

Spotify Denmark ApS


Kampmannsgade 2
1604 Copenhagen V
CVR-nr. 33785348



Annual Report for 2023

11th Financial Year

The annual report has been presented
and approved at the company's annual
general meeting on 29 May 2024



Peter Grandelius (May 29, 2024 10:40 GMT+1)

Peter Grandelius
Chairman of the board

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Spotify Denmark ApS

Entity details

Entity	Spotify Denmark ApS Kampmannsgade 2 1640 Copenhagen 33785348
CVR-nr.	33785348
Founded	1 July 2011
Registered office	Copenhagen
Financial Year	1 January 2023 – 31 December 2023
Board of Directors	Peter Grandelius Sallie Deysel
Managing director	Sallie Deysel
Capital owners pursuant to the Danish Companies Act	Spotify AB Regeringsgatan 19 SE-111 53 Stockholm Sweden
Ultimate Parent Company	Spotify Technology S.A. 33 Boulevard Prince Henri L-1724 Luxembourg
Auditor	EY Godkendt Revisionspartnerselskab Værkmestergade 25 Postboks 330 8100 Aarhus C CVR No.: 30700228

Spotify Denmark ApS

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 2023.

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 2023 and of the results of its operations for the financial year 1 January – 31 December 2023.

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,

29 May 2024

Executive Board

Sallie Deysel
Managing Director

Board of Directors


Peter Grandelius (May 29, 2024 10:40 GMT+1)

Peter Grandelius
Chairman of the Board


Sallie Deysel (May 29, 2024 08:55 EDT)

Sallie Deysel
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 2023, 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 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 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, _____, 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Michael Laursen
State Authorised Public Accountant
mme26804

Management's review

Primary activities

The company's principal activity is to perform intra-group support services.

Development in activities and finance

The Company's income statement for the financial year 1 January 2023 – 31 December 2023 shows a profit of DKK 2,009,098. Revenue has increased by 77% and profits increased by 86% in line with the service scope. The company's balance sheet per 31 December 2023 shows total assets of DKK 17,652,524 and an equity of DKK 10,173,682.

Revenue has increased during the year, related to increased headcount and increased intra-group support services. The higher staff cost is driven by an increase of the number of employees from 15 to 24.

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 revenue and with a positive profit.

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 2023

	NOTE	2023 DKK	2022 DKK
Revenue		36 365 749	20 556 080
Cost of revenue		-	-35 333
Other external expenses		-2 362 709	-2 561 004
Gross profit / loss		34 003 041	17 959 743
Staff costs	1	-31 412 705	-16 577 511
Operating profit		2 590 335	1 382 232
Other financial income	2	-	16 132
Other financial expenses	3	-10 874	-
Profit before tax		2 579 461	1 398 364
Tax on profit for the year	4	-570 363	-321 066
Profit for the year		2 009 098	1 077 298
Proposed distribution of profit and loss:			
Retained earnings		2 009 098	1 077 298
Proposed distribution of profit and loss		2 009 098	1 077 298

Balance sheet on 31 December 2023

Assets	NOTE	2023 DKK	2022 DKK
Deposits		435 959	106 828
Other financial assets		435 959	106 828
Non-current assets		435 959	106 828
Receivables from group companies	5	16 849 001	10 338 676
Other receivables		315 755	179 994
Deferred tax		51 809	3 601
Receivables		17 216 565	10 522 271
Current assets		17 216 565	10 522 271
Assets		17 652 524	10 629 098
		2023 DKK	2022 DKK
Equity and liabilities			
Contributed capital		80 000	80 000
Retained earnings		10 093 682	8 084 584
Equity		10 173 682	8 164 584
Trade payables		16 832	138 098
Payables to group companies		645 222	228 119
Income tax payable		521 937	234 518
Other payables		6 294 851	1 863 779
Current liabilities		7 478 842	2 464 514
Liabilities		7 478 842	2 464 514
Equity and liabilities		17 652 524	10 629 098
Contingent liabilities	6		
Assets charged and collateral	7		
Related parties with controlling interest	8		

Statement of changes in equity for 2023

	Company capital	Retained earnings	Total
Equity at the beginning of the year	80 000	8 084 584	8 164 584
Proposals for the profit for the year	-	2 009 098	2 009 098
Balance at year end	80 000	10 093 682	10 173 682

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

Notes

1 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	28 407 898	14 174 772
Pension costs	2 077 546	1 289 752
Other staff related costs	800 077	1 008 881
Other social security costs	127 184	104 106
	<u>31 412 705</u>	<u>16 577 511</u>
Average Number of Employees	<u>24</u>	<u>15</u>

2 Other financial income

	2023	2022
	DKK	DKK
Interest income from group companies	0	16 105
Other interest income	0	27
	<u>0</u>	<u>16 132</u>

3 Other financial expenses

	2023	2022
	DKK	DKK
Other interest expenses	-10 874	0
	<u>-10 874</u>	<u>0</u>

4 Tax on profit for the year

	2023	2022
	DKK	DKK
Current tax	605 937	320 518
Change in deferred tax	-35 580	1 200
Prior year tax adjustment	6	-652
	<u>570 363</u>	<u>321 066</u>

5 Receivables from group companies

Spotify Denmark ApS has concluded an agreement regarding a cash pool scheme with Nordea, according to which Spotify AB is the account holder and Spotify Denmark ApS is the sub-account holder together with the group entities. Under the terms agreed for the cash pool scheme, Nordea Bank is entitled to net balances between the cash pool participants. Only the cash pool owner, Spotify AB, holds a position towards Nordea bank.

Spotify Denmark ApS account in the cash pool scheme, which is recognized as a receivable from group entities, made up an account balance of DKK 4,1m at 31 December 2023 (at 31 December 2022: a receivable of DKK 2,2).

6 Contingent liabilities

There is lease liability for rent of DKK 344,432

7 Assets charged and collateral

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

8 Related parties with controlling interest

Determining Influence:

Spotify AB
 Regeringsgatan 19
 SE-111 53 Stockholm
 Sweden

The company in which this annual report is consolidated is Spotify Technology S.A. The registered address for Spotify Technology S.A is:
 33 Boulevard Prince Henri, L-1724 Luxembourg.

Accounting Policies

Reporting class

The Annual Report of Spotify Denmark ApS for 2023 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.

The accounting policies used in the preparation of the financial statement are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

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.

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.

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 revenue includes cost for 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.

Other financial income/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 company's tax account.

Tax

Tax on profit for the year includes current tax on the expected taxable income for the year and deferred tax attributable to current year and prior year adjustments.

Accounting Policies (Continued)

Balance Sheet

Financial assets

Financial assets include lease 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.

Considering the nature of the scheme, account balances relating to the Group's cash pool scheme are not considered cash, but are included in the financial statement item receivables from group companies.

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.

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.