

Spotify Denmark ApS

Vestergade 27, 1. th.
1456 Copenhagen K
CVR-nr. 33785348

Annual Report for 2021

9th Financial Year

The annual report has been presented
and approved at the company's annual
general meeting on May 5, 2022

Peter Grandelius
Chairman of the board

Contents

	Page
Entity details	1
Statement by Management	2
Independent auditor's report	3
Management's Review	4
Income Statement for 2021	5
Balance Sheet at 31 December 2021	6
Statement of changes in equity for 2021	8
Notes	9
Accounting policies	10

Entity details

Entity	Spotify Denmark ApS Vestergade 27, 1. th. 1456 Copenhagen K
CVR-nr.	33785348
Founded	1 July 2011
Registered office	Copenhagen
Financial Year	1 January 2021 – 31 December 2021
Board of Directors	Peter Grandelius Paul Vogel
Managing director	Paul Vogel
Capital owners pursuant to the Danish Companies Act	Spotify AB Regeringsgatan 19 SE-111 53 Stockholm Sweden
Parent Company	Spotify Technology S.A. 42-44, avenue de la Gare L-1610 Luxembourg
Auditor	EY Godkendt Revisionspartnerselskab Værkmestergade 25 Postboks 330 8100 Aarhus C CVR No.: 30700228

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Spotify Denmark ApS for the financial year 1 January – 31 December 2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of its operations for the financial year 1 January – 31 December 2021.

We believe that the management's review contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen,

5 May 2022

Executive Board

Paul Aaron Vogel
Managing Director

Board of Directors



Peter Grandelius (May 5, 2022 09:48 GMT+2)

Peter Grandelius
Chairman of the Board



Paul Vogel (May 5, 2022 07:22 EDT)

Paul Vogel
Managing Director



Independent auditor's report

To the shareholders of Spotify Denmark ApS

Opinion

We have audited the financial statements of Spotify Denmark ApS for the financial year 1 January – 31 December 2021, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 5 May, 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Michael Laursen

State Authorised Public Accountant

mne26804

Management's review

Primary activities

The company's principal activity is to perform advertising sales services. This primarily consists of display, audio, and video advertising. The company also performs other support services.

Development in activities and finance

The Company's income statement for the financial year 1 January 2021 – 31 December 2021 shows a profit of DKK 525,501. Revenue has increased by 19% and profits increased by 52% in line with the service scope. The company's balance sheet per 31 December 2021 shows total assets of DKK 9,119,281 and an equity of DKK 7,087,286.

Revenue of advertising services have increased during the year. There is a decrease of other external expenses related to marketing services performed by the company in the period. Headcount has increased from 4 to 7 employees which has increased staff costs.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Outlook

Continued operations are expected in the company in the coming year with expected growth in advertising revenue and with a positive profit.

Covid 19 impact

The Board of Directors are closely monitoring the current situation of Corona Virus (COVID-19) and its impact on the future operations of the Company. The extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorization of these financial statements. Notwithstanding, these developments could impact our future financial results, cash flows and financial position.

Group relations

The company, Spotify Denmark ApS is owned 100% by Spotify AB located in Sweden. Ultimate owner is Spotify Technology SA, which has its headquarters in Luxembourg and prepares the Group's consolidated accounts.

Income Statement for 2021

	NOTE	2021 DKK	2020 DKK
Revenue		13,102,279	11,006,605
Cost of revenue		-717,151	-2,522,846
Other external expenses		-2,934,933	-4,849,582
Gross profit / loss		9,450,195	3,634,177
Staff costs	1	-8,749,149	-3,180,027
Depreciation of tanagible assets		0	0
Operating profit		701,046	454,151
Other financial expenses		-2,901	-1,864
Profit before tax		698,145	452,287
Tax on profit for the year	2	-172,644	-106,308
Profit for the year		525,501	345,979
Proposed distribution of profit and loss:			
Retained earnings		525,501	345,979
Proposed distribution of profit and loss		525,501	345,979

Balance sheet on 31 December 2021

Assets	NOTE	2021 DKK	2020 DKK
Other fixtures and fittings, tools and equipment	3	0	0
Property and equipment		0	0
Deposits		106,828	104,222
Other financial assets		106,828	104,222
Fixed assets		106,828	104,222
Trade receivables		2,925,542	3,238,286
Receivables from group companies		5,919,297	6,763,463
Other receivables		162,814	500,000
Deferred tax		4,801	6,401
Receivables		9,012,454	10,508,150
Current assets		9,012,454	10,508,150
Assets		9,119,281	10,612,372

Balance sheet on 31 December 2021

	NOTE	2021 DKK	2020 DKK
Equity and liabilities			
Contributed capital		80,000	80,000
Retained earnings		7,007,286	6,481,785
Equity		7,087,286	6,561,785
Debt to other credit institutions		0	245,490
Non-Current liabilities other than provisions	4	0	245,490
Trade payables		45,973	737,022
Payables to group companies		0	1,716,353
Income tax payable		70,368	30,627
Other payables		1,915,655	1,321,095
Current liabilities other than provisions		2,031,995	3,805,097
Liabilities other than provisions		2,031,995	4,050,587
Equity and liabilities		9,119,281	10,612,372

Contingent liabilities	5
Assets charged and collateral	6
Related parties with controlling interest	7

Statement of changes in equity for 2021

	Company capital	Transferred earnings	Proposed dividends	Total
Equity at the beginning of the year	80,000	6,481,785	-	6,561,785
Proposals for the profit for the year	-	525,501	-	525,501
Balance at year end	80,000	7,007,286	-	7,087,286

The company capital has remained unchanged since the company's foundation

Notes

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	7,347,081	2,762,149
Pension costs	538,065	279,251
Other staff related costs	831,407	117,869
Other social security costs	32,596	20,758
	8,749,149	3,180,027
Average Number of Employees	7	4

2 Tax on profit for the year

	2021	2020
	DKK	DKK
Current tax	157,467	104,360
Change in deferred tax	1,600	1,948
Prior year tax adjustment	13,577	0
	172,644	106,308

3 Other fixtures and fittings

	2021	2020
	DKK	DKK
Cost beginning of year	298,908	298,908
Cost end year	298,908	298,908
Depreciation beginning of year	-298,062	-298,062
Depreciation for the year	0	0
Depreciation end of year	-298,062	-298,062
Carrying amount end of year	846	846

4 Non-current liabilities other than provisions

Of the non-current liabilities DKK 0 will be outstanding debt after 5 years.

5 Contingent liabilities

There is lease liability for rent of DKK 18,240.

6 Assets charged and collateral

There are no collaterals or pledges at the balance sheet date.

7 Related parties with controlling interest

Determining Influence:

Spotify AB
 Regeringsgatan 19
 SE-111 53 Stockholm
 Sweden

The largest and smallest group in which this annual report is consolidated is Spotify Technology S.A. The registered address for Spotify Technology S.A is: 42-44 avenue de la Gare, L-1610 Luxembourg.

Accounting Policies

Reporting class

The Annual Report of Spotify Denmark ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective from the financial year 2021, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting Currency

The financial statements are presented in Danish kroner.

Foreign currency retranslation

Transactions in foreign currency are translated into Danish kroner at the exchange rate at the date of transaction.

Monetary items in foreign currency are translated into Danish kroner at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

Recognition and measurement

Revenues are recognized in the income statement when delivered, including any adjustments of financial assets and liabilities measured at fair value or amortized cost. In addition, the income statement includes costs taken to achieve the year's earnings, including depreciation, write-downs and provisions and reversals due to changes in accounting estimates of amounts previously recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will leave the company and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

The carrying amount of property and equipment is reviewed annually to assess whether there is an indication of impairment in addition to what has been recognized by normal depreciation. If this is the case, write-down is made to the lower recoverable amount.

Income statement

Revenue

Revenue from sale of services is recognized in the income statement when the service is delivered.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of revenue

Cost of sales include cost to purchase advertising space, production cost in connection with campaigns, and advertising agency costs.

Other external expenses

Other external costs include sales and administration costs.

Staff Costs

Staff costs include salaries and wages, severance, pensions and social security costs. Other staff costs can also be recognized under other external costs.

Accounting Policies (Continued)

Depreciation, amortisation and impairment losses

Depreciation and impairment losses on property and equipment are based on the assessment of the useful lives of the assets in the company. Fixed assets are depreciated on a straight-line basis based on cost, based on the following assessment of useful lives and residual values:

	Useful life	Residual value
Other fixtures and fittings	3-5 years	0%

Profit or loss on disposal of tangible fixed assets is calculated as the difference between the selling price with deduction of selling costs and the carrying amount at the date of sale, and is recognized in income statement under other operating income or expenses.

Other financial expenses

Financial income and expenses are recognized in the income statement with the amounts relating to the financial year. Financial income and expenses include interest income and expenses, realized and unrealized gains and losses on loans and advances in foreign currency, as well as surcharges and allowances under the Accrual Tax Scheme.

Tax

Tax on profit for the year includes current tax on the expected taxable income for the year and this year's adjustment of deferred tax after deduction of the part of the year's tax related to equity movements.

Balance Sheet

Tangible assets

Property, plant and equipment are measured at cost plus any revaluation and less accumulated depreciation and write-downs. Cost includes the purchase price and costs directly attributable to the acquisition until the time when the asset is ready to be put into operation.

Impairment tests are carried out on property, plant and equipment if there are indications of impairment. The impairment test is carried out for each asset or group of assets. Assets are written down to the highest of the asset or asset group's capital value and net selling price (recoverable amount) if this is lower than the carrying amount.

Financial assets

Financial assets include deposits that are measured at cost.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. The value is reduced by write-downs for any expected losses.

Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets or by offsetting deferred tax liabilities in companies within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will apply at the balance sheet date when the deferred tax is expected to be triggered as current tax.

Prepayments

Prepayments recognized under assets include prepaid expenses relating to subsequent financial years.

Financial liabilities

Other liabilities are measured at amortized cost, which generally corresponds to the nominal value.

Current tax

Current tax liabilities and Current tax assets are recognized in the balance sheet as calculated tax on the expected taxable income for the year, adjusted for tax on previous year's taxable income and paid tax on accrued income.









Spotify Denmark FS 2021 - Final 4 May

Final Audit Report

2022-05-05

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Status:	Signed
Transaction ID:	CBJCHBCAABAAhwx0EgTEGI3kAJkG2rx3b4Vyh38OIRK

"Spotify Denmark FS 2021 - Final 4 May" History

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2022-05-05 - 8:05:41 AM GMT
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Signature Date: 2022-05-05 - 11:22:17 AM GMT - Time Source: server
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