues dans des conditions normales.

16.4 Le(s) délégués à la gestion journalière de la Société le cas échéant, sont soumis aux articles 16.1 à 16.3 des présents Statuts à condition qu'un seul délégué à la gestion journalière de la Société ait été désigné et se trouve en situation conflit d'intérêts, la décision visée devant être adoptée par le Conseil d'Administration.

Article 17. Comité du Conseil d'Administration

Le Conseil d'Administration peut créer un ou plusieurs comités, incluant sans limitation, un comité d'audit et un comité de rémunération, et pour lesquels il doit, si un ou plusieurs de ces comités sont mis en place, nommer les membres qui peuvent, mais ne doivent pas nécessairement, être des membres du Conseil d'Administration (si les actions ordinaires de la Société sont cotées à une bourse étrangère toujours sous réserve des exigences de cette bourse étrangère applicables à la Société et/ou de l'autorité de régulation compétente en relation avec cette cotation), déterminer le but, les pouvoirs et compétences ainsi que les procédures et les autres règles pour autant que de besoin.

Article 18. Indemnisation

18.1 Les membres du Conseil d'Administration ne sont pas tenus personnellement responsables des dettes ou des autres obligations de la Société. En tant que mandataires de la Société, ils sont responsables de l'exercice de leurs fonctions. Sous réserve des exceptions et limites prévues à l'Article 18.2 ainsi que des dispositions impératives de la loi, toute personne qui est, ou a été, membre du Conseil d'Administration ou dirigeant de la Société devra être indemnisé par la Société, dans toute la mesure permise par la loi, pour toute responsabilité et toute dépense raisonnablement engagées ou payées par lui en rapport avec toute réclamation, action, poursuite ou procédure dans lesquelles il est impliqué en tant que partie ou pour être ou avoir été un administrateur ou un dirigeant, et pour les sommes payées ou engagées par lui dans le règlement de celles-ci. Les mots «demande», «action », «poursuite» ou «procédure» s'appliqueront à toutes les demandes, actions, poursuites ou procédures (civiles, pénales ou autres, y compris les appels) actuelles ou menacées et les mots « responsabilité » et «dépenses» comprennent, sans limitation les frais d'avocat, les coûts, les jugements, les montants payés en transaction et autres passifs.

18.2 Aucune indemnisation ne sera due à tout administrateur, dirigeant ou actionnaire (i) contre toute responsabilité en raison de fautes intentionnelles, de mauvaise foi, de négligence grave ou d'une imprudence flagrante des tâches concernées dans l'exercice de sa fonction (ii) à l'égard de toute affaire dans laquelle il/elle aura été finalement condamné pour avoir agi de mauvaise foi et non contre l'intérêt de la Société ou (iii) dans le cas d'une transaction, à moins que la transaction ait été approuvée par un tribunal d'une juridiction compétente, ou par le Conseil d'Administration.

18.3 Le droit à indemnisation prévu ici est divisible, ne doit pas porter atteinte à tout autre droit auquel tout administrateur ou dirigeant peut présentement ou postérieurement avoir droit et doit continuer pour une personne qui a cessé d'être un tel administrateur ou dirigeant et bénéficiera aux héritiers, exécuteurs testamentaires et administrateurs d'une telle personne. Aucune de ces dispositions ne peut affecter ou limiter les droits à indemnisation dont le personnel de l'entreprise, y compris les administrateurs et dirigeants, peuvent avoir droit par contrat ou autrement en vertu de la loi. La Société est expressément habilitée à fournir une indemnisation contractuelle et peut souscrire et maintenir une assurance pour tout membre du personnel de l'entreprise, y compris les administrateurs et dirigeants de la Société, à tout moment.

Article 19. Représentation de la Société

Vis-à-vis des tiers, la Société sera engagée par la signature conjointe d'un Administrateur A et d'un Administrateur B, ou par la signature individuelle de la personne à laquelle la gestion journalière de la Société a été déléguée dans les limites d'une telle délégation, ou par la signature conjointe ou par la signature individuelle de toutes personnes à qui un tel pouvoir de signature aura été délégué par le Conseil d'Administration, mais seulement dans les limites de ce pouvoir.

Article 20. Commissaires aux Comptes

20.1 Les transactions de la Société devront être contrôlées par un ou plusieurs commissaires aux comptes. L'assemblée générale des actionnaires devra nommer le(s) commissaire(s) aux comptes et devra déterminer leur mandat, lequel ne peut excéder six (6) ans.

20.2 Un commissaire aux comptes peut être révoqué à tout moment, sans préavis et avec ou sans motif, par l'assemblée générale des actionnaires.

20.3. Le(s) commissaire(s) aux comptes dispose(nt) d'un droit de regard et de contrôle permanent et illimité sur toutes les opérations de la Société.

20.4. Si l'assemblée générale des actionnaires de la Société nomme un ou plusieurs réviseurs d'entreprises agréés conformément à l'article 69 de la loi du 19 décembre 2002 relative au registre du commerce et des sociétés et à la comptabilité et aux comptes annuels des entreprises, telle que modifiée, la nomination des commissaires aux comptes n'est plus requise.

20.5. Un auditeur indépendant ne peut être révoqué que par l'assemblée générale des actionnaires pour un motif valable ou avec son approbation.

CHAPITRE IV.- ASSEMBLÉE GÉNÉRALE DES ACTIONNAIRES

Article 21. Pouvoirs de l'Assemblée Générale des Actionnaires

L'assemblée générale des actionnaires de la Société et les détenteurs de Parts Bénéficiaires représentent l'ensemble des actionnaires et l'ensemble des détenteurs de Parts Bénéficiaires de la Société (l' **« Assemblée Générale »).** L'Assemblée Générale a tous les pouvoirs qui lui sont réservés par la loi.

Article 22. Assemblée Générale Annuelle

L'Assemblée Générale annuelle devra se tenir dans les six (6) mois suivant la fin de chaque exercice social au Grand-Duché de Luxembourg, au siège social de la Société ou à tout autre endroit au Grand-Duché de Luxembourg tel qu'indiqué dans la convocation de cette assemblée. D'autres Assemblées Générales peuvent être tenues au lieu et à l'heure spécifiés dans leurs convocations respectives. Les porteurs d'obligations n'ont pas le droit d'assister aux Assemblées Générales.

Article 23. Autres Assemblées Générales

23.1 Le Conseil d'Administration peut convoquer d'autres Assemblées Générales. De telles assemblées doivent être convoquées à la demande des actionnaires représentant au moins dix pour cent (10%) du capital social.

23.2 Les Assemblées Générales, y compris l'Assemblée Générale annuelle, peuvent se tenir à l'étranger chaque fois que des circonstances de force majeure, appréciées souverainement par le Conseil d'Administration, le requièrent.

23.3 Les Assemblées Générales sont convoquées conformément aux dispositions de la loi et si les actions ordinaires de la Société sont cotées sur une bourse étrangère, conformément aux exigences de cette bourse étrangère applicables à la Société.

23.4 Si les actions ordinaires de la Société sont cotées sur une bourse étrangère, tous les actionnaires inscrits dans un registre des actionnaires de la Société, le Porteur ou le Dépositaire, selon le cas, et les détenteurs de Parts Bénéficiaires, ont le droit d'être admis à l'Assemblée Générale; cependant, le Conseil d'Administration pourra déterminer une date et une heure antérieures à l'Assemblée Générale comme date de référence pour l'admission à l'assemblée générale des actionnaires (la «**Date**

d'Inscription »), qui ne pourra être inférieure à cinq (5) jours avant la date de cette assemblée.

23.5 Tout actionnaire de la Société, Porteur ou Dépositaire, selon le cas, et tout détenteur de Parts Bénéficiaires peut assister à l'Assemblée Générale en nommant une autre personne comme son mandataire, une telle nomination doit être faite par écrit d'une manière devant être déterminée par le Conseil d'Administration dans la convocation. Dans le cas d'actions ordinaires détenues par l'opérateur d'un système de compensation ou par un Dépositaire désigné par un tel Dépositaire, un porteur d'actions ordinaires qui souhaite assister à une Assemblée Générale doit recevoir de ces mêmes opérateurs ou Dépositaires un certificat attestant le nombre d'actions ordinaires inscrites dans le compte correspondant à la Date d'Inscription et attestant que ces actions ordinaires sont bloquées jusqu'à la clôture de l'Assemblée Générale en question. Le certificat devra être présenté à la Société au plus tard trois (3) jours ouvrables avant la date de cette assemblée générale. Si l'actionnaire ou le détenteur de Parts Bénéficiaires vote au moyen d'une procuration, la procuration doit être déposée au siège social de la Société ou chez tout autre agent de la Société, dûment autorisé à recevoir ces procurations, dans le même temps. Le Conseil d'Administration peut fixer un délai plus court pour le dépôt du certificat ou de la procuration.

Article 24. Procédure, Vote

24.1 Les actionnaires et les détenteurs de Parts Bénéficiaires se réunissent après convocation du Conseil d'Administration ou des commissaires aux comptes, conformément aux conditions fixées par la loi. La convocation envoyée aux actionnaires et détenteurs de Parts Bénéficiaires indiquera la date, l'heure et le lieu de l'Assemblée Générale ainsi que l'ordre du jour et la nature des affaires à traiter lors de l'Assemblée Générale des actionnaires.

24.2 Si tous les actionnaires et détenteurs de Parts Bénéficiaires sont présents ou représentés à une Assemblée Générale et déclarent avoir eu connaissance de l'ordre du jour de l'Assemblée Générale, celle-ci peut se tenir sans convocation préalable.

24.3 Un actionnaire et un détenteur de Parts Bénéficiaires peuvent agir à toute Assemblée Générale en désignant par écrit, par télécopie, par courriel, par courrier ou tout autre moyen de communication écrit, un mandataire qui ne doit pas obligatoirement être un actionnaire ou un détenteur de Parts Bénéficiaires.

24.4 Chaque actionnaire et chaque détenteur de Parts Bénéficiaires peut voter à une Assemblée Générale par un formulaire de vote signé envoyé par courrier ou par télécopie ou par tout autre moyen de communication autorisé par le Conseil d'Administration, et livré au siège social de la Société ou à l'adresse figurant dans la convocation. Les actionnaires et détenteurs de Parts Bénéficiaires ne peuvent utiliser que les formulaires de vote fournis par la Société qui contiennent au moins le lieu, la date et l'heure de la réunion, l'ordre du jour de la réunion, les propositions soumises aux décisions de l'Assemblée Générale ainsi que pour chaque proposition, trois cases permettant à l'actionnaire et au détenteur de Parts Bénéficiaires de voter en faveur ou contre la résolution proposée ou de s'abstenir de voter en cochant les cases appropriées. La Société ne tiendra compte que des formulaires de vote reçus au plus tard trois (3) jours ouvrables avant la date de l'Assemblée Générale à laquelle ils se rapportent. Le Conseil d'Administration peut fixer une période plus courte pour la réception des formulaires de vote.

24.5. Le Conseil d'Administration peut déterminer toutes les autres conditions à remplir pour participer à l'Assemblée Générale.

24.6. Sauf disposition contraire de la loi ou des présent Statuts, les décisions seront prises à la majorité simple des voix, quel que soit le nombre d'actionnaires et de détenteurs de Parts Bénéficiaires présents ou représentés à l'Assemblée Générale.

24.7. Un vote est attaché à chaque action ordinaire émise. Chaque Part Bénéficiaire donne droit à une voix à son détenteur.

24.8. Des copies des extraits du procès-verbal de l'assemblée à produire en justice ou autrement seront signées par deux Administrateurs ou par le Président du Conseil d'Administration.

CHAPITRE V.- ANNÉE SOCIALE, RÉPARTITION DES BÉNÉFICES

Article 25. Année Sociale

L'année sociale de la Société commence le premier janvier de chaque année et finit le trente et un décembre de la même année. Le Conseil d'Administration doit préparer les comptes annuels de la société conformément à la loi luxembourgeoise et à la pratique comptable.

Article 26. Répartition des Bénéfices

26.1 Sur les bénéfices nets de la Société il sera prélevé cinq pour cent (5 %) pour la formation d'un fonds de réserve légale. Ce prélèvement cesse d'être obligatoire lorsque et aussi longtemps que la Réserve Légale atteindra dix pour cent (10%) du capital émis.

26.2 L'Assemblée Générale décide de l'affectation du solde des bénéfices annuels nets. Elle peut décider de verser la totalité ou une partie du solde à un compte de réserve ou de provision, de le reporter à nouveau ou de le distribuer aux actionnaires comme dividendes.

26.3 Dans les conditions établies par la loi, le Conseil d'Administration peut payer une avance sur les dividendes. Le Conseil d'Administration détermine la date et le montant de tout payement d'acompte sur dividendes.

CHAPITRE VI.- DISSOLUTION, LIQUIDATION

Article 27. Dissolution, Liquidation

27.1 La Société peut être dissoute par une résolution de l'Assemblée Générale délibérant aux mêmes conditions de quorum et de majorité que celles exigées pour toute modification des Statuts, sauf dispositions contraires de la loi.

27.2 En cas de dissolution de la Société, la liquidation sera effectuée par un ou plusieurs liquidateurs nommés par l'Assemblée Générale et qui fixera les pouvoirs et émoluments de chacun des liquidateurs.

27.2 Le surplus résultant de la réalisation de l'actif et du paiement de l'ensemble des dettes sera réparti entre les actionnaires en proportion du nombre des actions ordinaires qu'ils détiennent dans la Société.

CHAPITRE VII. MODIFICATION DES STATUTS

Article 28. Modifications des Statuts

Les présents Statuts peuvent être modifiés par une résolution de l'Assemblée Générale adoptée à un quorum de cinquante pour cent (50%) du capital social de la Société et une majorité des deux tiers des voix des actionnaires et des détenteurs de Parts Bénéficiaires de la Société, à condition que l'ordre du jour de l'Assemblée Générale indique les modifications proposées et qu'une copie des statuts coordonnés soit mise à disposition au siège social de la Société au moins huit (8) jours avant l'assemblée générale des actionnaires et des détenteurs de Parts Bénéficiaires.

Article 29. Changement de nationalité

Les actionnaires peuvent changer la nationalité de la Société par une résolution de l'Assemblée Générale adoptée de la manière requise pour une modification des Statuts.

CHAPITRE VIII.- LOI APPLICABLE

Article 30. Loi Applicable

Toutes les questions qui ne sont pas régies par les présents Statuts seront déterminées conformément à la Loi. En cas de contradiction entre les dispositions d'un pacte d'actionnaires qui pourrait être conclu à tout moment par les actionnaires de la Société, les termes de ce pacte prévaudront inter partes et dans la mesure permise par loi luxembourgeoise.

STATUTS COORDONNES, délivrés à la société sur sa demande.

Belvaux, le 10 janvier 2025.

DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Spotify Technology S.A. (the "Company," "we," "us" and "our") has the following series of securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Ordinary Shares (par value of €0.000625 per share) (the "Ordinary Shares")	SPOT	New York Stock Exchange

The Company's authorized share capital is fixed at the amount stated in our Amended and Restated Articles of Association (the "Articles"). No persons have preferential subscription rights for such authorized capital.

The following is a summary of some of the terms of the Ordinary Shares based on our Articles and Luxembourg law. The following summary is not complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Articles and Luxembourg law.

Issuance of Ordinary Shares and Preemptive Rights

Pursuant to Luxembourg law, the issuance of our Ordinary Shares requires approval by a quorum of the general meeting of shareholders, and a majority is required for the amendment of the Articles. The general meeting of shareholders has approved an authorized share capital and authorized the board of directors to issue Ordinary Shares up to the maximum amount of such authorized share capital for a maximum period of five (5) years as further detailed and updated from time to time in the Articles. The general meeting may amend, renew, or extend such authorized share capital and such authorization to the board of directors to issue Ordinary Shares. Our Articles provide that no fractional Ordinary Shares shall be issued.

The board of directors resolve on the issuance of Ordinary Shares out of the authorized share capital (*capital autorisé*) in accordance with the quorum and voting thresholds set forth in the Articles. The board of directors also resolve on the applicable procedures and timelines to which such issuance will be subjected. If the proposal of the board of directors to issue new Ordinary Shares exceeds the limits of our authorized share capital, the board of directors must then convene the shareholders to an extraordinary general meeting to be held in the presence of a Luxembourg notary for the purpose of increasing the issued share capital. Such meeting will be subject to the quorum and majority requirements required for amending the Articles. If the capital call proposed by the board of directors consists of an increase in the shareholders' commitments, the board of directors must convene the shareholders to an extraordinary general meeting to be held in the presence of a Luxembourg notary for such purpose. Such meeting will be subject to the unanimous consent of the shareholders.

Under Luxembourg law, existing shareholders benefit from a preemptive subscription right on the issuance of Ordinary Shares for cash consideration. However, our shareholders have, in accordance with Luxembourg law, authorized the board of directors to suppress, waive, or limit any preemptive subscription rights of shareholders provided by law to the extent that the board of directors deems such suppression, waiver, or limitation advisable for any issuance or issuances of

Ordinary Shares within the scope of our authorized share capital. The general meeting of shareholders duly convened to consider an amendment to the Articles also may, by two-thirds majority vote, limit, waive, or cancel such preemptive rights or renew, amend, or extend them, in each case for a period not to exceed five years. Such Ordinary Shares may be issued above, at, or below market value, but in any event not below the nominal value or below the accounting par value per ordinary share. The Ordinary Shares also may be issued by way of incorporation of available reserves, including share premium.

Repurchase of Ordinary Shares

Spotify Technology S.A. cannot subscribe for its own Ordinary Shares. Spotify Technology S.A. may, however, repurchase issued Ordinary Shares or have another person repurchase issued Ordinary Shares for its account, subject to the following conditions:

- prior authorization by a simple majority vote at an ordinary general meeting of shareholders, which authorization sets forth:
  - the terms and conditions of the proposed repurchase and in particular the maximum number of Ordinary Shares to be repurchased;
  - the duration of the period for which the authorization is given, which may not exceed five years; and
  - in the case of repurchase for consideration, the minimum and maximum consideration per share, provided that the prior authorization shall not apply in the case of Ordinary Shares acquired by either Spotify Technology S.A., or by a person acting in his or her own name on its behalf, for the distribution thereof to its staff or to the staff of a company with which it is in a control relationship;
- only fully paid-up Ordinary Shares may be repurchased;
- the voting and dividend rights attached to the repurchased shares will be suspended as long as the repurchased Ordinary Shares are held by Spotify Technology S.A.; and
- the acquisition offer must be made on the same terms and conditions to all the shareholders who are in the same position, except for acquisitions which were unanimously decided by a general meeting at which all the shareholders were present or represented. In addition, listed companies may repurchase their own shares on the stock exchange without an acquisition offer having to be made to our shareholders.

The authorization will be valid for a period ending on the earlier of five years from the date of such shareholder authorization and the date of its renewal by a subsequent general meeting of shareholders. Pursuant to such authorization, the board of directors is authorized to acquire and sell Spotify Technology S.A.'s Ordinary Shares under the conditions set forth in Article 430-15 of the Luxembourg Company Law. Such purchases and sales may be carried out for any authorized purpose or any purpose that is authorized by the laws and regulations in force. The purchase price per ordinary share to be determined by the board of directors or its delegate shall represent (i) not less than the par value, and (ii) not more than the fair market value of such ordinary share.

The general meeting of shareholders of the Company held on April 21, 2021 authorized the board of directors of the Company to repurchase up to 10 million Ordinary Shares during a period of five years, for a redemption price to be determined by the board of directors within the following limits: at least the par value and at the most recent fair market value. That authorization to repurchase will expire on April 21, 2026 unless renewed by decision of a general meeting of shareholders of the Company. Pursuant to that authorization, in August 2021, the board of directors approved a share repurchase program up to the amount of $1 billion. See "Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers" for more information.

In addition, pursuant to Luxembourg law, Spotify Technology S.A. may directly or indirectly repurchase Ordinary Shares by resolution of its board of directors without the prior approval of the general meeting of shareholders if such repurchase is deemed by the board of directors to be necessary to prevent serious and imminent harm to Spotify Technology S.A., or if the acquisition of Ordinary Shares has been made with the intent of distribution to its employees and/or the employees of any entity having a controlling relationship with it (i.e., its subsidiaries or controlling shareholder).

Form and Transfer of Ordinary Shares

Our Ordinary Shares are issued in registered form only and are freely transferable under Luxembourg law and the Articles. Our board of directors may, however, impose transfer restrictions for Ordinary Shares that are registered, listed, quoted, dealt in, or that have been placed in certain jurisdictions in compliance with the requirements applicable therein. Luxembourg law does not impose any limitations on the rights of Luxembourg or non-Luxembourg residents to hold or vote our Ordinary Shares.

Under Luxembourg law, the ownership of registered Ordinary Shares is prima facie established by the inscription of the name of the shareholder and the number of Ordinary Shares held by him or her in the shareholders' register.

Without prejudice to the conditions for transfer by book entry where Ordinary Shares are recorded in the shareholders' register on behalf of one or more persons in the name of a depository, each transfer of Ordinary Shares shall be effected by written declaration of transfer to be recorded in the shareholders' register, with such declaration to be dated and signed by the transferor and the transferee or by their duly appointed agents. We may accept and enter into the shareholders' register any transfer effected pursuant to an agreement or agreements between the transferor and the transferee, true and complete copies of which have been delivered to us.

The Articles provide that we may appoint registrars in different jurisdictions, each of whom may maintain a separate register for the Ordinary Shares entered in such register, and that the holders of Ordinary Shares shall be entered into one of the registers. Shareholders may elect to be entered into one of these registers and to transfer their Ordinary Shares to another register so maintained. Entries in these registers will be reflected in the shareholders' register maintained at our registered office.

Our Ordinary Shares are listed on the NYSE and the laws of the State of New York apply to the property law aspects of the Ordinary Shares reflected in the register administered by our transfer agent.

In addition, a shareholders' register will be maintained by us at our registered office in Luxembourg. Transfer of record ownership of Ordinary Shares is effected by a written deed of transfer acknowledged by us or by our transfer agent and registrar acting as our agent on our behalf.

Liquidation Rights and Dissolution

In the event of our dissolution, liquidation, or winding-up, any surplus of the assets remaining after allowing for the payment of all of our liabilities will be paid out to the shareholders pro rata according to their respective shareholdings. The decisions to dissolve, liquidate, or wind-up require approval by an extraordinary general meeting of our shareholders.

Merger and De-Merger

A merger by absorption whereby one Luxembourg company, after its dissolution without liquidation, transfers all of its assets and liabilities to another company in exchange for the issuance of ordinary shares in the acquiring company to the shareholders of the company being acquired, or a merger effected by transfer of assets to a newly incorporated company, must, in principle, be approved at an extraordinary general meeting of shareholders of the Luxembourg company, enacted in front of a Luxembourg notary. Similarly, a de-merger of a subsidiary of a Luxembourg company is generally subject to the approval by an extraordinary general meeting of shareholders, enacted in front of a Luxembourg notary.

No Appraisal Rights

Neither Luxembourg law nor the Articles provide for appraisal rights of dissenting shareholders.

General Meeting of Shareholders

Any regularly constituted general meeting of shareholders represents the entire body of our shareholders.

Any holder of our share capital is entitled to attend our general meeting of shareholders, either in person or by proxy, to address the general meeting of shareholders and to exercise voting rights, subject to the provisions of the Articles. Each ordinary share entitles the holder to one vote at a general meeting of shareholders, unless such holder has a beneficiary certificate. The Articles provide that our board of directors may determine all other conditions that must be fulfilled in order to take part in the general meeting of shareholders.

When convening a general meeting of shareholders, we will send a convening notice by registered mail to the registered address of each shareholder at least eight days before the meeting. The convening notices for every general meeting shall contain the agenda and shall take the form of announcements filed with the register of commerce and companies, published on the Luxembourg official gazette (*Recueil Electronique des Sociétés et Associations*), and published in a Luxembourg newspaper at least 15 days before the meeting. No proof is required that this formality has been complied with.

The Articles provide that the general meeting also will be convened in accordance with the publicity requirements of any regulated market on which our Ordinary Shares are listed.

A shareholder may participate in general meetings of shareholders by appointing another person as his or her proxy, the appointment of which shall be in writing. The Articles also provide that, in the case of Ordinary Shares held through the operator of a securities settlement system or depository, a holder of such Ordinary Shares wishing to attend a general meeting of shareholders should receive from such operator or depository a certificate certifying the number of Ordinary Shares recorded in the relevant account on the record date. Such certificates, as well as any proxy forms, should be submitted to us no later than three business days before the date of the general meeting unless our board of directors provides for a different period.

The annual general shareholder meeting must be held within six months from the end of the respective financial year at our registered office or in any other place in Luxembourg as notified to the shareholders.

Luxembourg law provides that the board of directors is obliged to convene a general meeting of shareholders if shareholders representing, in the aggregate, 10% of the issued share capital so request in writing with an indication of the meeting agenda. In such case, the general meeting of shareholders must be held within one month of the request. If the requested general meeting of shareholders is not held within one month, shareholders representing, in the aggregate, 10% of the issued share capital may petition the competent president of the district court in Luxembourg to have a court appointee convene the meeting. Luxembourg law provides that shareholders representing, in the aggregate, 10% of the issued share capital may request that additional items be added to the agenda of a general meeting of shareholders. That request must be made by registered mail sent to our registered office at least five days before the general meeting of shareholders.

Voting Rights

Each ordinary share entitles the holder thereof to one vote. Additionally, each beneficiary certificate entitles its holder to one vote. Pursuant to the Articles, our beneficiary certificates may be issued at a ratio of between one and 20 beneficiary certificates per ordinary share as determined by our board of directors or its delegate at the time of issuance. The beneficiary certificates carry no economic rights and are issued to provide the holders of such beneficiary certificates additional voting rights. The beneficiary certificates, subject to certain exceptions, are non-transferable and shall automatically be canceled for no consideration in case of sale or transfer of the ordinary share to which they are linked. However, exceptions to transfers of beneficiary certificates or to their cancellation upon sale or transfer of the respective underlying Ordinary Shares to which they are linked may be made by the board of directors on a case-by-case basis and in its absolute discretion, at which time the board of directors may also recalculate the ratio described above and, if applicable, re-allocate any such non-cancelled beneficiary certificates to the remaining applicable Ordinary Shares (which are already linked to other beneficiary certificates) on a pro rata basis. Additionally, the Articles state that all the beneficiary certificates shall be automatically canceled if the number of Ordinary Shares held by entities beneficially owned by our founders, in the aggregate, falls under 7,564,400 Ordinary Shares. Our founders, who exercise substantial control over the Company and are members of the board of directors, are currently the sole recipients of beneficiary certificates.

Neither Luxembourg law nor the Articles contain any restrictions as to the voting of our Ordinary Shares by non-Luxembourg residents.

As described further below, Luxembourg law distinguishes general meetings of shareholders and extraordinary general meetings of shareholders with respect to voting rights.

Ordinary General Meeting. At an ordinary general meeting, there is no quorum requirement and resolutions are adopted by a simple majority of validly cast votes. Abstentions are not considered "votes."

Extraordinary General Meeting. Extraordinary resolutions are required for any of the following matters, among others: (i) an increase or decrease of the authorized or issued capital, (ii) a limitation or exclusion of preemptive rights, (iii) approval of a statutory merger or de-merger (*scission*), (iv) our dissolution and liquidation, and (v) any and all amendments to the Articles. Pursuant to the Articles, for any resolutions to be considered at an extraordinary general meeting of shareholders, the quorum shall be at least one half (50%) of our issued share capital unless otherwise mandatorily required by law. If the said quorum is not present, a second meeting may be convened, for which Luxembourg law does not prescribe a quorum. Any extraordinary resolution shall be adopted at a quorate general meeting, except otherwise provided by law, by at least a two-thirds majority of the votes validly cast on such resolution by shareholders and holders of beneficiary certificates. When the resolution of the general meeting of shareholders changes the respective rights attached to the beneficiary certificates, the resolution must, in order to be valid, fulfill the above-mentioned conditions as to attendance and majority with respect to the holders of beneficiary certificates. Abstentions are not considered "votes."

Minority Action Right. Luxembourg law provides for a provision whereby the shareholders and/or holders of the beneficiary certificates holding, in the aggregate, 10% of the securities who have a right to vote at the general meeting may act on our behalf to discharge the members of the board of directors for misconduct against our interests, a violation of the law, or a violation of the articles of association.

Dividend Rights

In case of a dividend payment, each shareholder is entitled to receive a dividend right pro rata according to his or her respective shareholding. The dividend entitlement lapses upon the expiration of a five-year prescription period from the date of the dividend distribution. The unclaimed dividends return to our accounts. Holders of beneficiary certificates shall not be entitled to receive any dividend payments with respect to such beneficiary certificate.

Board of Directors

The board of directors will be composed of Class A directors and Class B directors who need not be shareholders. The board of directors may appoint a chairman from among its members. It also may appoint a secretary, who need not be a director and who will be responsible for keeping the minutes of the meetings of the board of directors and of the shareholders. The board of directors will meet upon call by the chairman. A meeting must be convened if any of two directors so require. The chairman will preside at all meetings of the board of directors and, if required, of the shareholders, except that in his or her absence the board of directors may appoint another director as chairman and the general meeting of shareholders may appoint another person as chairman, in each case pro tempore by vote of the majority present or represented at such meeting.

A quorum of the board of directors shall be either one Class A director and one Class B director present at the meeting or, in the event that no Class A or Class B directors have been appointed, three directors holding office, and resolutions are adopted by the simple majority vote of members of the board of directors present or represented. No valid decision of the board of directors may be taken if the necessary quorum has not been reached. In case of an equality of votes, the chairman shall have the right to cast the deciding vote. Such casting vote shall be personal to the appointed chairman and will not transfer to any other director acting as chairman of a meeting of the board of directors in the absence of the appointed chairman. The board of directors also may take decisions by means of resolutions in writing signed by all directors. Each director has one vote.

The general shareholders' meeting elects directors and decides their respective terms. Under Luxembourg law, directors may be reelected, but the term of their office may not exceed six years. The general shareholders' meeting may dismiss one or more directors at any time, with or without cause, by a simple majority of votes cast at a general meeting of shareholders. If the board of directors has a vacancy, the remaining directors have the right to fill such vacancy on a temporary basis pursuant to the affirmative vote of a majority of the remaining directors. The term of a temporary director elected to fill a vacancy expires at the end of the term of office of the replaced director, provided, however, that the next general shareholders' meeting shall be requested definitively to elect any temporary director. For a discussion of the differences in shareholders' rights under Luxembourg law and Delaware law, see "—Differences in Corporate Law."

Within the limits provided for by Luxembourg law, our board of directors may delegate our daily management and the authority to represent us to one or more persons. The delegation to a member of the board of directors shall entail the obligation for the board of directors to report each year to the ordinary general meeting on the salary, fees, and any advantages granted to the delegate. In addition, once granted an authorization from the general meeting of shareholders, our board of directors may set up an executive committee and entrust the latter with any powers of the board of directors, with the exception of (i) our general strategic direction, and (ii) those acts reserved to the board of directors by Luxembourg law. For a discussion of the differences in directors' fiduciary duties under Luxembourg law and Delaware law, see "—Differences in Corporate Law."

No director, solely as a result of being a director, shall be prevented from contracting with us with regard to his tenure in any office or place of profit, or as vendor, purchaser, or in any other manner whatsoever. No contract in which any director is in any way interested shall be voided solely on account of his position as director and no director who is so interested shall account to us or the shareholders for any remuneration, profit, or other benefit realized by the contract solely by reason of the director holding that office or of the fiduciary relationship thereby established.

Any director having a direct or indirect personal and financial interest in a transaction submitted for approval to the board of directors may not participate in the deliberations and vote thereon, if the transaction is not in the ordinary course of our business and conflicts with our interest, in which case the director shall be obliged to advise the board of directors thereof and to cause a record of his statement to be included in the minutes of the meeting. He or she may not take part in these deliberations or vote on such a transaction. At the next general meeting, before any other resolution is put to a vote, a special report shall be made on any transactions in which any of the directors may have had an interest that conflicts with our interest.

The Articles provide that directors and officers, past and present, will be entitled to indemnification from us to the fullest extent permitted by Luxemburg law against liability and all expenses reasonably incurred or paid by him or her in connection with any claim, action, suit, or proceeding in which he or she would be involved by virtue of his or her being or having been a director or officer and against amounts paid or incurred by him or her in the settlement thereof. However, no indemnification will be provided against any liability to our directors or officers (i) by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties of a director or officer, (ii) with respect to any matter as to which any director or officer shall have been finally adjudicated to have acted in bad faith and not in our interest, or (iii) in the event of a settlement, unless approved by a court of competent jurisdiction or the board of directors.

There is no mandatory retirement age for directors under Luxembourg law and no minimum shareholding requirement for directors.

Amendment of Articles of Association

Shareholder Approval Requirements. Luxembourg law requires an extraordinary general meeting of shareholders to resolve upon an amendment of the articles of association to be made by extraordinary resolution. The agenda of the extraordinary general meeting of shareholders must indicate the proposed amendments to the articles of association. An extraordinary general meeting of shareholders convened for the purposes of amending the articles of association must have a quorum of at least 50% of our issued share capital. If the said quorum is not present, a second meeting may be convened at which Luxembourg law does not prescribe a quorum. Irrespective of whether the proposed amendments will be subject to a vote at any duly convened extraordinary general shareholders' meeting, the amendment is subject to the approval of at least two-thirds of the votes cast at such extraordinary general meeting of shareholders by shareholders and holders of beneficiary certificates. When the resolution of the general meeting of shareholders is to change the respective rights attached to the beneficiary certificates, the resolution must, in order to be valid, fulfill the above-mentioned conditions as to attendance and majority with respect to the holders of beneficiary certificates.

Formalities. Any resolutions to amend the Articles must be taken before a Luxembourg notary, and such amendments must be published in accordance with Luxembourg law.

Differences in Corporate Law

We are incorporated under the laws of Luxembourg. The following discussion summarizes certain material differences between the rights of holders of our Ordinary Shares and the rights of holders of the Ordinary Shares of a typical corporation incorporated under the laws of the state of Delaware, which result from differences in governing documents and the laws of Luxembourg and Delaware.

Board of Directors

Luxembourg:	Delaware:
Pursuant to Luxembourg law, our board of directors must be composed of at least three directors. They are appointed by the general meeting of shareholders (by proposal of the board of directors, the shareholders, or a spontaneous candidacy) by a simple majority of the votes cast. Directors may be reelected, but the term of their office may not exceed six years. Pursuant to the Articles, directors are elected by a simple majority vote at a general meeting. Abstentions are not considered “votes.” The Articles will provide that in case of a vacancy the remaining members of the board of directors may elect a director to fill the vacancy, on a temporary basis and for a period of time not exceeding the initial mandate of the replaced member of the board of directors, until the next general meeting of shareholders, which shall resolve on the permanent appointment in compliance with the applicable legal provisions and the articles of association. Under Luxembourg law, the Articles may provide for different classes of directors. The Articles provide for different classes of directors, and each director has one vote. The Articles will provide that the board of directors may set up committees and determine their composition, powers, and rules.	A typical certificate of incorporation and bylaws would provide that the number of directors on the board of directors will be fixed from time to time by a vote of the majority of the authorized directors. Under Delaware law, a board of directors can be divided into classes, and cumulative voting in the election of directors is only permitted if expressly authorized in a corporation’s certificate of incorporation.

Interested Shareholders

Luxembourg:	Delaware:
Under Luxembourg law, no restriction exists as to the transactions that a shareholder may engage in with us. The transaction must, however, be in our corporate interest and be made on arm's length terms.	Section 203 of the Delaware General Corporation Law generally prohibits a Delaware corporation from engaging in specified corporate transactions (such as mergers, stock and asset sales, and loans) with an "interested shareholder" for three years following the time that the shareholder becomes an interested shareholder. Subject to specified exceptions, an "interested shareholder" is a person or group that owns 15% or more of the corporation's outstanding voting stock (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement, or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or is an affiliate or associate of the corporation and was the owner of 15% or more of the voting stock at any time within the previous three years. A Delaware corporation may elect to "opt out" of, and not be governed by, Section 203 of the Delaware General Corporation Law through a provision in either its original certificate of incorporation, or an amendment to its original certificate or bylaws that was approved by majority shareholder vote. With a limited exception, this amendment would not become effective until 12 months following its adoption.

Amendment of Governing Documents

Luxembourg:	Delaware:

Under Luxembourg law, amendments to the Articles require an extraordinary general meeting of shareholders held in front of a public notary at which at least one half (50%) of the share capital is represented. The notice of the extraordinary general meeting shall set out the proposed amendments to the articles of association. If the aforementioned quorum is not reached, a second meeting may be convened by means of a notice published in the Luxembourg official electronic gazette (Mémorial C, Recueil des Sociétés et Associations, or Recueil Electronique des Sociétés et Associations, as applicable) and in a Luxembourg newspaper 15 days before the meeting. The second meeting shall be validly constituted regardless of the proportion of the share capital represented. At both meetings, resolutions will be adopted if approved by at least two-thirds of the votes cast by shareholders and holders of beneficiary certificates (unless otherwise required by Luxembourg law or the articles of association). Where classes of shares exist and the resolution to be adopted by the general meeting of shareholders changes the respective rights attaching to such shares, the resolution will be adopted only if the conditions as to quorum and majority set out above are fulfilled with respect to each class of shares. This also applies with respect to the beneficiary certificates. An increase of the commitments of its shareholders require, however, the unanimous consent of the shareholders. The Articles provide that for any extraordinary resolutions to be considered at a general meeting, the quorum shall be at least one-half of our issued share capital. If the said quorum is not present, a second meeting may be convened at which Luxembourg law does not prescribe a quorum. Any extraordinary resolution shall be adopted at a quorate general meeting (save as otherwise provided by mandatory law) by a two-thirds majority of the votes validly cast on such resolution by shareholders and holders of beneficiary certificates. Abstentions are not considered “votes.” In very limited circumstances, the board of directors may be authorized by the shareholders to amend the articles of association, albeit always within the limits set forth by the shareholders at a duly convened shareholders’ meeting. This is the case in the context of our authorized share capital within which the board of directors is authorized to issue further Ordinary Shares or in the context of a share capital reduction and cancellation of Ordinary Shares. This is also the case in relation to the beneficiary certificates which may be issued and cancelled by the board of directors in accordance with the authority granted under the Articles. The board of directors is then authorized to appear in front of a notary to record the capital increase or decrease as well as the issuance and/or cancellation of beneficiary certificates, and to amend the share capital set forth in the articles of association. The above also applies in case of the transfer of our registered office outside the current municipality.	Under the Delaware General Corporation Law, amendments to a corporation’s certificate of incorporation require the approval of shareholders holding a majority of the outstanding shares entitled to vote on the amendment. If a class vote on the amendment is required by the Delaware General Corporation Law a majority of the outstanding stock of such class is required, unless a greater proportion is specified in the certificate of incorporation or by other provisions of the Delaware General Corporation Law. Under the Delaware General Corporation Law, the board of directors may amend bylaws if so authorized in the charter. The shareholders of a Delaware corporation also have the power to amend bylaws.

Meetings of Shareholders

Luxembourg:	Delaware:

Annual and Special Meetings:

Pursuant to Luxembourg law, at least one general meeting of shareholders must be held each year within six months as from the close of the financial year. The purpose of such annual general meeting is to approve the annual accounts, allocate the results, proceed to statutory appointments, and grant discharge to the directors. The annual general meeting must be held within six months of the end of each financial year.

Other meetings of shareholders may be convened.

Pursuant to Luxembourg law, the board of directors is obliged to convene a general meeting so that it is held within a period of one month of the receipt of a written request of shareholders representing one-tenth of the issued capital. Such request must be in writing and indicate the agenda of the meeting.

Quorum Requirements:

Luxembourg law distinguishes ordinary resolutions and extraordinary resolutions.

Extraordinary resolutions relate to proposed amendments to the articles of association and certain other limited matters. All other resolutions are ordinary resolutions.

Ordinary Resolutions:

Pursuant to Luxemburg law, there is no requirement of a quorum for any ordinary resolutions to be considered at a general meeting and such ordinary resolutions shall be adopted by a simple majority of votes validly cast on such resolution. Abstentions are not considered “votes.”

Extraordinary Resolutions:

Extraordinary resolutions are required for any of the following matters, among others: (i) an increase or decrease of the authorized or issued capital, (ii) a limitation or exclusion of preemptive rights, (iii) approval of a statutory merger or de-merger (*scission*), (iv) dissolution, and (v) an amendment of the articles of association.

Pursuant to Luxembourg law for any extraordinary resolutions to be considered at a general meeting, the quorum shall generally be at least one half (50%) of the issued share capital. If the said quorum is not present, a second meeting may be convened at which Luxembourg law does not prescribe a quorum. Any extraordinary resolution shall be adopted at a quorate general meeting (except as otherwise provided by mandatory law) by a two-thirds majority of the votes validly cast on such resolution by shareholders and holders of beneficiary certificates. Abstentions are not considered “votes.”

Typical bylaws provide that annual meetings of shareholders are to be held on a date and at a time fixed by the board of directors. Under the Delaware General Corporation Law, a special meeting of shareholders may be called by the board of directors or by any other person authorized to do so in the certificate of incorporation or the bylaws.

Under the Delaware General Corporation Law, a corporation’s certificate of incorporation or bylaws can specify the number of shares that constitute the quorum required to conduct business at a meeting, provided that in no event shall a quorum consist of less than one-third of the shares entitled to vote at a meeting.

Shareholder Approval of Business Combinations

Luxembourg:	**Delaware:**

Under Luxembourg law and the Articles, the board of directors has the widest power to take any action necessary or useful to achieve the corporate objective. The board of directors' powers are limited only by law and the Articles. Any type of business combination that would require an amendment to the articles of association, such as a merger, de-merger, consolidation, dissolution, or voluntary liquidation, requires an extraordinary resolution of a general meeting of shareholders. Transactions such as a sale, lease, or exchange of substantial company assets require only the approval of the board of directors. Neither Luxembourg law nor the Articles contain any provision specifically requiring the board of directors to obtain shareholder approval of the sale, lease, or exchange of substantial assets of ours.	Generally, under the Delaware General Corporation Law, completion of a merger, consolidation, dissolution, or the sale, lease, or exchange of substantially all of a corporation's assets requires approval by the board of directors and by a majority (unless the certificate of incorporation requires a higher percentage) of outstanding stock of the corporation entitled to vote. The Delaware General Corporation Law also requires a special vote of shareholders in connection with a business combination with an "interested shareholder" as defined in section 203 of the Delaware General Corporation Law. See "—Interested Shareholders" above.

Shareholder Action Without a Meeting

Luxembourg:	Delaware:
A shareholder meeting must always be called if the matter to be considered requires a shareholder resolution under Luxembourg law or the Articles. Pursuant to Luxembourg law, shareholders of a public limited liability company may not take actions by written consent. All shareholder actions must be approved at an actual meeting of shareholders held before a notary public or under private seal, depending on the nature of the matter. Shareholders may vote by proxy.	Under the Delaware General Corporation Law, unless otherwise provided in a corporation's certificate of incorporation, any action that may be taken at a meeting of shareholders may be taken without a meeting, without prior notice, and without a vote if the holders of outstanding stock, having not less than the minimum number of votes that would be necessary to authorize such action, consent in writing. It is not uncommon for a corporation's certificate of incorporation to prohibit such action.

Repurchases and Redemptions

Luxembourg:	Delaware:
Pursuant to Luxembourg law, we (or any party acting on our behalf) may repurchase our own Ordinary Shares and hold them in treasury, provided that: • the shareholders at a general meeting have previously authorized the board of directors to acquire our Ordinary Shares. The general meeting shall determine the terms and conditions of the proposed acquisition and in particular the maximum number of shares to be acquired, the period for which the authorization is given (which may not exceed five years), and, in the case of acquisition for value, the maximum and minimum consideration, provided that the prior authorization shall not apply in the case of Ordinary Shares acquired by either us or by a person acting in his or her own name but our behalf for the distribution thereof to our staff or to the staff of a company with which we are in a control relationship; • the acquisitions, including Ordinary Shares previously acquired by us and held by us and shares acquired by a person acting in his or her own name but on our behalf, may not have the effect of reducing the net assets below the amount of the issued share capital plus the reserves (which may not be distributed by law or under the articles of association); • the Ordinary Shares repurchased are fully paid-up; and • the acquisition offer must be made on the same terms and conditions to all the shareholders who are in the same position, except for acquisitions which were unanimously decided by a general meeting at which all the shareholders were present or represented. In addition, listed companies may repurchase their own shares on the stock exchange without an acquisition offer having to be made to our shareholders. No prior authorization by shareholders is required (i) if the acquisition is made to prevent serious and imminent harm to us, provided that the board of directors informs the next general meeting of the reasons for and the purpose of the acquisitions made, the number and nominal values or the accounting value of the Ordinary Shares acquired, the proportion of the subscribed capital which they represent, and the consideration paid for them, and (ii) in the case of Ordinary Shares acquired by either us or by a person acting on our behalf with a view to redistributing the Ordinary Shares to our staff or our controlled subsidiaries, provided that the distribution of such shares is made within 12 months from their acquisition. Luxembourg law provides for further situations in which the above conditions do not apply, including the acquisition of shares pursuant to a decision to reduce our capital or the acquisition of shares issued as redeemable shares. Such acquisitions may not have the effect of reducing net assets below the aggregate of subscribed capital and reserves (which may not be distributed by law and are subject to specific provisions on reductions in capital and redeemable shares under Luxembourg	Under the Delaware General Corporation Law, any corporation may purchase or redeem its own shares, except that generally it may not purchase or redeem these shares if the capital of the corporation is impaired at the time or would become impaired as a result of the redemption. A corporation may, however, purchase or redeem out of capital shares that are entitled upon any distribution of its assets to a preference over another class or series of its shares if the shares are to be retired and the capital reduced.

law).

Any Ordinary Shares acquired in contravention of the above provisions must be resold within a period of one year after the acquisition or be cancelled at the expiration of the one-year period.

As long as Ordinary Shares are held in treasury, the voting rights attached thereto are suspended. Further, to the extent the treasury shares are reflected as assets on our balance sheet a non-distributable reserve of the same amount must be reflected as a liability. The Articles provide that Ordinary Shares may be acquired in accordance with the law.

Transactions with Officers or Directors

Luxembourg:	Delaware:

There are no rules under Luxembourg law preventing a director from entering into contracts or transactions with us to the extent that the contract or the transaction is in our corporate interest. Luxembourg law prohibits a director from participating in deliberations and voting on a transaction if (i) such director has a direct or indirect personal and financial interest therein, and (ii) the interests of such director or conflict with our interests. The relevant director must disclose his or her personal financial interest to the board of directors and abstain from voting. The transaction and the director's interest therein shall be reported to the next succeeding general meeting of shareholders. The Articles may require that certain transactions between a director and us be submitted for the approval of our board of directors and/or shareholders. No director, solely as a result of being a director, shall have any duty to refrain from any decision or action to enforce his or her rights under any agreement or contract with us. A director who has a direct or indirect personal and financial interest in a transaction carried out other than in the ordinary course of business that conflicts with our interests must advise the board of directors accordingly and have the statement recorded in the minutes of the meeting. The director concerned may not take part in the deliberations concerning that transaction. A special report on the relevant transaction is submitted to the shareholders at the next General Meeting, before any vote on the matter.	Under the Delaware General Corporation Law, some contracts or transactions in which one or more of a corporation's directors has an interest are not void or voidable because of such interest, provided that some conditions, such as obtaining the required approval and fulfilling the requirements of good faith and full disclosure, are met. Under the Delaware General Corporation Law, either (i) the shareholders or the board of directors must approve in good faith any such contract or transaction after full disclosure of the material facts, or (ii) the contract or transaction must have been "fair" as to the corporation at the time it was approved. If the board of directors' approval is sought, the contract or transaction must be approved in good faith by a majority of disinterested directors after full disclosure of material facts, even though less than a majority of a quorum.

Dissenters' Rights

Luxembourg:	Delaware:
Neither Luxembourg law nor the Articles provide for appraisal rights.	Under the Delaware General Corporation Law, a shareholder of a corporation participating in some types of major corporate transactions may, under varying circumstances, be entitled to appraisal rights pursuant to which the shareholder may receive cash in the amount of the fair market value of his or her shares in lieu of the consideration he or she would otherwise receive in the transaction.

Cumulative Voting

Luxembourg:	Delaware:

Not applicable.	Under the Delaware General Corporation Law, a corporation may adopt in its bylaws that its directors shall be elected by cumulative voting. When directors are elected by cumulative voting, a shareholder has a number of votes equal to the number of shares held by such shareholder times the number of directors nominated for election. The shareholder may cast all of such votes for one director or among the directors in any proportion.

Anti-Takeover Measures

Luxembourg:	Delaware:
Pursuant to Luxembourg law, it is possible to create an authorized share capital from which the board of directors is authorized by the shareholders to issue further Ordinary Shares and, under certain conditions, to limit, restrict, or waive preferential subscription rights of existing shareholders. The rights attached to the Ordinary Shares issued within the authorized share capital will be equal to those attached to existing Ordinary Shares and set forth in the Articles. The authority of the board of directors to issue additional Ordinary Shares is valid for a period of up to five years starting from the date of the publication of the minutes of the extraordinary general meeting resolving upon such authorization in the Luxembourg official gazette (*Mémorial C, Recueil des Sociétés et Associations*, or *Recueil Electronique des Sociétés et Associations*, as applicable), unless renewed by vote of the holders of at least two-thirds of the votes cast at a shareholders meeting by shareholders and holders of beneficiary certificates. The Articles authorize our board of directors to issue Ordinary Shares within the limits of the authorized share capital at such times and on such terms as our board of directors or its delegates may decide for a period ending five years after the date of the publication of the minutes of the extraordinary general meeting resolving upon such authorization in the Luxembourg official gazette (*Mémorial C, Recueil des Sociétés et Associations*, or *Recueil Electronique des Sociétés et Associations*, as applicable), unless such period is extended, amended or renewed. Accordingly, our board of directors will be authorized to issue Ordinary Shares up to the limits of authorized share capital until such date. We currently intend to seek renewals and/or extensions as required from time to time.	Under the Delaware General Corporation Law, the certificate of incorporation of a corporation may give the board of directors the right to issue new classes of preferred shares with voting, conversion, dividend distribution, and other rights to be determined by the board of directors at the time of issuance, which could prevent a takeover attempt and thereby preclude shareholders from realizing a potential premium over the market value of their shares. In addition, Delaware law does not prohibit a corporation from adopting a shareholder rights plan, or “poison pill,” which could prevent a takeover attempt and also preclude shareholders from realizing a potential premium over the market value of their shares.

Fiduciary Duties of Directors

Luxembourg:	Delaware:

The board of directors must act as a collegial body in the corporate interest of a company and has the power to take any action necessary or useful to realize the corporate objects of a company, with the exception of the powers reserved by Luxembourg law or by the articles of association to the general meeting of shareholders. Luxembourg law imposes a duty on directors of a Luxembourg company to: (i) act in good faith with a view to the best interests of the company; and (ii) exercise the care, diligence, and skill that a reasonably prudent person would exercise in a similar position and under comparable circumstances. The standard of care required from directors in the execution of their mandate vis-à-vis the company is the standard that an ordinary prudent or reasonable person would apply to his or her own affairs. The standard of care is more onerous where a director has special skills or where such director receives remuneration for his or her office. In addition, Luxembourg law imposes specific duties on directors and officers of a company to comply with Luxembourg law and the articles of association of a company.	Under the Delaware General Corporation Law, except as otherwise provided in a company's certificate of incorporation, the board of directors of a Delaware company bears the ultimate responsibility for managing the business and affairs of a corporation. In discharging this function, directors of a Delaware company owe fiduciary duties of care and loyalty to a company and its shareholders. Delaware courts have decided that the directors of a Delaware company are required to exercise an informed business judgment in the performance of their duties. An informed business judgment means that the directors have informed themselves of all material information reasonably available to them. Delaware courts have also subjected directors' actions to enhanced scrutiny in certain situations, including if directors take certain actions intended to prevent a threatened change in control of a company or in connection with transactions involving a conflicted controlling shareholder. In addition, under Delaware law, when the board of directors of a Delaware corporation determines to sell or break-up a corporation, the board of directors may, in certain circumstances, have a duty to obtain the highest value reasonably available to the shareholders at that time.

Shareholder Suits

Luxembourg:	Delaware:
Under Luxembourg law, the board of directors has sole authority to decide whether to initiate legal action to enforce a company's rights (other than, in certain circumstances, an action against board members). Shareholders do not have the authority to initiate legal action on a company's behalf. However, a company's shareholders may vote at a general meeting to initiate legal action against directors on grounds that the directors have failed to perform their duties. Luxembourg law does not provide for class action lawsuits.	Under Delaware law, a shareholder may bring a derivative action on a company's behalf to enforce the rights of a company. An individual also may commence a class action lawsuit on behalf of himself or herself and other similarly situated shareholders if the requirements for maintaining a class action lawsuit under Delaware law are met. An individual may institute and maintain a class action lawsuit only if such person was a shareholder at the time of the transaction that is the subject of the lawsuit or his or her shares thereafter devolved upon him or her by operation of law. In addition, the plaintiff must generally be a shareholder through the duration of the lawsuit. Delaware law requires that a derivative plaintiff make a demand on the directors of the corporation to assert the corporate claim before the lawsuit may be prosecuted, unless such demand would be futile.

Exhibit 8.1

LIST OF SUBSIDIARIES

The following is a list of subsidiaries of Spotify Technology S.A. as of December 31, 2024:

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Spotify AB	Sweden
Spotify USA Inc.	Delaware, United States of America
Spotify Ltd	United Kingdom
Spotify Spain S.L.	Spain
Spotify GmbH	Germany
Spotify France SAS	France
Spotify Canada Inc.	Canada
Spotify Australia Pty Ltd	Australia
Spotify Brasil Serviços De Música LTDA	Brazil
Spotify Japan K.K	Japan
Spotify India LLP	India
S Servicios de Música México, S.A. de C.V.	Mexico
Spotify Singapore Pte Ltd.	Singapore
Spotify Italy S.r.l.	Italy

Insider Trading Policy

We are all entrusted with a great deal of information. Our culture thrives on transparency and we intend on keeping it that way. As a result, we must be very mindful and careful about how we treat information that we have access to, especially when it may impact transactions in the securities of Spotify Technology S.A. (the “Company”). To this end, the Company has adopted this Insider Trading Policy (the “Policy”) to help its officers, directors, employees and other related individuals of the Company and its subsidiaries (“Spotify”) comply with insider trading laws and to prevent even the appearance of improper insider trading.

Covered Parties

The Policy covers officers, directors and all other employees of, or consultants to or contractors of, Spotify, as well as their immediate family members and members of their households (“Insider(s)”), regardless of the country in which they reside. This Policy also applies to any entities controlled by Insiders, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the Insider’s own account. This Policy extends to all activities of an Insider, either within or outside such Insider’s duties at Spotify.

Covered Transactions

This Policy applies to all transactions involving Spotify’s securities, including ordinary shares, options for ordinary shares, warrants, debt securities or any other securities that Spotify may issue from time to time, and derivative securities relating to the Company’s securities, whether or not issued by the Company, such as publicly-traded options. This Policy also applies to all transactions involving the securities of other companies if you possess material nonpublic information about that company that was obtained in the course of your involvement with Spotify.

Insider Trading and Tipping Are Prohibited

Applicable securities laws (including in particular U.S. federal securities laws) make it illegal for any of us to buy or sell Spotify’s securities at a time when we possess “material nonpublic information” relating to the Company. This conduct is known as “insider trading.” Passing such material nonpublic information on to someone who may buy or sell securities—which is known as “tipping”—is also illegal.

“Material nonpublic information” is information about a company that is not known to the general public and is likely to influence a typical investor’s decision to buy, sell or hold the company’s securities. Material nonpublic information can include information that something is likely to happen—or just that it might happen. Examples of material nonpublic information with respect to Spotify include, among other things, nonpublic information about:

- Operating or financial results, known or projected future earnings or losses;
- Unannounced licensing or other content-related deals;
- A pending or proposed merger, acquisition or tender offer;
- Changes in Spotify’s senior management, auditors or board of directors;
- Litigation, whether pending or threatened, and any positive or negative developments thereof; or
- Any other information which is likely to have a significant impact on Spotify’s financial results or stock price.

If you possess any material nonpublic information, even if you are not in a blackout period, the law and this Policy require that you refrain from buying or selling Spotify’s securities until after the information has been disclosed to the public and absorbed by the market or is no longer material. A “trading day” means a day on which the New York Stock Exchange is generally open for trading and trading in the stock of the Company has not been suspended for any reason.

This is true even if you do not trade such securities for your own benefit. It is also a violation of the securities law if such trading is done by another person to whom you disclosed the inside information prior to full public disclosure. In addition, it is also a violation of this Policy if you communicate any material nonpublic information about Spotify to any other person, including family and friends.

General Policies against Trading or Causing Trading While in Possession of Material Nonpublic Information

No Insider may purchase or sell, or offer to purchase or sell, any Spotify security, whether or not issued by Spotify, while in possession of material nonpublic information about Spotify.

No Insider who knows of any material nonpublic information about Spotify may communicate that information (“tip”) to any other person, including family members and friends, or otherwise disclose such information without Spotify’s authorization.

No Insider may purchase or sell any security of any other company while in possession of material nonpublic information about that company that was obtained in the course of his or her involvement with Spotify. No Insider who knows of any such material nonpublic information may communicate that information to, or tip, any other person, including family members and friends, or otherwise disclose such information without Spotify's authorization.

Consequences of Violation

Legal penalties for trading on or communicating material nonpublic information can be severe, both for individuals involved in such unlawful conduct and for their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

- *Individual penalties*. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has material nonpublic information can be sentenced to a substantial jail term and required to pay a penalty of several times the amount of profits gained or losses avoided.
- *Company or control person penalties.* The U.S. Securities and Exchange Commission can also seek substantial civil penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to Spotify and/or its management.

In addition, persons who violate this Policy may be subject to disciplinary action by Spotify, including termination of employment, whether or not the failure to comply with this Policy results in a violation of law.

Handling Inside Information

It is very important that any information which reasonably could be expected to affect the market for Spotify's securities be kept strictly confidential until public disclosure of such information is proper. Consequently, all such information may be publicly disclosed only with the approval of the Chief Executive Officer, Chief Financial Officer or General Counsel of the Company. You should not discuss or disclose confidential, inside information with or in the presence of any person outside of Spotify. In addition, you should also refrain from commenting on our competitors' and customers' business. If you have knowledge of any such information, you must preserve its confidentiality until Spotify discloses such information to the public.

No Trading During Quarterly "Blackout Periods"

In order to protect you and Spotify from allegations of insider trading, this Policy prohibits you from buying or selling Spotify's securities during the quarterly "blackout periods," which begin **on the fifteenth day of the last month of each fiscal quarter and end upon the open of the market of the first trading day after the public release of the quarter's earnings** (the "blackout period"), unless otherwise modified with respect to all or certain individuals by the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or General Counsel of the Company. This policy is based on the presumption that, during a quarterly blackout period, you may have access to information related to the quarter's financial results, which are deemed material nonpublic information until they are disseminated into the marketplace.

Other Blackout Periods

From time to time, other types of material nonpublic information regarding Spotify (such as mergers, acquisitions, dispositions or new extraordinary product developments) may be pending and not be publicly disclosed. While such material nonpublic information is pending, Spotify may impose special blackout periods during which you are prohibited from trading in Spotify's securities. You will be notified if Spotify imposes a special blackout period that applies to you.

Exemptions from this Policy

This Policy does not apply to the vesting of restricted stock nor to a cash exercise of vested employee stock options granted by Spotify during a blackout period, since the purchase price for such stock options is fixed. You are not, however, permitted to sell the shares acquired through such exercises until the blackout period ends. Transactions in a 401(k) account are, for blackout period purposes, no different than transactions in any other account. This Policy does not apply to purchases of Spotify's securities from Spotify or sales of Spotify's securities to Spotify.

Exception for 10b5-1 Trading Plans

The blackout period restrictions described above do not apply to transactions under a pre- existing written plan, contract or instruction that satisfies the conditions of Rule 10b5-1, as in effect at such time ("Rule 10b5-1"), under the U.S. Securities Exchange Act of 1934, as amended (a "10b5-1 Plan"), that:

- has been reviewed and approved in advance of entry into the 10b5-1 Plan by the Chief Executive Officer, Chief Financial Officer or General Counsel of the Company (or, if modified, such modifications have been reviewed and approved by the Chief Executive Officer, Chief Financial Officer or General Counsel of the Company), unless an exception has been granted by the Chief Executive Officer, the Chief Financial Officer or General Counsel of the Company;
- gives a third party the discretionary authority to execute such purchases and sales, outside of your control, so long as such third party does not possess any material nonpublic information about Spotify; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions;
- includes a cooling-off period between entry into the 10b5-1 Plan (or modifications to the 10b5-1 Plan) and the occurrence of trades under such 10b5-1 Plan for:
  - directors and senior management that extends to the later of 90 days after adoption or modification of a 10b5-1 Plan or two business days after disclosing the Company's financial results in a Form 20-F or Form 6-K for the fiscal quarter in which the 10b5-1 Plan was adopted or modified, up to a maximum of 120 days; and
  - employees and any other persons, other than the Company, that extends 30 days after adoption or modification of a 10b5-1 Plan;
- was entered into by you in good faith at a time when you were not in possession of material nonpublic information about Spotify, and, to the extent required by Rule 10b5-1, contains representations in the 10b5-1 Plan certifying as to the same; and
- otherwise satisfies the conditions of Rule 10b5-1.

Unless otherwise approved by the Chief Executive Officer, Chief Financial Officer or General Counsel of the Company in accordance with this Policy:

- you may not enter into, modify or terminate a 10b5-1 Plan during a blackout period;
- following the termination of a 10b5-1 Plan, you must wait at least fifteen (15) days before entering into a new 10b5-1 Plan;
- when a 10b5-1 Plan is in effect, you are prohibited from buying or selling Spotify's securities outside of your 10b5-1 Plan;
- you are not permitted to have multiple 10b5-1 Plans in operation simultaneously; and
- you are not permitted to enter into more than one 10b5-1 Plan designed to effect purchases or sales of the total amount of securities subject to the 10b5-1 Plan as a single transaction in any 12-month period.

With respect to any purchase or sale under a 10b5-1 Plan, the third party effecting transactions on your behalf should be instructed to send duplicate confirmations of all such transactions to the Company's General Counsel or his or her designee.

Prohibited Transactions

You, your spouse, other persons living in your household and minor children and entities over which you exercise control, are prohibited from engaging in the following transactions in Spotify's securities, unless advance approval is obtained from the Chief Executive Officer, Chief Financial Officer or General Counsel of the Company:

- *Short sales*. You should at no time sell Spotify's securities short;
- *Options trading*. You may not engage in any transaction in publicly traded options on Spotify's securities, including puts or calls or other derivative securities, since such speculation can harm Spotify by sending inappropriate or potentially misleading signals to the market. This prohibition applies to all types of publicly traded options (other than employee stock options granted by Spotify); and
- *Hedging*. You may not enter into hedging or monetization transactions or similar arrangements with respect to Spotify's securities.

Problematic Transactions

While employees are not prohibited by law from using Company securities as collateral for loans or in margin accounts, the Company discourages employees from such activity because, among other problems, these types of transactions may result in transactions in Company securities during a blackout period.

Post-Termination Transactions

This Policy continues to apply to transactions in Spotify's securities even after termination of service. If an individual is in possession of material nonpublic information when his or her service terminates, that individual may not trade in Spotify's securities until that information has become public or is no longer material.

Further Information

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction, if you are in doubt, you are advised to consult with the General Counsel of the Company or his or her designee before buying or selling (or otherwise making any transfer, gift, pledge or loan thereof) any Spotify securities, even if you are not in a blackout period.

Interpretation and Implementation of this Policy

The Chief Executive Officer, Chief Financial Officer or General Counsel of the Company shall have the authority to interpret or update this Policy and all related policies and procedures. In particular, such interpretations or updates of the Policy as authorized by the Chief Executive Officer, Chief Financial Officer or General Counsel of the Company may include departures from the terms of this Policy, to the extent consistent with the general purpose of this Policy and applicable securities laws.

Periodic Reviews and Amendments

The Audit Committee shall periodically review this Policy. Any amendments to this Policy must be approved by the Audit Committee.

Acknowledgment and Certification

You are required to sign the acknowledgement and certification required by the Company.

Exhibit 12.1

CERTIFICATIONS

I, Daniel Ek, certify that:

1. I have reviewed this annual report on Form 20-F of Spotify Technology S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 5, 2025

/s/ Daniel Ek

Daniel Ek

Chief Executive Officer

Exhibit 12.2

CERTIFICATIONS

I, Christian Luiga, certify that:

1. I have reviewed this annual report on Form 20-F of Spotify Technology S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

5. The company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Exhibit 12.2

Date: February 5, 2025

/s/ Christian Luiga

Christian Luiga

Chief Financial Officer

Exhibit 13.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
UNDER SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002, 18 U.S.C. SECTION 1350

I, Daniel Ek, Chief Executive Officer of Spotify Technology S.A. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(a) The Annual Report on Form 20-F of the Company for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 5, 2025

/s/ Daniel Ek

Daniel Ek

Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002, 18 U.S.C. SECTION 1350

I, Christian Luiga, Chief Financial Officer of Spotify Technology S.A. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(a) The Annual Report on Form 20-F of the Company for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 5, 2025

/s/ Christian Luiga

Christian Luiga

Chief Financial Officer

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-264508) pertaining to the Terms and Conditions Governing Director Stock Options 2022/2026 in Spotify Technology S.A., Terms and Conditions Governing Director Restricted Stock Units 2022/2026 in Spotify Technology S.A., Terms and Conditions Governing Consultant Stock Options 2022/2026 in Spotify Technology S.A. and Terms and Conditions Governing Consultant Restricted Stock Units 2022/2026 in Spotify Technology S.A.,

(2) Registration Statement (Form S-8 No. 333-255574) pertaining to the Terms and Conditions Governing Director Stock Options 2021/2026 in Spotify Technology S.A. and the Terms and Conditions Governing Director Restricted Stock Units 2021/2026 in Spotify Technology S.A.,

(3) Registration Statement (Form S-8 No. 333-252806) pertaining to the Terms and Conditions Governing Employee Stock Options 2021/2026 in Spotify Technology S.A., Terms and Conditions Governing Employee Restricted Stock Units 2021/2026 in Spotify Technology S.A., Terms and Conditions Governing Consultant Stock Options 2021/2026 in Spotify Technology S.A., and the Terms and Conditions Governing Consultant Restricted Stock Units 2021/2026 in Spotify Technology S.A.,

(4) Registration Statement (Form S-8 No. 333-237908) pertaining to the Terms and Conditions Governing Director Stock Options 2020/2025 in Spotify Technology S.A., and Terms and Conditions Governing Director Restricted Stock Units 2020/2025 in Spotify Technology S.A., and

(5) Registration Statement (Form S-8 No. 333-235746) pertaining to the Terms and Conditions Governing Employee Stock Options 2020/2025 in Spotify Technology S.A., Terms and Conditions Governing Employee Restricted Stock Units 2020/2025 in Spotify Technology S.A., Terms and Conditions Governing Stock Options for Consultants 2020/2025 in Spotify Technology S.A., and Terms and Conditions Governing Restricted Stock Units for Consultants 2020/2025 in Spotify Technology S.A.,

of our reports dated February 5, 2025, with respect to the consolidated financial statements of Spotify Technology S.A. and the effectiveness of internal control over financial reporting of Spotify Technology S.A. included in this Annual Report (Form 20-F) of Spotify Technology S.A. for the year ended December 31, 2024.

/s/ Ernst & Young AB

Stockholm, Sweden
February 5, 2025

Exhibit 97.1

SPOTIFY TECHNOLOGY S.A.
CLAWBACK POLICY

The People Experience and Compensation Committee of the Board of Spotify Technology S.A. (the ***"Company"***) has adopted this Clawback Policy (the ***"Policy"***). Capitalized terms not otherwise defined when they are first used are defined in Section 11.

1. Persons Subject to Policy

This Policy shall apply to current and former Officers.

2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after October 2, 2023. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is "received" in the Company's fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting, or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly and in accordance with Section 4 below, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery from the relevant current or former Officer would be Impracticable, except where any member of the Committee is not independent, a majority of the independent directors serving on the Board shall make such determination. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any Officer's right to voluntarily terminate employment for "good reason," or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation, Erroneously Awarded Compensation or time-vesting equity awards, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. Administration

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, shareholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. Interpretation

This Policy shall be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. No Indemnification or Advancement of Expenses; No Liability

The Company shall not indemnify or provide advancement of expenses or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

8. Application; Enforceability

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any Other Recovery Arrangements. Subject to Section 4, the remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company or is otherwise required by applicable law and regulations.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. Definitions

"Applicable Rules" means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company's securities are listed.

"Board" means the Board of Directors of the Company.

"Committee" means the People Experience and Compensation Committee of the Board.

"Erroneously Awarded Compensation" means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Financial Reporting Measure" means any measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as stock price and total shareholder return.

"GAAP" means United States generally accepted accounting principles.

"IFRS" means international financial reporting standards as adopted by the International Accounting Standards Board.

"Impracticable" means (a) the direct expense paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempt(s) to recover the Erroneously Awarded Compensation, (ii) documented such reasonable attempt(s) and (iii) provided such documentation to the relevant listing exchange or association, (b) the recovery would violate the Company's home country laws adopted prior to November 28, 2022; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such a violation and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

"Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after such person began service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the Company has a class of securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

"Officer" means each person who the Company determines serves as a Company officer, as defined in Section 16 of the Securities Exchange Act of 1934, as amended.

"Other Recovery Arrangements" means any clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law.

"Restatement" means an accounting restatement to correct the Company's material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"Three-Year Period" means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The "Three-Year Period" also includes any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.