

# Spotify - Q1 2022 Financial Report

Metric	Value
Revenue	\$13,408,010.00
Growth Rate	16.2%
Profit Margin	24.8%

**\*\*Spotify Technology S.A. - Q1 2022 Financial Report\*\*** **\*\*Executive Summary\*\*** Spotify delivered a solid start to 2022, demonstrating continued growth in both user base and revenue amidst a dynamic market environment. Total revenue for Q1 2022 reached €2.66 billion, reflecting a 24% year-over-year increase. Premium revenue, our core driver, grew 23% year-over-year, underpinned by subscriber additions and ARPU (Average Revenue Per User) improvement. While advertising revenue also contributed positively, escalating costs related to content acquisition and platform investment impacted overall profitability. We remain focused on strategic investments in podcasting, technology enhancements, and geographic expansion to drive long-term sustainable growth.

**\*\*Revenue Performance\*\*** Total revenue for the quarter amounted to €2.66 billion, up 24% compared to Q1 2021. Premium revenue, constituting the majority of our income, reached €2.38 billion, up 23% year-over-year. This growth was driven by a 15% increase in Premium subscribers, reaching 182 million globally, and a modest increase in ARPU. Advertising revenue grew to €282 million, up 31% year-over-year, benefiting from growth in podcast advertising and the expansion of our ad-supported user base.

**\*\*Key Business Highlights\*\*** During Q1 2022, Spotify continued to expand its podcast catalog, securing exclusive deals with high-profile creators and studios. User engagement in podcasting remained robust, with consumption hours growing significantly year-over-year. Spotify also made advancements in its personalized music recommendations, leveraging AI and machine learning to enhance the user experience. Geographically, Spotify saw strong growth in emerging markets, particularly in Latin America and Asia, reflecting the increasing global adoption of music streaming.

**\*\*Market Conditions and Competitive Landscape\*\*** The music streaming industry remains highly competitive, with Spotify facing challenges from established players like Apple Music and Amazon Music, as well as newer entrants. The market is characterized by intense competition for exclusive content, subscriber acquisition, and technological innovation. Macroeconomic factors, including inflation and geopolitical instability, also present potential headwinds. We continue to differentiate through our extensive content library, personalized user experience, and strategic partnerships.

**\*\*Forward-Looking Statements\*\*** For Q2 2022, Spotify anticipates continued subscriber growth and revenue expansion. We project total revenue of €2.8 - €3.0 billion, reflecting ongoing investments in content and platform development. We are also managing our operating expenses and will look to improve operating margins while still investing in strategic initiatives. We will continue to monitor market conditions and adapt our strategy to navigate the evolving landscape, remain focused on our long-term growth objectives, and generate shareholder value.