Spotify Finance Limited

Reg. Nr. 07598438

Report and Financial Statements for the

Year ended 31st December 2018

Spotify

Spotify Finance Limited
Registered number 07598438

The Company is incorporated in England and Wales.

Company number:	07598438
Registered office:	The Adelphi, 1-11 John Adam Street London United Kingdom WC2N 6HT
Current Directors:	Barry McCarthy JR Peter Grandelius Thomas Wolfe Tone Connaughton
Auditors:	Ernst & Young LLP 1 More London Place London SE1 2AF

Spotify Finance Limited
Registered number 07598438

Table of contents

	Page

Strategic report for the year ended 31 December 2018

This is Spotify

Spotify Finance Ltd ("Company") is wholly owned by Spotify Technology S.A. which has its registered office in Luxembourg and which also delivers consolidated accounts.

The Company exists to pay payment service provider costs

Review of Business and future developments

The total revenue related to commission fees for the financial year amounts to £ 13 656 098 (2017: £ 8 088 560). The result for the year before tax from continuing operations is a profit of £ 2 (2017: £ nil). The increase in revenues is due to the increase in intercompany reseller fees as a result of an increase in payment transaction fees.

The level of activity of the company is not expected to change significantly over the next couple of years.

Financial risk management objectives and policies

Our operations are exposed to financing and financial risks, which are managed under the control and supervision of the Board of Directors of the Company. To manage these risks efficiently, we have established guidelines in the form of a treasury policy that serves as a framework for the daily financial operations of the Spotify group. The treasury policy stipulates the rules and limitations for the management of financial risks within the Company.

Further information on risks and uncertainties is given in note 11 of the financial statements.

On behalf of the board

Peter Grandelius

Director

Date: 26 September 2019

SPOTIFY Finance Limited
Registered number 07598438

Report of the Directors for the year ended 31 December 2018

The Directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Directors

The Directors who held office during the year and thereafter are given below:

Barry McCarthy JR
Angela Claire Mary Watts
Thomas Wolfe Tone Connaughton
Jens Christian Grejs Svolgaard (resigned on 15 April 2019)
Peter Grandelius (appointed on 15 April 2019)

Going concern

The Directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Results and dividends

The Company generated a profit for the year after taxation of £ 2 (2017: £ 32 201). No dividends were declared or proposed for the year ended 31 December 2018 (2017: none).

Political donations

The Company made no political donations during the year (2017: £ nil).

Directors' liabilities

The Company has not granted any indemnity against liability to its Directors during the year or at the date of approving the Directors' Report.

Statement of disclosure to auditors

- so far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report of which the auditor is unaware; and
- having made enquiries of the auditor and of each other, the Directors have taken all the steps that they are obliged to take as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to appoint Ernst & Young LLP as auditors for the ensuring year will be proposed at the annual general meeting in accordance with the Companies Act 2006.

On behalf of the board

Peter Grandelius
Director

Date: 26 September 2019

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

- to select suitable accounting policies in accordance with IAS 8 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPOTIFY FINANCE LIMITED

Opinion

We have audited the financial statements of Spotify Finance Limited for the year ended 31 December 2018 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Gordon Cullen (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date 26 September 2019

Statement of comprehensive income
For the year ended 31 December 2018

	Note	2018 £	2017 £
Continuing operations			
Revenue	4	13 656 098	8 088 560
Cost of sales		(13 656 071)	(8 088 845)
Gross profit/(loss)		**27**	**(285)**
Administrative expenses		(25)	285
Operating profit/result		**2**	**-**
Profit/Result before tax from continuing operations		**2**	**-**
Income tax charge	7	-	(32 201)
Profit/(Loss) for the year		**2**	**(32 201)**

The accompanying notes are an integral part of this statement of comprehensive income.

The profit for the year is attributable to owners of the Company.

They were signed on its behalf by:

Peter Grandelius

Director

SPOTIFY Finance Limited
Registered number 07598438

Statement of financial position
For the year to 31 December 2018

	Note	2018 £	2017 £
ASSETS			
Current assets			
Trade and other receivables	8	6 828 901	172 063 218
Tax receivable	7	4 224	-
		6 833 125	**172 063 218**
Total assets		**6 833 125**	**172 063 218**
LIABILITIES			
Current liabilities			
Trade and other payables	9	(5 541 161)	(170 739 052)
Tax liabilities	7	-	(32 204)
		(5 541 161)	**(170 771 256)**
Net assets		**1 291 964**	**1 291 962**
EQUITY			
Share capital	10	1	1
Retained earnings		1 291 963	1 291 961
Total equity		**1 291 964**	**1 291 962**

The accompanying notes are an integral part of this Statement of financial position.

The financial statements of Spotify Finance Limited (Registration number: 07598438) were approved by the Board of Directors and authorised for issue on September 26, 2019.

They were signed on its behalf by:

Peter Grandelius

Director

Statement in changes in equity
For the year to 31 December 2018

Attributable to equity holders of the Company

	Share capital £	Retained earnings £	Total capital and reserves £
Balance at 31 December 2016	**1**	**1 324 162**	**1 324 163**
Total comprehensive loss for the year	-	(32 201)	(32 201)
Balance at 31 December 2017	**1**	**1 291 961**	**1 291 962**
Total comprehensive profit for the year	-	2	2
Balance at 31 December 2018	**1**	**1 291 963**	**1 291 964**

Statement of cash flows
For the year ended 31 December 2018

	2018 £	2017 £
Profit before tax from continuing operations	-	-
Working capital adjustments		
(Increase) in trade receivables	(165 234 318)	(157 122 237)
Increase in trade payables	165 197 890	157 121 995
Decrease in tax liability	36 428	242
Net cash flows from operating activities	-	-
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

Note 1. Accounting policies

Basis of preparation

Spotify Finance Limited is a Company limited by shares incorporated in England .

The financial statements of Spotify Finance Ltd have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and by the Standing Interpretations Committee (SIC) and/or the International Financial Reporting Committee (IFRIC) adopted for use in the European Union.

The financial statements of Spotify Finance Ltd have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The principal accounting policies are set out below. These, except to the extent noted, have been applied on a consistent basis. The financial statements are presented in GBP sterling.

Going concern

The Directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in GBP Sterling which is the company's functional and presentation currency.

(b) 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 at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The differences between retained profits of overseas subsidiary and associated undertakings translated to average and closing rates of exchange are taken to reserves, as are differences arising on the retranslation to GBP Sterling (using closing rates of exchange) of overseas net assets at the beginning of the year.

Revenue recognition

The Company recognises revenue when the service has been performed. Revenue consists of commission fees. 100% of revenue relates to other companies within the Group.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at bank and on hand.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income. The present corporate income tax rate in the UK is 19%.

Current and deferred income tax (continued)

Deferred income tax is recognised on temporary differences (other than temporary differences associated with unremitted earnings from foreign subsidiaries and associates to the extent that the investment is essentially permanent in duration, or temporary differences associated with the initial recognition of goodwill) arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Trade and other receivables

Trade and other receivables, which generally have a 30 day term, are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Company 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 Company 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 Company has established a provision matrix that is 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.

Trade and other payables

Trade and other payables, which generally have a 30 day term, are recognised and carried at their invoiced value inclusive of any VAT that may be applicable.

Financial assets and liabilities

The Company's financial assets include trade and other receivables and the Company's financial liabilities include trade and other payables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of comprehensive income when the receivables are derecognised or impaired.

Impairment of financial assets

The Company 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 Company assesses impairment for its financial assets, excluding trade receivables, using the general expected credit losses model. Under this model, the Company 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.

Note 1. Accounting policies (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Offsetting assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Key sources of estimation uncertainty

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 3.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of the future.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. No estimates and assumptions that have been made have a material effect on the results or assets and liabilities of the Company.

Note 2. Changes in accounting policies

Important accounting principles are summarized above in Note 1.

New and amended standards and interpretations adopted by the Company

On January 1, 2018, the Company adopted International Financial Reporting Standard ("IFRS") 9, *Financial Instruments*, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Company concluded that the accounting treatment of its financial assets and financial liabilities under IAS 39 was in accordance with the requirements of IFRS 9 and, therefore, there was no material impact on the Company's financial statements upon adoption of the standard.

On January 1, 2018, the Company adopted the amendments to IFRS 2, *Share-based Payment*, in relation to the classification and measurement of share-based payment transactions. As a result of adoption, there was no material impact on the Company's financial statements.

New standards and interpretations issued not yet effective

There are no IFRS or IFRIC interpretations that are not effective that are expected to have a material impact on the Company's financial statements.

Note 3. Judgements in applying policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates are associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources.

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes on the estimates or assumptions.

Note 4. Revenue

Analysis of revenue by category	**2018**	**2017**
	£	**£**
Sales of services, commission fees	13 656 098	8 088 560
Total	**13 658 098**	**8 088 560**

Note 5. Auditor's remuneration

	2018	**2017**
	£	**£**
Auditor's remuneration – audit	(5 565)	(4 000)

Note 6. Staff costs

The Company had nil employees in the year. (2017: nil).

Directors' remuneration

The directors of the Company are also directors of a number of subsidiaries of the ultimate parent undertaking. The directors do not believe that it is practicable to apportion the remuneration between remuneration as directors of the Company and their remuneration as directors of the fellow subsidiary companies. The director's remuneration is therefore disclosed in the accounts of the fellow subsidiaries that make the remuneration payments.

Note 7. Tax

(a) Tax on profit on ordinary activities

	2018	2017
	£	£
Current income tax:		
Current income tax charge	-	-
Adjustments in respect of prior years	-	(32 201)
Income tax expense reported in the statement of comprehensive income	-	(32 201)

(b) Factors affecting the tax charge for the year

A reconciliation between the actual tax charge and the tax charge at the standard UK rate of corporation tax is shown below:

	2018	2017
	£	£
Profit/(Loss) on ordinary activities for the year before tax	2	-
Tax on profit at standard UK tax rate of 19% (2017: 19.25%)	-	-
Effects of:		
Adjustments in respect of prior years	-	(32 201)
Total tax charge for the year	-	(32 201)

(c) Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The future reductions in the rate of UK corporation tax will reduce the amount of any corporation tax payable by the company in future years.

Note 8. Trade and other receivables

	2018	2017
	£	£
Other receivables	31 674	31 674
Amounts owed by group undertakings	6 797 227	172 031 544
Total	**6 828 901**	**172 063 218**

Note 8. Trade and other receivables (continued)

Trade receivables are non-interest bearing and generally on 30 days terms.

The fair value of receivables above approximate to their carrying values.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

Note 9. Trade and other payables

	2018 £	2017 £
Amounts due to group undertakings (note 11)	5 541 161	170 739 052
	5 541 161	**170 739 052**

Trade payables are non-interest bearing and settled on 30 day terms. The fair values of the payable amounts above approximate to their carrying amounts.

Note 1. Issued share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 ordinary shares of £ 1 each	**1**	**1**

Note 1. Financial risk management objectives and policies

The Company's financial assets and liabilities are as outlined below.

	2018 £	2017 £
Financial assets		
Other receivables	31 674	31,674
Short-term Intercompany receivable	6 797 227	172 031 544
Total	**6 828 901**	**172 063 218**
Financial liabilities		
Amounts owed to group undertakings	5 541 161	170 739 052
Total	**5 541 161**	**170 739 052**

Capital management

The capital management of the Company is considered as part of the capital management of the Spotify Technology S.A. Group. The Spotify Technology S.A Group aims to ensure that the capital in Spotify Finance Limited is sufficient to support its business and maximize shareholder value.

All Financial Assets are due on demand and impairment tests show that no assets need to be impaired.

Note 11. Financial risk management objectives and policies (continued)

Credit risk

The credit risk for the Company is limited as it only trades within the Spotify Group.

Credit risk means the risk of financial loss if a customer or contracting party of a financial instrument fails to fulfil his contractual duties. The company endeavours to ensure that services will only be rendered to customers of an appropriate credit standing. The credit risks, the way they arise as well as the targets, policies and procedures for constant monitoring of the risks and the credit risk assessment methods remained unchanged during the financial year.

Maximum credit risk as at 31 December 2018 and 31 December 2017:

	2018 £	2017 £
Other receivables	31 674	31 674
Amounts owed by group undertakings	6 797 227	172 031 544
Total	**6 828 901**	**172 063 218**

Liquidity risk

The Company only has Group internal borrowings.

All financial liabilities of the Company are due within one year.

The tables below show the contractually agreed (undiscounted payments) regarding financial liabilities. All amounts in foreign currencies were translated at the exchange rate at the balance sheet date.

	Carrying amount £	Contractual cash flow £	Due in 0-12 months £
As of 31 December 2018			
Trade and other payables	5 541 161	5 541 161	5 541 161
As of 31 December 2017			
Trade and other payables	170 739 052	170 739 052	170 739 052

The carrying amounts of the Company's financial assets and liabilities approximate fair value due to their relatively short maturities are equal

Foreign currency risk

The Company operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to GBP and EUR.

The Company is not directly exposed to interest risk as it is funded by equity from the parent undertaking.

SPOTIFY Finance Limited
Registered number 07598438
Notes to the Financial Statements

Note 2. Related Party Transactions

The Company is controlled by Spotify AB. This Company controls 100% of the Company's shares.

(a) Sales

	2018 £	2017 £
Spotify AB	13 656 098	8 088 560
Total	**13 656 098**	**8 088 560**

Services are bought from the parent company, Spotify AB which is controlled by Spotify Technology S.A., on normal commercial terms.

(b) Key management compensation

Key management includes the Directors and all members of Company Management.
Key management are remunerated through Spotify Limited, which is where their remuneration is disclosed.

(c) Year end balances arising from sales of goods and purchases of goods/services

Receivables from related parties

	2018 £	2017 £
Spotify Ltd	-	242
Spotify AB	6 797 227	172 031 302
Total	**6 797 227**	**172 031 544**

Payables from related parties

	2018 £	2017 £
Spotify AB	5 541 161	170 739 052
Total	**5 541 161**	**170 739 052**

There are no provisions for related parties receivables in 2018 and 2017.

Note 1. Ultimate parent undertaking and controlling party

Spotify Finance Limited is a wholly owned subsidiary of Spotify AB, incorporated in Sweden. Spotify Technology S.A., incorporated in Luxembourg is the ultimate parent undertaking and the controlling entity.

Note 2. Events after the reporting year

No significant events have occurred after the end of the fiscal year.