



# Q2 2023 Update

July 25th, 2023

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# Executive Summary

The business performed very well in Q2, led by exceptionally strong MAU and Subscriber results. MAU net additions of 36 million were 21 million above guidance—an all-time high for the company—while Subscriber net additions of 10 million were 3 million ahead of guidance and the highest Q2 in company history. Revenue was in-line with guidance. Reported Gross Margin and Operating Loss were both primarily impacted by charges related to our actions to streamline operations and reduce costs. Excluding these items, Adjusted Gross Margin\* of 25.5% was in-line and up 22 bps Y/Y (consistent with how we guided the quarter). Adjusted Operating Loss\* of €112 million was better than guidance, aided by lower marketing spend. Free Cash Flow\* was €9 million in the quarter.

Overall, we are encouraged by the strength we saw in Q2 and our momentum heading into the back half of 2023.

USER & FINANCIAL SUMMARY	Q2 2022	Q1 2023	Q2 2023	Y/Y	Q/Q
<b>USERS (M)</b>					
Total Monthly Active Users ("MAUs")	433	515	551	27%	7%
Premium Subscribers	188	210	220	17%	5%
Ad-Supported MAUs	256	317	343	34%	8%
<b>FINANCIALS (€M)</b>					
Premium	2,504	2,713	2,773	11%	2%
Ad-Supported	360	329	404	12%	23%
<b>Total Revenue</b>	<b>2,864</b>	<b>3,042</b>	<b>3,177</b>	<b>11%</b>	<b>4%</b>
Gross Profit	704	766	766	9%	0%
<b>Gross Margin</b>	<b>24.6%</b>	<b>25.2%</b>	<b>24.1%</b>	--	--
<b>Adjusted Gross Margin*</b>	<b>25.3%</b>	--	<b>25.5%</b>	--	--
<b>Operating (Loss)/Income</b>	<b>(194)</b>	<b>(156)</b>	<b>(247)</b>	--	--
Operating Margin	(6.8%)	(5.1%)	(7.8%)	--	--
<b>Adjusted Operating (Loss)/Income*</b>	<b>(174)</b>	<b>(112)</b>	<b>(112)</b>	--	--
Adjusted Operating Margin*	(6.1%)	(3.7%)	(3.5%)	--	--
Net Cash Flows From Operating Activities	39	59	13	--	--
<b>Free Cash Flow*</b>	<b>37</b>	<b>57</b>	<b>9</b>	--	--



\* Adjusted Gross Margin, Adjusted Operating Loss, Adjusted Operating Margin and Free Cash Flow are non-IFRS measures. See "Use of Non-IFRS Measures" and "Reconciliation of IFRS to Non-IFRS Results" for additional information.

# Key Highlights

## All time high MAU growth and strongest Q2 to date for Subscriber net additions

- MAUs grew 27% Y/Y to 551 million, 21 million above guidance. Net additions of 36 million represented our largest quarterly net addition performance in our history
- All regions outperformed and saw higher MAU net additions relative to the prior year period, aided by improved retention and marketing efficiencies
- Premium Subscribers grew 17% Y/Y to 220 million, 3 million above guidance

## Accelerating constant currency\* Revenue growth and Adjusted Gross Margin\* expansion

- Total Revenue grew 11% Y/Y to €3.2 billion
- On a constant currency\* basis, Total Revenue grew 14% Y/Y vs. 13% in Q1'23
- Adjusted Gross Margin\* finished at 25.5% (up 22 bps Y/Y) excluding one-time charges related to efficiency measures

## Unveiled new personalized experiences for users and tools for advertisers

- Expanded AI DJ to Premium users in the United Kingdom and Ireland
- Rolled out a redesigned desktop experience and added an additional 11 new languages for users around the world
- Announced a new Original podcast with Trevor Noah coming to Spotify later this year
- Launched Spotify Ad Analytics, a free tool designed to provide advertisers with audio advertising measurement services

# Key Highlights: Actuals vs. Guidance



	Results	Q2 2023 Actuals	Guidance
Monthly Active Users (M)	Above	551	530
Premium Subscribers (M)	Above	220	217



	Results	Q2 2023 Actuals	Guidance
Total Revenue (€B)	In-line	€3.2	€3.2
Gross Margin	---	24.1%	25.5%
Adjusted Gross Margin*	In-line	25.5%	25.5%
Operating (Loss)/Income (€M)	---	(€ 247)	(€ 129)
Adjusted Operating (Loss)/Income*	Above	(€ 112)	(€ 129)

# **FINANCIAL**

# **SUMMARY**

# Financial Summary

USER, FINANCIAL & LIQUIDITY SUMMARY	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Y/Y	Y/Y FXN*
<b>USERS (M)</b>							
Total Monthly Active Users ("MAUs")	433	456	489	515	551	27%	--
Premium Subscribers	188	195	205	210	220	17%	--
Ad-Supported MAUs	256	273	295	317	343	34%	--
<b>FINANCIALS (€M)</b>							
Premium	2,504	2,651	2,717	2,713	2,773	11%	14%
Ad-Supported	360	385	449	329	404	12%	15%
<b>Total Revenue</b>	<b>2,864</b>	<b>3,036</b>	<b>3,166</b>	<b>3,042</b>	<b>3,177</b>	<b>11%</b>	<b>14%</b>
Gross Profit	704	750	801	766	766	9%	12%
<b>Gross Margin</b>	<b>24.6%</b>	<b>24.7%</b>	<b>25.3%</b>	<b>25.2%</b>	<b>24.1%</b>	--	--
<b>Total Operating Expenses</b>	<b>898</b>	<b>978</b>	<b>1,032</b>	<b>922</b>	<b>1,013</b>	<b>13%</b>	<b>16%</b>
<b>Operating (Loss)/Income</b>	<b>(194)</b>	<b>(228)</b>	<b>(231)</b>	<b>(156)</b>	<b>(247)</b>	--	--
Operating Margin	(6.8%)	(7.5%)	(7.3%)	(5.1%)	(7.8%)	--	--
<b>FREE CASH FLOW &amp; LIQUIDITY (€M, unless otherwise denoted)</b>							
Net Cash Flows From Operating Activities	39	40	(70)	59	13	--	--
<b>Free Cash Flow*</b>	<b>37</b>	<b>35</b>	<b>(73)</b>	<b>57</b>	<b>9</b>	--	--
Cash & Cash Equivalents, Restricted Cash & Short Term Investments (€B)	3.6	3.7	3.4	3.5	3.5	--	--

# Financial Summary

## Revenue

Revenue of €3,177 million grew 11% Y/Y in Q2 (or 14% Y/Y constant currency\*), reflecting:

- Premium Revenue growth of 11% Y/Y (or 14% Y/Y constant currency\*), led by subscriber gains; and
- Ad-Supported Revenue growth of 12% Y/Y (or 15% Y/Y constant currency\*)

## Profitability

Gross Margin was 24.1% in Q2, down 47 bps Y/Y due to €44 million in net charges primarily related to the shut down of various podcast shows and the impairment of excess real estate. Excluding these charges, Adjusted Gross Margin\* was 25.5% and up 22 bps Y/Y, reflecting:

- Improvement in podcast profitability, growth in Marketplace activity and Other Cost of Revenue favorability; partially offset by
- Higher music royalty costs

Operating Loss of (€247) million in Q2 was impacted by €135 million in net charges. These charges include the aforementioned impact to Gross Margin and an additional €91 million related primarily to our real estate optimization plan and severance. Excluding these charges, Adjusted Operating Loss\* was (€112) million and reflected:

- Higher Social Charges Y/Y; and
- Higher personnel costs, partially offset by lower marketing and legal costs

## Free Cash Flow & Liquidity

Free Cash Flow\* was €9 million in Q2. Our liquidity and balance sheet remained strong, with €3.5 billion in cash and cash equivalents, restricted cash and short term investments. At the end of Q2, our workforce consisted of 9,473 FTEs globally.

\* Constant Currency adjusted measures. Adjusted Gross Margin, Adjusted Operating Loss and Free Cash Flow are non-IFRS measures. See "Use of Non-IFRS Measures" and "Reconciliation of IFRS to Non-IFRS Results" for additional information.

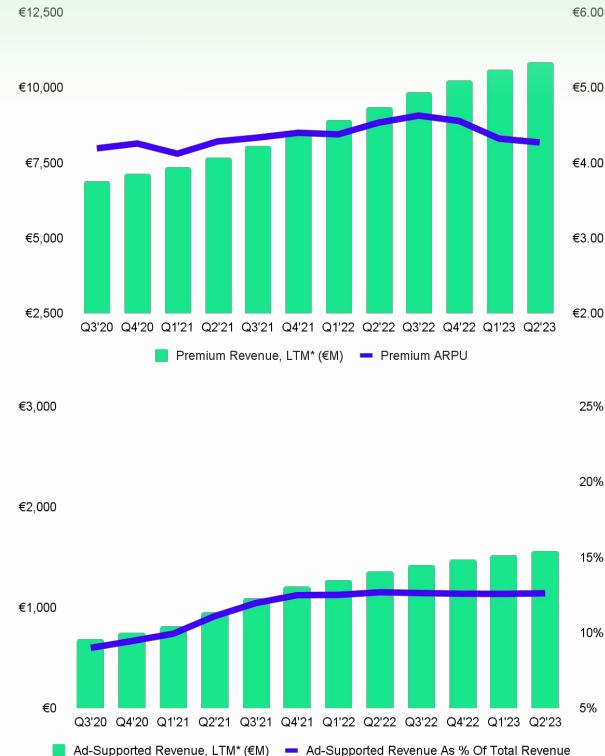
# Revenue

## Consistent Premium growth, led by subscribers

Premium Revenue grew 11% Y/Y to €2,773 million (or 14% Y/Y constant currency\*), reflecting subscriber growth of 17% Y/Y and a Premium ARPU\* decline of 6% Y/Y to €4.27 (or down 3% constant currency\*). Excluding the impact of FX, ARPU performance was impacted by product and market mix.

## Broad based Ad-Supported growth

Ad-Supported revenue grew 12% Y/Y (or 15% Y/Y constant currency\*), reflecting double-digit Y/Y growth across nearly all regions. Music advertising revenue grew mid single-digits Y/Y, reflecting double-digit Y/Y growth in impressions sold, partially offset by softer pricing due to the macroeconomic environment. Podcast advertising revenue growth re-accelerated to more than 30% Y/Y with sold impressions across Original and Licensed podcasts and the Spotify Audience Network hitting an all-time-high, partially offset by softer pricing. The Spotify Audience Network saw double digit Q/Q growth in participating advertisers and publishers and high single digit Q/Q growth in participating shows.



\* Constant Currency adjusted measures are non-IFRS measures. See "Use of Non-IFRS Measures" and "Reconciliation of IFRS to Non-IFRS Results" for additional information.

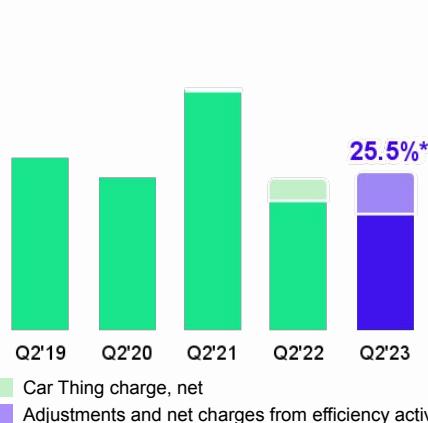
ARPU means Premium Average Revenue per User.

Last Twelve Months (LTM) represents annual performance covering the preceding 12 months relative to the last day of the quarter.

# Gross Margin

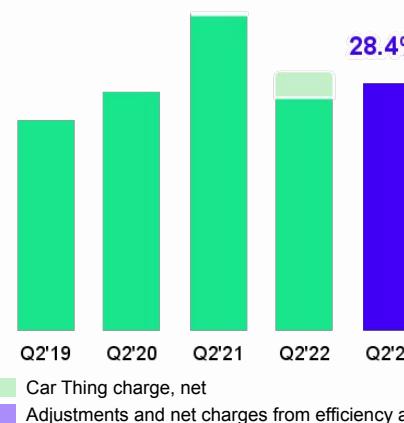
Podcasting improvement and Other Cost of Revenue favorability aid expansion

Total Gross Margin



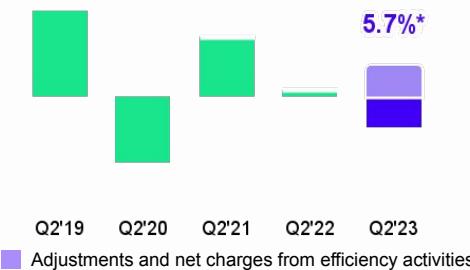
Gross Margin finished at 24.1% in Q2. Adjusted Gross Margin\* was 25.5%, which excludes €44 million in net charges. Adjusted Gross Margin\* was up 22 bps Y/Y, reflecting podcasting improvement, Marketplace growth and Other Cost of Revenue favorability.

Premium Gross Margin



Premium Gross Margin was 28.5% in Q2. Adjusted Premium Gross Margin\* was 28.4%, down 37 bps Y/Y, reflecting Marketplace growth and Other Cost of Revenue favorability, partially offset by increased music royalty costs.

Ad-Supported Gross Margin



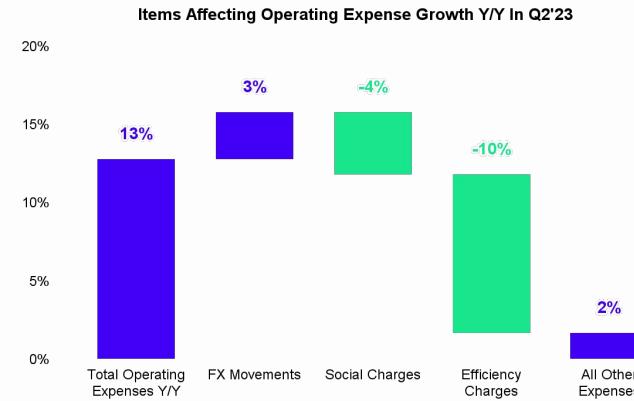
Ad-Supported Gross Margin was (5.7)% in Q2. Adjusted Ad-Supported Gross Margin was 5.7%, up 458 bps Y/Y, reflecting improving podcast profitability and Other Cost of Revenue favorability, partially offset by increased music royalty costs.

# Operating Expenses

## Primarily driven by efficiency related charges

Operating Expenses grew 13% Y/Y (or 16% constant currency\*), driven predominantly by charges related to efficiency efforts of €91 million (contributing ~1,000 bps to Y/Y Operating Expense growth), of which roughly €83 million were related to real-estate impairments and the remaining €8 million were severance-related and other charges. Additionally, Y/Y changes in Social Charge movements of €35 million impacted Y/Y expense growth by 400 bps. All remaining Operating Expense growth reflected higher personnel costs related to Y/Y headcount growth and acquisitions, partially offset by lower marketing and legal costs in the quarter.

As a reminder, Social Charges are payroll taxes associated with employee salaries and benefits in select countries where we operate. Since a portion of these taxes is tied to the intrinsic value of share-based compensation awards, movements in our stock price can lead to fluctuations in the taxes we accrue. This resulted in Social Charges related to share-based compensation of €25 million in the current period vs. (€10) million in the prior year period.

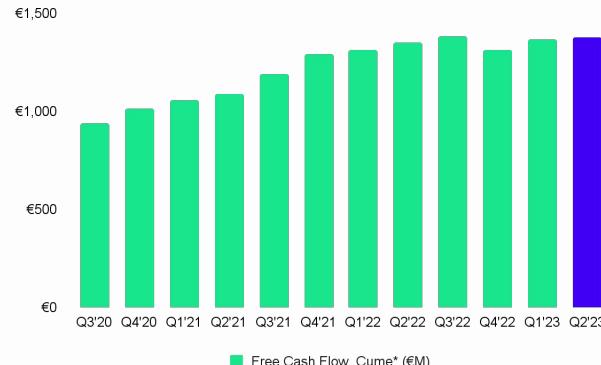
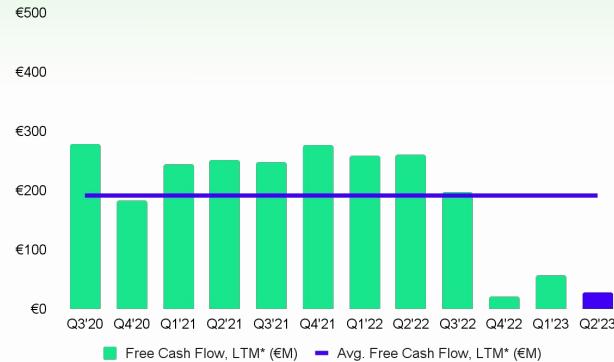


# Free Cash Flow

## Building and sustaining a strong balance sheet

Free Cash Flow was €9 million in Q2, a decrease Y/Y as a result of reduced favorability in net working capital specifically related to the timing of certain payments in Q2. Additionally, capital expenditures declined €3 million Y/Y to €2 million as a result of the completion of office build-outs.

While the magnitude of Free Cash Flow can fluctuate from quarter to quarter based on seasonality and timing, we have averaged approximately €200 million of positive Free Cash Flow on a trailing 12 month basis for the past three years. On a cumulative basis, we have generated €1.4 billion of Free Cash Flow since the beginning of 2016, supporting our strong balance sheet and €3.5 billion in cash and cash equivalents, restricted cash and short term investments balance.



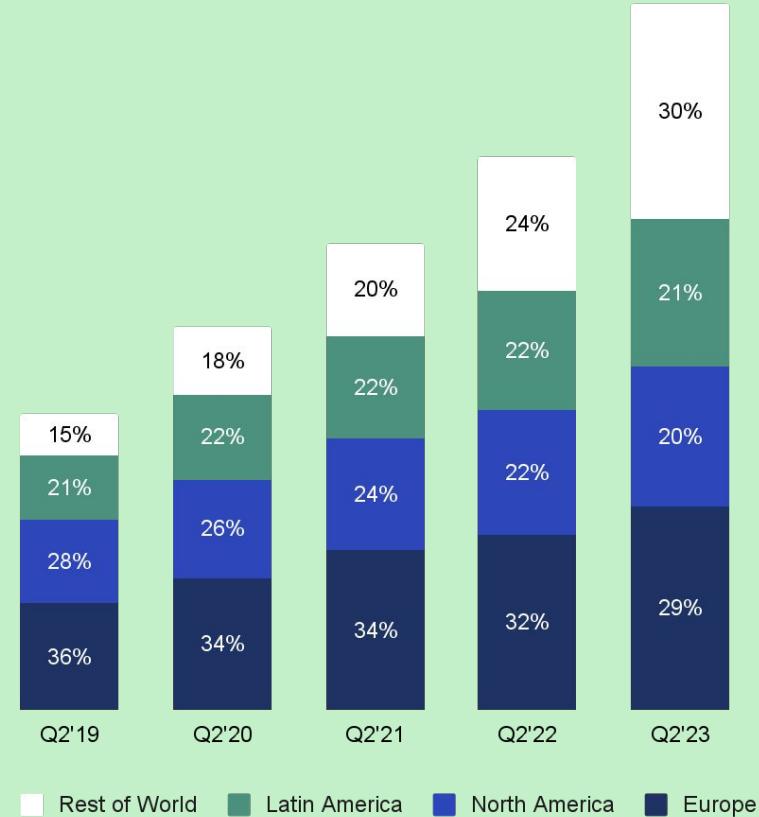
# MAUS

# & SUBSCRIBERS

# Monthly Active Users (MAUs)

Total MAUs grew 27% Y/Y to 551 million, up from 515 million last quarter and above our guidance by 21 million. Quarterly performance versus our guidance was impacted by:

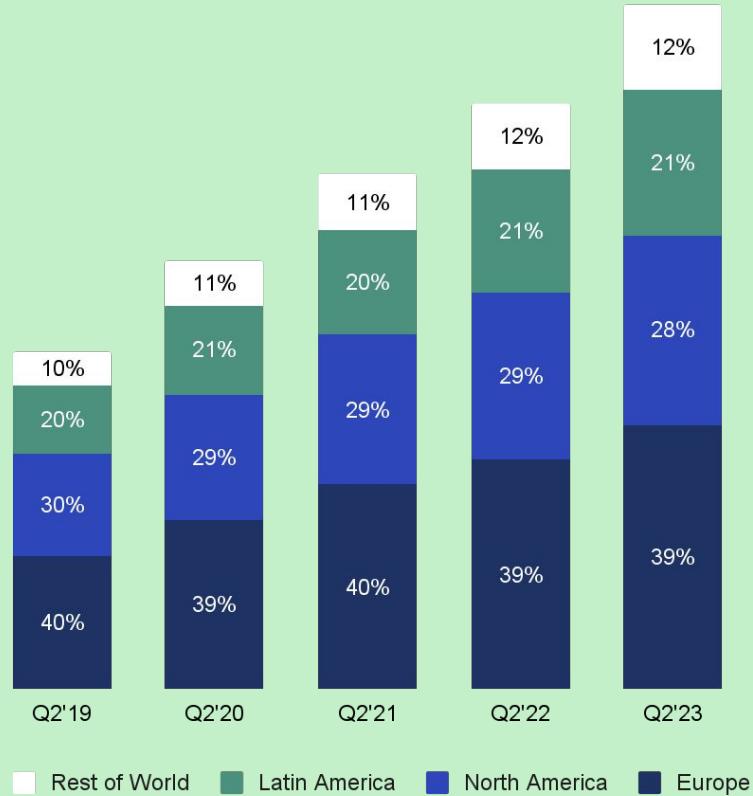
- Record high net additions with outperformance across all regions led by Rest of World and Latin America
- Continued improvements in Ad-Supported retention and performance marketing efficiencies
- Strong growth amongst Gen Z listeners
- Shifts in competitor dynamics in select developing markets



# Premium Subscribers

Our Premium Subscribers grew 17% Y/Y to 220 million, up from 210 million last quarter. Quarterly performance versus our guidance was impacted by:

- Largest Q2 Subscriber net additions in company history across nearly all regions
- Q2 promotional campaign contributing to subscriber upside
- Outperformance across all regions, led by Europe and Latin America



# PRODUCT

# & PLATFORM

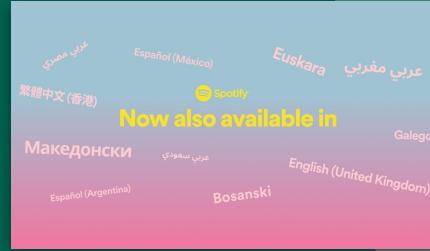
# Building the World's #1 Audio Network



Rolled out **AI DJ** to Premium users in the United Kingdom and Ireland, the most commonly requested feature by users on social media.



Redesigned our Desktop experience with a new look for the **Your Library** and **Now Playing** views to provide a richer experience, more context, and quicker access to personal favorites.



Continued to personalize the user experience with **11 new languages** and dialects across mobile, bringing the total number of languages on Spotify to 74.



Launched **Spotify Ad Analytics**, a free global measurement and reporting service for brands and agencies.

# Podcasting



Announced a new Spotify Original launching later this year with comedian and former *The Daily Show* host, **Trevor Noah**.



Deepened engagement with users around the world with more than **100,000 video podcasts** now available on Spotify (up from 70,000 in March 2023).

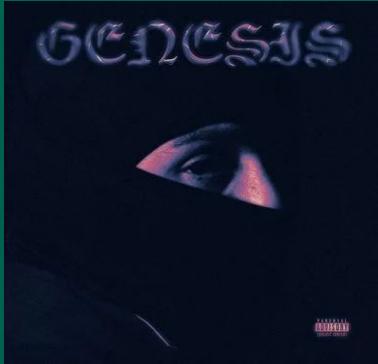
A screenshot of a computer screen showing the 'Create music rule' section of the 'Live Stream Recording Rules' interface. It includes fields for 'Action' (Insert), 'What' (Ad), 'Address' (Spotify Audience Network), and 'Conditions' (Minimum duration of music (seconds) set to 30). There are also checkboxes for 'Confidence level of detection' (High (70% confidence), Medium (50% confidence), Low (30% confidence)).

**Spotify Advertising**

**Broadcast-to-Podcast:**  
auto-detects existing ads  
and music

Unveiled to Megaphone publishers **broadcast-to-podcast** technology that allows broadcast publishers to increase reach and monetization using our Whooshkaa acquisition.

# Music



Peso Pluma's GENESIS became the **most streamed Musica Mexicana album** in a week ever after its release on June 23rd.



For the first time ever, we allowed fans to take over and curate the editorial Latin Gen-Z driven playlist: **Fuego**, by submitting their curation through a unique microsite experience.



Loreen won big at Eurovision and on Spotify: By the competition finale, "Tattoo" reached **60+ million** Spotify streams globally.

# OUTLOOK

# Outlook for Q3'23

The following forward-looking statements reflect Spotify's expectations for Q3 2023 as of July 25, 2023 and are subject to substantial uncertainty.

Total MAUs	572 million	Implies the addition of approximately 21 million net new MAUs in the quarter
Total Premium Subscribers	224 million	Implies the addition of approximately 4 million net new subscribers in the quarter
Total Revenue	€3.3 billion	Assumes approximately 600 bps headwind to growth Y/Y due to foreign exchange rate movements; announced price increases are expected to have a minimal impact on Total Revenue in Q3
Gross Margin	26.0%	Primarily driven by Y/Y improvement in podcasting and Other Cost of Revenue
Operating (Loss)/Income	€(45) million	Assumes approximately 600 bps benefit to Operating Expense growth Y/Y due to foreign exchange movements

## **Webcast Information**

We will host a live question and answer session starting at 8:00 a.m. ET today on [investors.spotify.com](https://investors.spotify.com). Daniel Ek, our Founder and CEO, and Paul Vogel, our Chief Financial Officer, will be on hand to answer questions submitted through [slido.com](https://slido.com) using the event code #SpotifyEarningsQ223. Participants also may join using the listen-only conference line by registering through the following site: <https://conferencingportals.com/event/txEvogt>

We use [investors.spotify.com](https://investors.spotify.com) and [newsroom.spotify.com](https://newsroom.spotify.com) websites as well as other social media listed in the "Resources – Social Media" tab of our Investors website to disclose material company information.

## **Use of Non-IFRS Measures**

To supplement our financial information presented in accordance with IFRS, we use the following non-IFRS financial measures: Revenue excluding foreign exchange effect, Premium revenue excluding foreign exchange effect, Ad-Supported revenue excluding foreign exchange effect, Operating expense excluding foreign exchange effect, adjusted gross profit, adjusted gross margin, Premium adjusted gross margin, Ad-Supported adjusted gross margin, adjusted operating income/(loss), adjusted operating margin and Free Cash Flow. Management believes that Revenue excluding foreign exchange effect, Premium revenue excluding foreign exchange effect, Ad-Supported revenue excluding foreign exchange effect, Operating expense excluding foreign exchange effect, gross profit excluding foreign exchange impact, adjusted gross margin, Premium adjusted gross margin, Ad-Supported adjusted gross margin, adjusted operating income/(loss) and adjusted operating margin are useful to investors because they present measures that facilitate comparison to our historical performance. However, these should be considered in addition to, not as a substitute for or superior to, Revenue, Premium revenue, Ad-Supported revenue, Operating expense, gross profit, gross margin, Premium gross margin, ad-supported gross margin, operating loss, and operating margin or other financial measures prepared in accordance with IFRS. Management believes that Free Cash Flow is useful to investors because it presents a measure that approximates the amount of cash generated that is available to repay debt obligations, to make investments, and for certain other activities that exclude certain infrequently occurring and/or non-cash items. However, Free Cash Flow should be considered in addition to, not as a substitute for or superior to, net cash flows (used in)/from operating activities or other financial measures prepared in accordance with IFRS. For more information on these non-IFRS financial measures, please see "Reconciliation of IFRS to Non-IFRS Results" section below.

## **Forward Looking Statements**

This shareholder update 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, user listening time, and advertisers; risks associated with our international operations and our ability to manage our growth; 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 be profitable or generate 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 emerging 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 premium service and ad-supported service (collectively, the "Service"); risks relating to acquisitions, investments, and strategic alliances; 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 structure and systems or the security of confidential information; undetected errors, bugs or vulnerabilities in our products; 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; our ability to maintain, protect, and enhance our brand; risks associated with increased scrutiny of environmental, social, and governance matters; payment-related risks; our dependence on key personnel and ability to attract, retain, and motivate highly skilled employees; our ability to access to additional capital to support growth; risks relating to currency exchange rate fluctuations and foreign exchange controls; the impact of economic, social, or political conditions, including the continuing effects of the COVID-19 pandemic, rising inflation and interest rates, financial market volatility resulting from recent bank failures, the continued conflict between Russia and Ukraine, and supply chain disruptions; 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. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from our estimates and forward-looking statements is included in our filings with the U.S. Securities and Exchange Commission ("SEC"), including our Annual Report on Form 20-F filed with the SEC on February 2, 2023, as updated by subsequent reports filed with the SEC. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this shareholder update.

## **Rounding**

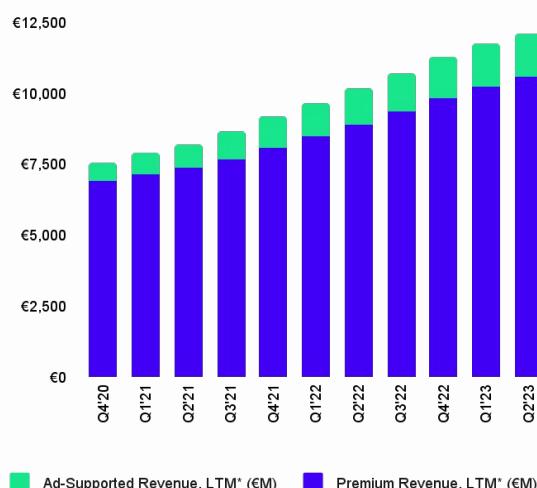
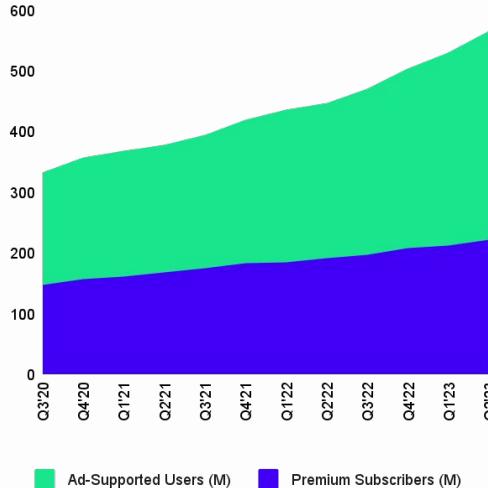
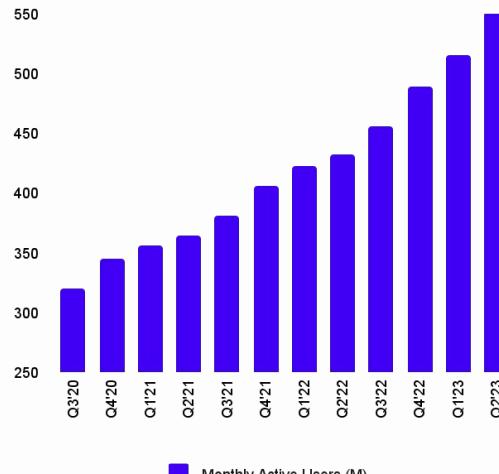
Certain monetary amounts, percentages, and other figures included in this update have been subject to rounding adjustments. The sum of individual metrics may not always equal total amounts indicated due to rounding.

# FINANCIAL

# STATEMENTS

# Trending Charts

MAUs, Ad-Supported Users, Premium Subscribers & Revenue By Segment



Monthly Active Users (M)

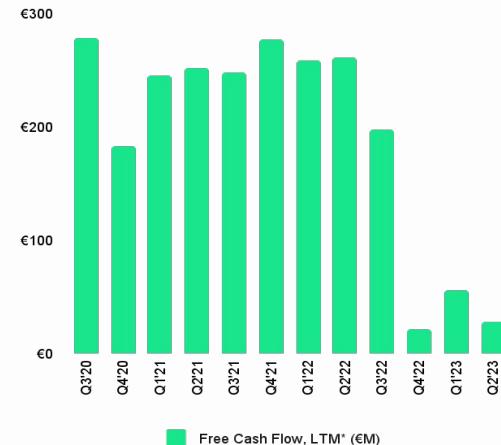
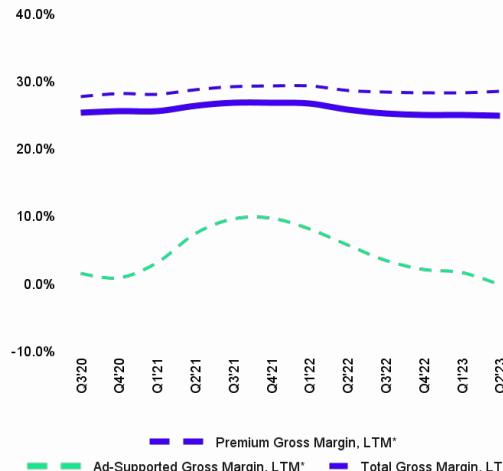
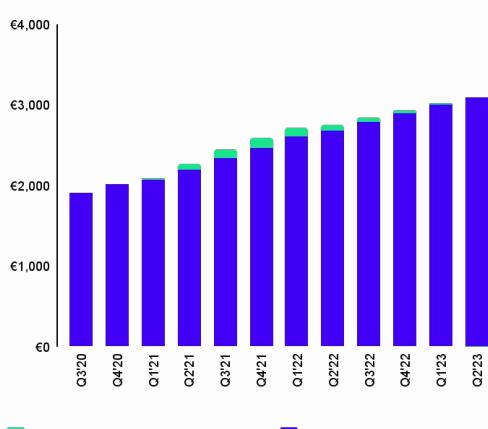
Ad-Supported Users (M)      Premium Subscribers (M)

Ad-Supported Revenue, LTM\* (€M)      Premium Revenue, LTM\* (€M)

\* Last Twelve Months (LTM) represents annual performance covering the preceding 12 months relative to the last day of the quarter.

# Trending Charts

## Gross Profit By Segment, Gross Margin By Segment & Free Cash Flow



# Interim condensed consolidated statement of operations

(Unaudited)  
(in € millions, except share and per share data)

	Three months ended		
	June 30, 2023	March 31, 2023	June 30, 2022
Revenue	3,177	3,042	2,864
Cost of revenue	2,411	2,276	2,160
<b>Gross profit</b>	<b>766</b>	<b>766</b>	<b>704</b>
Research and development	453	435	336
Sales and marketing	399	347	391
General and administrative	161	140	171
	<b>1,013</b>	<b>922</b>	<b>898</b>
<b>Operating loss</b>	<b>(247)</b>	<b>(156)</b>	<b>(194)</b>
Finance income	33	27	118
Finance costs	(27)	(77)	(14)
<b>Finance income/(costs) - net</b>	<b>6</b>	<b>(50)</b>	<b>104</b>
<b>Loss before tax</b>	<b>(241)</b>	<b>(206)</b>	<b>(90)</b>
Income tax expense	61	19	35
<b>Net loss attributable to owners of the parent</b>	<b>(302)</b>	<b>(225)</b>	<b>(125)</b>
<b>Loss per share attributable to owners of the parent</b>			
Basic	(1.55)	(1.16)	(0.65)
Diluted	(1.55)	(1.16)	(0.85)
<b>Weighted-average ordinary shares outstanding</b>			
Basic	194,420,128	193,562,462	192,948,032
Diluted	194,420,128	193,562,462	195,859,532

# Interim condensed consolidated statement of financial position

(Unaudited)  
(in € millions)

	June 30, 2023	December 31, 2022
<b>Assets</b>		
<b>Non-current assets</b>		
Lease right-of-use assets	344	417
Property and equipment	280	348
Goodwill	1,148	1,168
Intangible assets	105	127
Long term investments	1,015	1,138
Restricted cash and other non-current assets	76	78
Deferred tax assets	15	8
	<b>2,983</b>	<b>3,284</b>
<b>Current assets</b>		
Trade and other receivables	632	690
Income tax receivable	8	5
Short term investments	866	867
Cash and cash equivalents	2,550	2,483
Other current assets	273	307
	<b>4,329</b>	<b>4,352</b>
<b>Total assets</b>	<b>7,312</b>	<b>7,636</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	—	—
Other paid in capital	4,899	4,789
Treasury shares	(262)	(262)
Other reserves	1,594	1,521
Accumulated deficit	(4,177)	(3,647)
<b>Equity attributable to owners of the parent</b>	<b>2,054</b>	<b>2,401</b>
<b>Non-current liabilities</b>		
Exchangeable Notes	1,167	1,128
Lease liabilities	522	555
Accrued expenses and other liabilities	14	28
Provisions	3	3
Deferred tax liabilities	6	5
	<b>1,712</b>	<b>1,719</b>
<b>Current liabilities</b>		
Trade and other payables	893	845
Income tax payable	11	11
Deferred revenue	536	520
Accrued expenses and other liabilities	2,053	2,093
Provisions	25	26
Derivative liabilities	28	21
	<b>3,546</b>	<b>3,516</b>
<b>Total liabilities</b>	<b>5,258</b>	<b>5,235</b>
<b>Total equity and liabilities</b>	<b>7,312</b>	<b>7,636</b>

# Interim condensed consolidated statement of cash flows

(Unaudited)  
(in € millions)

	Three months ended		
	June 30, 2023	March 31, 2023	June 30, 2022
<b>Operating activities</b>			
Net loss	(302)	(225)	(125)
Adjustments to reconcile net loss to net cash flows			
Depreciation of property and equipment and lease right-of-use assets	30	31	29
Amortization of intangible assets	14	13	11
Impairment charges on real estate assets	90	—	—
Write-off of content assets	30	—	—
Excess and obsolete reserve	—	—	16
Share-based compensation expense	97	105	105
Finance income	(33)	(27)	(118)
Finance costs	27	77	14
Income tax expense	61	19	35
Other	2	(5)	(5)
Changes in working capital:			
(Increase)/decrease in trade receivables and other assets	(97)	118	(68)
Increase/(decrease) in trade and other liabilities	77	(57)	138
Increase in deferred revenue	18	6	10
(Decrease)/increase in provisions	(2)	1	14
Interest paid on lease liabilities	(10)	(10)	(13)
Interest received	26	23	4
Income tax paid	(15)	(10)	(8)
<b>Net cash flows from operating activities</b>	<b>13</b>	<b>59</b>	<b>39</b>
<b>Investing activities</b>			
Business combinations, net of cash acquired	—	—	(109)
Payment of deferred consideration pertaining to business combination	—	(7)	(5)
Purchases of property and equipment	(2)	(2)	(5)
Purchases of short term investments	(138)	(237)	(78)
Sales and maturities of short term investments	265	111	141
Change in restricted cash	(2)	—	3
Other	(10)	13	(4)
<b>Net cash flows from/(used in) investing activities</b>	<b>113</b>	<b>(122)</b>	<b>(57)</b>
<b>Financing activities</b>			
Payments of lease liabilities	(27)	(15)	(10)
Lease incentives received	—	2	—
Proceeds from exercise of stock options	35	75	—
Payments for employee taxes withheld from restricted stock unit releases	(16)	(13)	(10)
<b>Net cash flows (used in)/from financing activities</b>	<b>(8)</b>	<b>49</b>	<b>(20)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>118</b>	<b>(14)</b>	<b>(38)</b>
Cash and cash equivalents at beginning of the period	2,443	2,483	2,721
Net foreign exchange (losses)/gains on cash and cash equivalents	(11)	(26)	103
<b>Cash and cash equivalents at period end</b>	<b>2,550</b>	<b>2,443</b>	<b>2,786</b>

# Calculation of basic and diluted loss per share

(Unaudited)  
(in € millions, except share and per share data)

	Three months ended		
	June 30, 2023	March 31, 2023	June 30, 2022
<b>Basic loss per share</b>			
Net loss attributable to owners of the parent	(302)	(225)	(125)
<i>Shares used in computation:</i>			
Weighted-average ordinary shares outstanding	194,420,128	193,562,462	192,948,032
<b>Basic loss per share attributable to owners of the parent</b>	<b>(1.55)</b>	<b>(1.16)</b>	<b>(0.65)</b>
<b>Diluted loss per share</b>			
Net loss attributable to owners of the parent	(302)	(225)	(125)
Fair value gains on dilutive Exchangeable Notes	—	—	(41)
<b>Net loss used in the computation of diluted loss per share</b>	<b>(302)</b>	<b>(225)</b>	<b>(166)</b>
<i>Shares used in computation:</i>			
Weighted-average ordinary shares outstanding	194,420,128	193,562,462	192,948,032
Exchangeable Notes	—	—	2,911,500
<b>Diluted weighted-average ordinary shares</b>	<b>194,420,128.00</b>	<b>193,562,462.00</b>	<b>195,859,532.00</b>
<b>Diluted loss per share attributable to owners of the parent</b>	<b>(1.55)</b>	<b>(1.16)</b>	<b>(0.85)</b>

# Reconciliation of IFRS to non-IFRS results

## Revenue on a constant currency basis

(Unaudited)  
(in € millions, except percentages)

	Three months ended	
	June 30, 2023	June 30, 2022
IFRS revenue	3,177	2,864
Foreign exchange effect on 2023 revenue using 2022 rates	(94)	
Revenue excluding foreign exchange effect	3,271	
IFRS revenue year-over-year change %	11%	
Revenue excluding foreign exchange effect year-over-year change %	14%	
IFRS Premium revenue	2,773	2,504
Foreign exchange effect on 2023 Premium revenue using 2022 rates	(84)	
Premium revenue excluding foreign exchange effect	2,857	
IFRS Premium revenue year-over-year change %	11%	
Premium revenue excluding foreign exchange effect year-over-year change %	14%	
IFRS Ad-Supported revenue	404	360
Foreign exchange effect on 2023 Ad-Supported revenue using 2022 rates	(10)	
Ad-Supported revenue excluding foreign exchange effect	414	
IFRS Ad-Supported revenue year-over-year change %	12%	
Ad-Supported revenue excluding foreign exchange effect year-over-year change %	15%	

## Operating expenses on a constant currency basis

(Unaudited)  
(in € millions, except percentages)

	Three months ended	
	June 30, 2023	June 30, 2022
IFRS Operating expenses	1,013	898
Foreign exchange effect on 2023 operating expenses using 2022 rates	(27)	
Operating expenses excluding foreign exchange effect	1,040	
IFRS Operating expenses year over year change %	13 %	
Operating expenses excluding foreign exchange effect year-over-year change %	16 %	

# Reconciliation of IFRS to non-IFRS results

## Free Cash Flow

(Unaudited)  
(in € millions)

	Three months ended														
	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
Net cash flows from/(used in) operating activities	203	(9)	39	122	107	65	54	123	119	37	39	40	(70)	59	13
Capital expenditures	(32)	(12)	(14)	(17)	(35)	(24)	(20)	(25)	(16)	(10)	(5)	(5)	(5)	(2)	(2)
Change in restricted cash	(2)	—	2	(2)	2	—	—	1	—	(5)	3	—	2	—	(2)
<b>Free Cash Flow</b>	<b>169</b>	<b>(21)</b>	<b>27</b>	<b>103</b>	<b>74</b>	<b>41</b>	<b>34</b>	<b>99</b>	<b>103</b>	<b>22</b>	<b>37</b>	<b>35</b>	<b>(73)</b>	<b>57</b>	<b>9</b>

## Free Cash Flow

(Unaudited)  
(in € millions)

	Last twelve months ended											
	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
Net cash flows from operating activities	355	259	333	348	349	361	333	318	235	46	68	42
Capital expenditures	(75)	(78)	(90)	(96)	(104)	(85)	(71)	(56)	(36)	(25)	(17)	(14)
Change in restricted cash	(2)	2	2	—	3	1	(4)	(1)	(2)	—	5	—
<b>Free Cash Flow</b>	<b>278</b>	<b>183</b>	<b>245</b>	<b>252</b>	<b>248</b>	<b>277</b>	<b>258</b>	<b>261</b>	<b>197</b>	<b>21</b>	<b>56</b>	<b>28</b>

## Free Cash Flow

(Unaudited)  
(in € millions)

	Twelve months ended						
	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Net cash flows from operating activities	101	179	344	573	259	361	46
Capital expenditures	(27)	(36)	(125)	(135)	(78)	(85)	(25)
Change in restricted cash	(1)	(34)	(10)	2	2	1	—
<b>Free Cash Flow</b>	<b>73</b>	<b>109</b>	<b>209</b>	<b>440</b>	<b>183</b>	<b>277</b>	<b>21</b>

# Reconciliation of IFRS to non-IFRS results

## Adjusted gross profit

(Unaudited) (in € millions, except percentages)	Three months ended			Three months ended			Three months ended		
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	March 31, 2023	June 30, 2022
	Consolidated			Premium			Ad-Supported		
IFRS revenue	3,177	3,042	2,864	2,773	2,713	2,504	404	329	360
IFRS cost of revenue	2,411	2,276	2,160	1,984	1,937	1,804	427	339	356
<b>IFRS gross profit</b>	<b>766</b>	<b>766</b>	<b>704</b>	<b>789</b>	<b>776</b>	<b>700</b>	<b>-23</b>	<b>-10</b>	<b>4</b>
<b>IFRS gross margin</b>	<b>24.1 %</b>	<b>25.2 %</b>	<b>24.6 %</b>	<b>28.5 %</b>	<b>28.6 %</b>	<b>28.0 %</b>	<b>(5.7)%</b>	<b>(3.0)%</b>	<b>1.1 %</b>
<b>Adjustments:</b>									
Less: changes in prior period estimates for rights holder liabilities	(8)	—	(11)	(3)	—	(11)	(5)	—	—
Add: Car Thing charge	—	—	31 (1)	—	—	31 (1)	—	—	—
Add: Employee severance and related charges	6 (4)	3 (5)	—	—	1 (5)	—	6 (4)	2 (5)	—
Add: Impairment charge on real estate assets	7 (2)	—	—	1 (2)	—	—	6 (2)	—	—
Add: Write-off of content assets and contract termination and other costs	39 (3)	—	—	—	—	—	39 (3)	—	—
<b>Total adjustments</b>	<b>44</b>	<b>3</b>	<b>20</b>	<b>(2)</b>	<b>1</b>	<b>20</b>	<b>46</b>	<b>2</b>	<b>—</b>
<b>Adjusted gross profit (non-IFRS)</b>	<b>810</b>	<b>769</b>	<b>724</b>	<b>787</b>	<b>777</b>	<b>720</b>	<b>23</b>	<b>(8)</b>	<b>4</b>
<b>Adjusted gross margin (non-IFRS)</b>	<b>25.5 %</b>	<b>25.3 %</b>	<b>25.3 %</b>	<b>28.4 %</b>	<b>28.6 %</b>	<b>28.8 %</b>	<b>5.7 %</b>	<b>(2.4)%</b>	<b>1.1 %</b>

## Adjusted operating loss

(Unaudited) (in € millions, except percentages)	Three months ended		
	June 30, 2023	March 31, 2023	June 30, 2022
<b>IFRS operating loss</b>	<b>(247)</b>	<b>(156)</b>	<b>(194)</b>
<b>Adjustments:</b>			
Less: changes in prior period estimates for rights holder liabilities	(8)	—	(11)
Add: Car Thing charge	—	—	31 (1)
Add: Employee severance and related charges	12 (4)	44 (5)	—
Add: Impairment charge on real estate assets	90 (2)	—	—
Add: Write-off of assets and contract termination and other costs	41 (3)	—	—
<b>Total adjustments</b>	<b>135</b>	<b>44</b>	<b>20</b>
<b>Adjusted operating loss (non-IFRS)</b>	<b>(112)</b>	<b>(112)</b>	<b>(174)</b>
<b>IFRS operating margin</b>	<b>(7.8)%</b>	<b>(5.1)%</b>	<b>(6.8)%</b>
<b>Adjusted operating margin (non-IFRS)</b>	<b>(3.5)%</b>	<b>(3.7)%</b>	<b>(6.1)%</b>

(1) Reflects the charge recorded from discontinuing the production of CarThing

(2) Reflects non cash asset impairment charges related to real estate optimization plan

(3) Reflects content asset write offs and contract termination and related costs in connection with rationalizing our podcast content portfolio

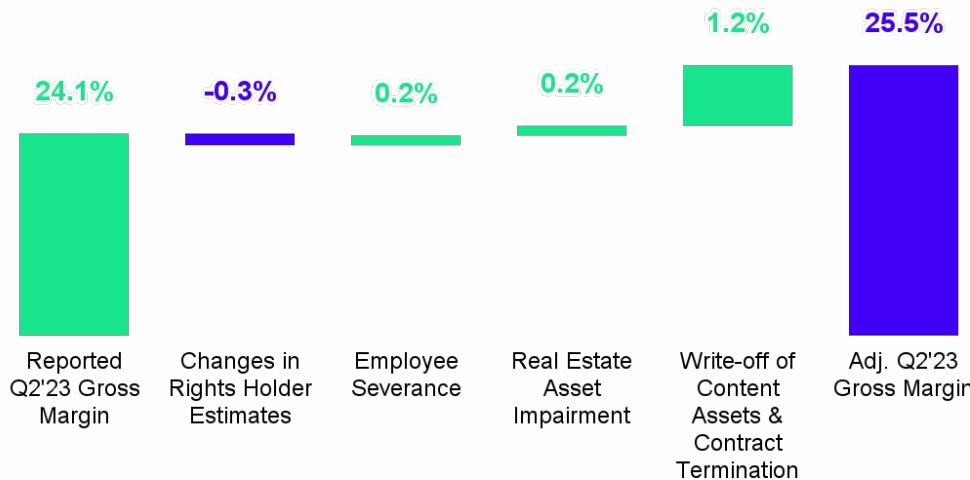
(4) Reflects severance charges incurred primarily in connection with streamlining our podcast operations

(5) Reflects severance charges incurred in connection with our workforce reduction plan

# APPENDIX

# Total Gross Margin Adjustments

All charges related to efficiency related activities were not included in guidance



# Social Charges Sensitivity

Meaningful movements in our stock price can lead to Social Charge variance

Our guidance incorporates the impact of Social Charges, the vast majority of which appear in Operating Expenses. The amount of Social Charges we accrue for and ultimately pay can be volatile, as they are tied to the value of our share price. Since we do not forecast stock price changes in our guidance, meaningful movements in our stock price over the course of a quarter can lead to meaningful changes in Social Charges. As an example, at the Q2 close, our stock price was \$160.55. In Q3, a 10% increase or decrease in our stock price compared to the quarter-end price would have an approximate +/- €18M impact on Social Charges.

